

ASX Announcement

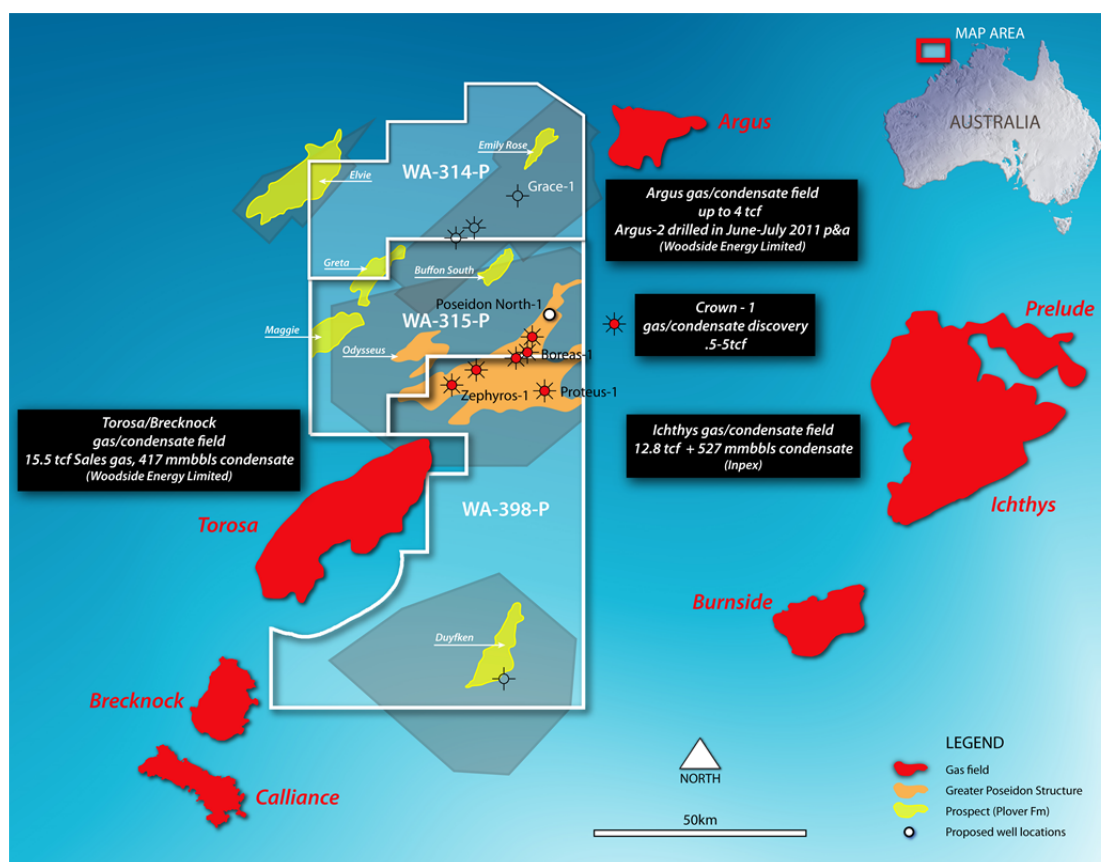
**Poseidon North-1 Exploration Well, WA-315-P
Progress Report No 1**

Poseidon North-1, the fifth well in the Browse Basin Phase 2 exploration drilling campaign, was spudded at 21:40 WDT on 19 March 2014.

The Poseidon North-1 exploration well, located 6.5 kilometres north-east of Poseidon-1 in permit WA-315-P, on the crest of a large, tilted fault block, is targeting the Plover and Montara formations and has the potential to add significantly to the already discovered Greater Poseidon area resource.

The six well Browse Basin Phase 2 exploration drilling campaign will continue through calendar year 2014 using the 'Transocean Legend' semi-submersible rig. Four of the six wells have been completed so far. The well location for the last exploration well of the campaign will be announced upon joint venture approval. The principal objective of the campaign is to better define the size and quality of the hydrocarbon resource within the exploration permits which contain the Greater Poseidon trend.

ConocoPhillips is the operator of the WA-315-P Browse Basin permit in which Karoon Gas Australia Ltd currently holds 40%.



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About Karoon Gas Australia Ltd

Karoon Gas Australia Ltd is a global oil and gas exploration company with projects in Australia, Brazil and Peru and a member of the S&P/ASX 200 Index.

Karoon looks for high equity interests in early stage exploration opportunities containing large potential targets in basins with proven Petroleum Systems. Karoon strives to create shareholder value through the geotechnical work-up of the acreage, leveraging its high equity interests to explore and appraise these opportunities to achieve commercialisation.

While the company's core strategy is identifying off-shore early stage exploration opportunities, Karoon's longer-term strategy is to retain residual equity interests in the assets as they go into production.