



15th February 2006

(ASX Code: KAR)

Browse Basin 3D Seismic Survey Update

Browse Basin Assets WA-314-P and WA-315-P

Karoon is pleased to advise that the first stage of the 3D seismic acquisition over WA-314-P and WA-315-P permits (840 square km.) has been completed on the 3rd January 2006. The seismic data is now being processed with Veritas and final products planned to be ready for interpretation on schedule in May 2006.

The Veritas vessel "Pacific Sword" is expected to commence the 2D seismic acquisition in late February to early March 2006; the vessel has been delayed by cyclonic weather conditions. The balance of the 3D acquisition has also been delayed by weather and essential ship maintenance and is now expected to start in late April to early May 2006. This seismic acquisition program will comprise a 286 square km 3D seismic survey and 845 sq km 2D seismic survey over both WA-314-P and WA-315-P. The cyclonic weather shall not delay the drilling program

WA-314-P and WA-315-P Farmin Update

The initial stage of the farmout process is effectively complete with national and international companies having entered confidentiality agreements and reviewed all the available data. Karoon is now in discussions with a short listed group of companies to structure a new Joint Venture group.

Karoon's strategy is to protect equity levels and align with partners with LNG interests in progressing to a development as soon as possible, unhindered by conflicting interests. This strategy has generated strong supporting interest from an aggressive group of substantial companies looking to enter or enhance their position as a supplier/receiver in the expanding world LNG market

Karoon is discussing with various parties the availability of Drilling Rig slots for the commencement of the 2 well drilling campaign.

Gippsland

Seismic processing of the 255km 2D seismic acquired in November/December 2005 is expected to be completed around the end of February 2006. Early results are encouraging with evidence of a number of structures indicated. Interpretation and mapping is scheduled to be completed in April 2006.

Discussions for procuring Drilling Rig slots are continuing.

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