



31st January 2007

(ASX Code: KAR)

Gippsland PEP 162 Exploration Update

Megascolides-2 has reached a Total Depth of 2130m. Current operations comprise preparations to run wireline logs. No hydrocarbon shows of any commercial significance were intersected in the well. The well was extended to basement to determine if reservoirs below the Rintoul's Creek Sandstone were developed. No deeper hydrocarbon bearing reservoirs were intersected. The well will be plugged and abandoned on completion of logging.

For more information please see the Karoon website or Contact:

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