



2nd February 2007

(ASX Code: KAR)

Gippsland PEP 162 Exploration Update

Karoon Gas advises that at 0600 hrs (AECST) this morning, the Megascolides-2 well was preparing to run abandonment cement plugs following the completion of wireline logging.

Karoon is evaluating the results of the Megascolides-2 well to assess the impact on the decision to drill the planned third well, Raniformis-1. In order to allow adequate time to complete this process Karoon has postponed the decision to drill this well for about five weeks. The rig will now move to other locations in Victoria, allowing Karoon the option to use it again later in the Century Rig-11 Victorian drilling campaign.

For more information please see the Karoon website or Contact:

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