

15th November 2007

(ASX Code: KAR)

Acquisition of Permit AC/P8

Karoon Gas Australia Ltd is pleased to announce that it has entered into an agreement with Woodside Energy Ltd to acquire its 66.67% interest in petroleum permit AC/P8 for the purchase price of A\$1 million. The permit is located in the Australian waters of the Timor Sea approximately 500 kms north west of Darwin.

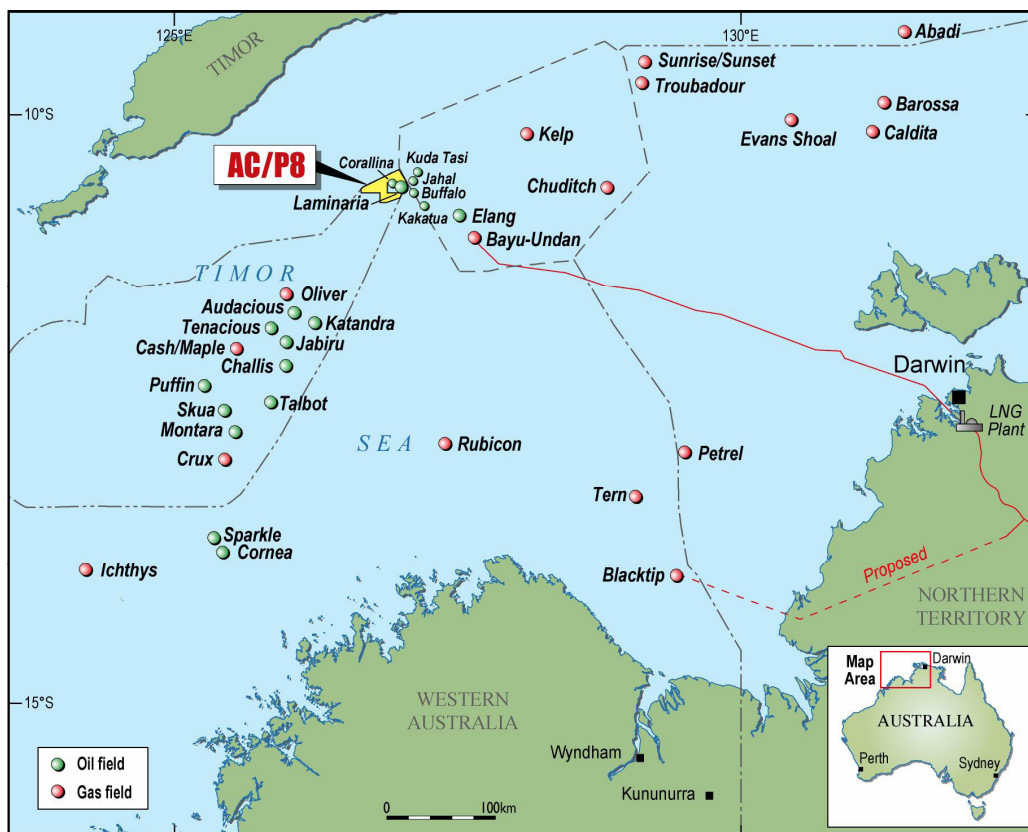
The acquisition is conditional on approval from the current partner in the AC/P8 acreage Talisman Oil & Gas (Australia) Pty Ltd and the extension of the permit for a further 5 year term under the relevant legislation which will be sought post completion. Karoon is confident that both of these terms will be satisfied. Completion of the acquisition is expected to occur shortly.

Karoon believes the AC/P8 permit offers good exploration potential, due to its location in an existing oil and gas producing province and is in close proximity to several large producing oilfields including the Woodside operated Laminaria and Corallina fields.

The AC/P8 permit contains two prospects and at least three leads which will need to be further defined by Karoon prior to any drilling decision.

This exciting acquisition represents a major new exploration interest for Karoon and continues the company's strong organic growth.

Set out on below is a map of the area around AC/P8:



For more information please see the Karoon website or Contact:

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