



**11<sup>th</sup> June 2008**

**Share placement to raise \$49million**

Karoon Gas Australia Ltd (ASX: KAR) has entered into agreements to place 14 million fully paid shares at an issue price of \$A3.50 a share to sophisticated and professional investors. The placement was conducted through Southern Cross Equities, BBY Ltd, and EL&C Baillieu and is subject to shareholder approval at a meeting of the shareholders to be held in the near future. Except for shareholder approval, the agreements are otherwise unconditional.

The share placement will be completed upon receipt of shareholder approval and will raise \$49 million, taking the total Karoon shares on issue to approximately 146 million.

The capital raising will provide Karoon with a strong cash position for its drilling program in the Browse Basin, along with the upcoming exploration programs in Peru and Brazil.

Karoon is pleased with the strong response to the placement.

The upcoming exploration programs in Australia and South America represent an exciting new phase for Karoon, one which has the potential to propel Karoon into the upper echelon of Australian petroleum companies.

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