



ASX Announcement

28 January 2009

Poseidon-1 Exploration Well in WA-315-P

Progress Report No 1

Karooon Gas Australia Ltd advises that the Poseidon-1 exploration well was spudded at 03:30 hours (WDT) on 26 January 2009. After drilling a 36" hole, the 30" conductor casing was set and cemented at 551.3 m true vertical depth sub-sea (TVDSS). As at 06:00 hours on 28 January (WDT), the rig was drilling ahead in 17-1/2" hole at 1055m RT.

The Sedco-703 semi-submersible rig is drilling the exploration well, which is operated by ConocoPhillips.

Poseidon-1 is the first in a multi- well drilling program in the Browse Basin permits WA-314-P, WA-315-P and WA-398-P by the Karoon/ConocoPhillips joint venture.

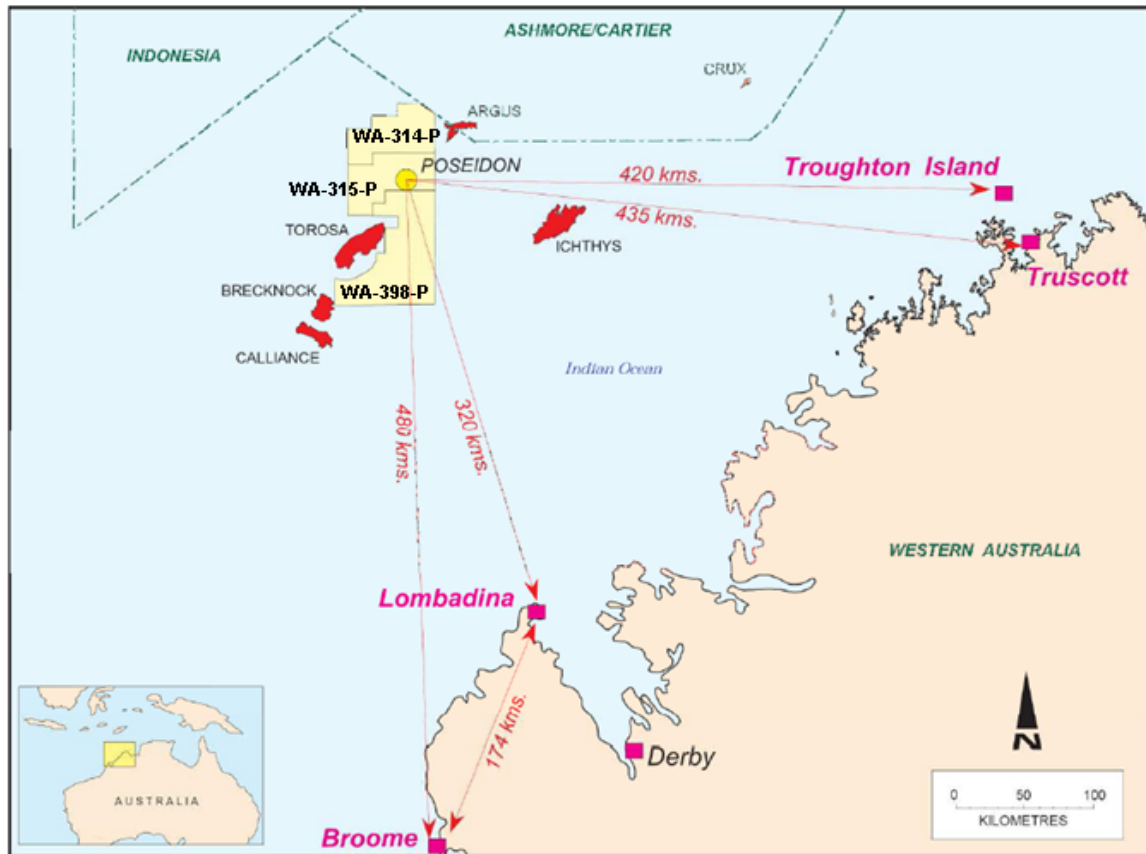
The Poseidon-1 well is located in WA-315-P, approximately 480km North of Broome, Western Australia. Poseidon -1, with a planned total depth of 4800 m TVDSS is targeting potential hydrocarbons in the Middle and Upper Jurassic sandstones.

Equity interests of the participants post farm-out in WA-314-P and WA-315-P are:

Karooon Gas Australia Ltd	49%
ConocoPhillips (Browse Basin) Pty Ltd	51%

Equity interests of the participants in WA-398-P are:

Karooon Gas Australia Ltd	40%
ConocoPhillips (Browse Basin) Pty Ltd	60%



Poseidon-1 Location:

Latitude: 13 deg 37' 22.46" S
 Longitude: 122 deg 18' 25.82" E

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