



**23 January 2009**

**(ASX Code: KAR)**

## **Sedco-703 Rig Handover and Exploration Update**

The Karoon and ConocoPhillips Browse Basin Joint Venture Drilling Program is expected to commence late next week with rig handover having taken place at 2300hrs on the 22<sup>nd</sup> of January. The drilling campaign will be targeting multi-trillion cubic feet scale natural gas prospects, with exploration success, sufficient to support possible future Liquefied Natural Gas production projects.

The first well in the 200 day drilling program, Poseidon-1, is expected to spud next week after the rig is towed to the site and anchors set .

Poseidon-1, in WA-315-P, lies approximately 480km North of Broome, Western Australia and has a planned total depth of 4800m True Vertical Depth Sub Sea (TVDSS).

Poseidon-1 is targeting potential hydrocarbons in the Middle and Upper Jurassic sandstones.

Participating interests, post farm-out in WA-314-P and WA-315-P are:

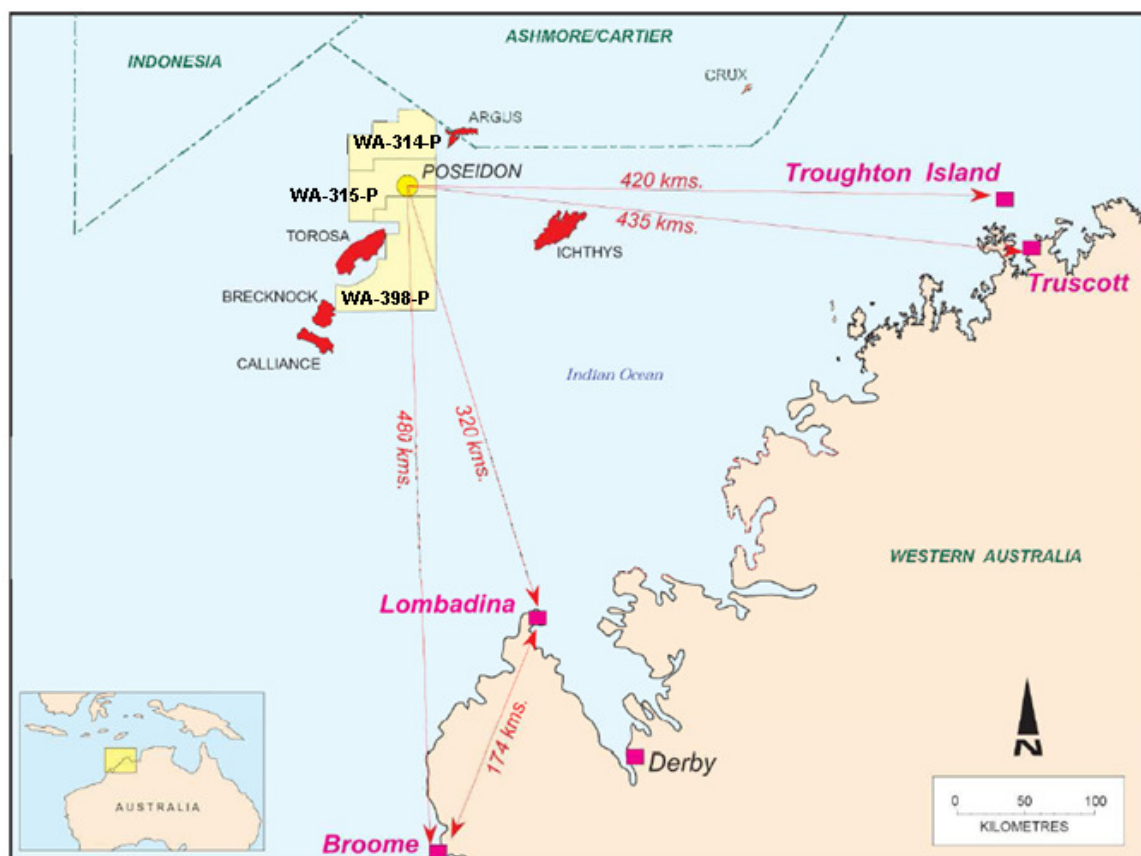
Karoon Gas Australia Ltd	49%
*ConocoPhillips (Browse Basin) Pty Ltd (Operator)	51%

\*Subject to a right to increase its interest to 60%

Participating interests, in WA-398-P are:

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

## Poseidon-1 Location:



Latitude: 13 deg 37' 22.46" S

Longitude: 122 deg 18' 25.82" E

## Browse Basin Setting:

Karoon's Browse Basin acreage is adjacent to the giant Torosa/Brecknock/Calliance gas and condensate fields, discovered from the 1970's and currently being appraised by a Woodside Petroleum operated Joint Venture. The Torosa /Brecknock/Calliance discoveries have a proven P50 resource of 21 TCF gas and 300mml of condensate.

To the east of Karoon's permits is the Inpex Browse Ltd and Total E&P Australia giant gas and condensate field, Ichthys. This field is estimated to contain 12 TCF of gas and 600 mml of condensate and will feed a liquefied natural gas (LNG), liquefied petroleum gas (LPG) and condensate project.

The Jurassic Plover Formation reservoir mapped in Karoon's permits is the same formation as that identified in the Scott Reef/Brecknock area.

**Potential:**

Several large prospects have been identified. Exploration success could lead to an Australian LNG project that would be well placed to meet Asian demand for security, speed and reliability of supply.

**JV and work program:**

The Joint Venture has acquired three 3D seismic surveys and one 2D seismic survey leading up to this drilling program. Exploration permit WA-398-P was acquired during the 2006/2007 financial year. This permit is situated directly south of the WA-315-P permit.

The Poseidon prospect previously identified by Karoon, straddles both of these permits and the acquisition of WA-398-P is considered by Karoon to be important in securing the southern flank of the Poseidon structure.

**For more information please see the Karoon website or contact:**

Mr Scott Hosking      Company Secretary – Karoon Gas Australia Ltd  
Email: [shosking@karoongas.com.au](mailto:shosking@karoongas.com.au)  
Phone: (03) 5974 1044

Mr Ian Howarth      Farrington National  
Email: [ian.howarth@farrington.com.au](mailto:ian.howarth@farrington.com.au)  
Phone: 0407 822 319