



ASX Announcement

26 May 2009

Poseidon-1 Exploration Well in WA-315-P

Progress Report No 20

Karooon Gas Australia Ltd advises that at 06:00 hours (WST) today, work to plug and abandon Poseidon-1 was nearing completion. It is anticipated that the Sedco 703 will be released from Poseidon-1 by 28 May.

Transocean, the rig owner, has notified ConocoPhillips, the Joint Venture Operator that the Sedco-703's current American Bureau of Shipping survey will expire on 28 May. The Joint Venture and Transocean have therefore mutually agreed to suspend operations under the Sedco 703 contract.

Negotiations with rig providers to contract a replacement drilling rig, to drill Kontiki-1 in WA-314-P, are underway. There is not expected to be any material delays in the continuation of the Browse drilling program.

As previously advised, the Joint Venture believes the Poseidon-1 well has made a significant discovery and is planning a dedicated appraisal program comprising multiple wells and acquisition of 3D seismic data.

The Poseidon-1 exploration well was always planned to be plugged and abandoned after delivering essential information about the Poseidon structure from that location. It is likely that all further appraisal wells will be similarly plugged and abandoned after providing critical information about the field from their respective locations.

The Sedco-703 semi-submersible rig drilled Poseidon-1, which is operated by ConocoPhillips.

Poseidon-1 is the first well 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.

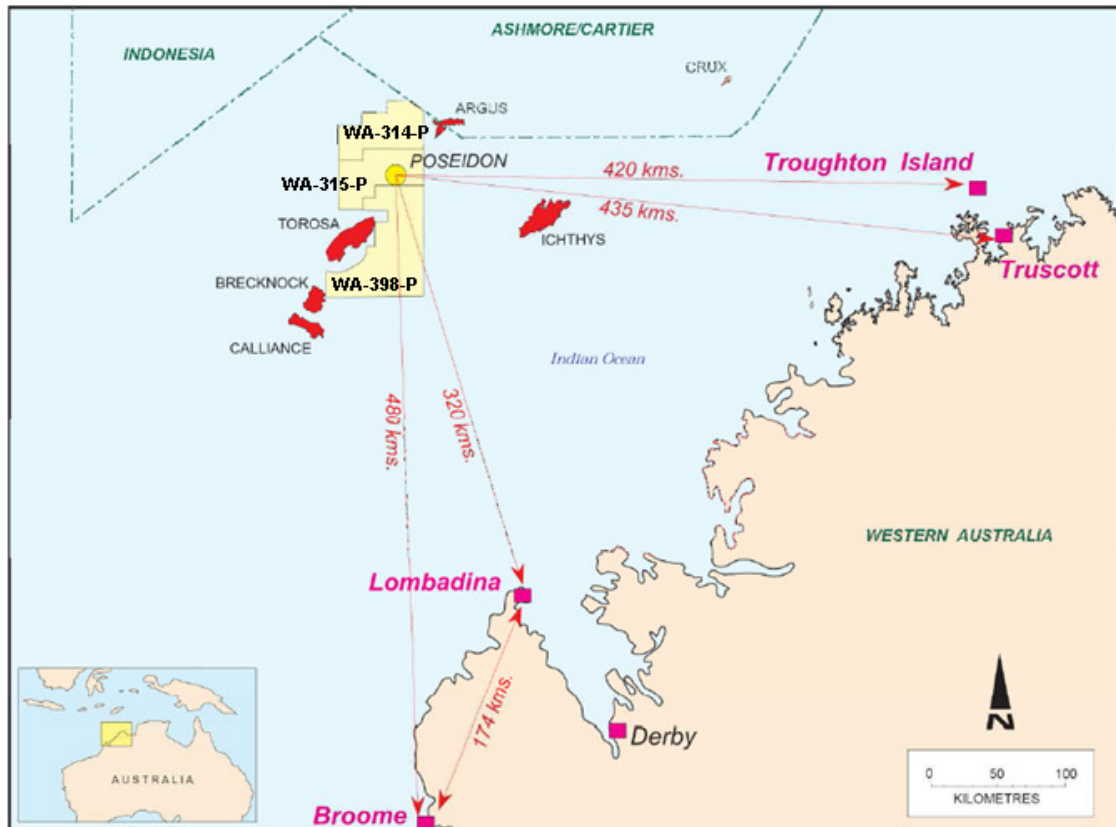
The Poseidon-1 well is located in WA-315-P, approximately 480km North of Broome, Western Australia.

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

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

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

Karoon 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

Note: mRT = m rotary table (datum for drill depth measurement) = mTVDSS+25m

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