



ASX Announcement

19 May 2009

Poseidon-1 Exploration Well in WA-315-P

Progress Report No 19

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, preparations are underway to plug and abandon Poseidon-1 as a significant gas discovery. Wireline log porosity and pressure measurement data suggests the well is capable of flowing gas.

The Joint Venture has commenced planning a Poseidon Field appraisal programme. The next well in the current programme will be Kontiki-1.

Since the last report the 5" liner was run and cemented in the Poseidon 1 well, however there was a mechanical failure while attempting to retrieve the lining hanger setting tool. This resulted in the well being irreparably plugged above planned test intervals making it impossible to carry out the planned production tests. After unsuccessful attempts at recovery of the tool, the Joint Venture decided to plug and abandon Poseidon-1.

The Joint Venture has obtained significant information from Poseidon-1 as outlined below:

- The well has penetrated a 317m gross gas bearing Plover Formation over the interval 4795 to 5112 mRT with three gross gas bearing sands totaling 228 m.
- Wireline pressure testing of four data points and sampling (MDT tool) in the lower sand interval shows a gas gradient, indicating that the reservoir contains gas.
- The gas water contact has not been penetrated, indicating the potential for additional gas below the total depth of Poseidon 1.
- Estimations of reservoir permeability (indicative of flow rates) based on log derived porosity and four pressure data points, suggest that that reservoir section will flow gas.

- As Karoon has currently mapped, the well is located over one hundred metres below the trap crest of the Poseidon structure with an interpreted gross gas column for the structure of over 430m. The area of the structure as currently mapped is around 280 square kilometers. Remapping is underway.
- Karoon’s analysis of seismic and well results to date indicate the contingent resource discovered in this well is likely to be consistent with or exceed Karoon’s pre drill prospective resource range (P10- 15 TCF, P50- 7 TCF and P90-3 TCF).

The Joint Venture has initiated enquires to secure a rig for further drilling on the Poseidon discovery.

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.

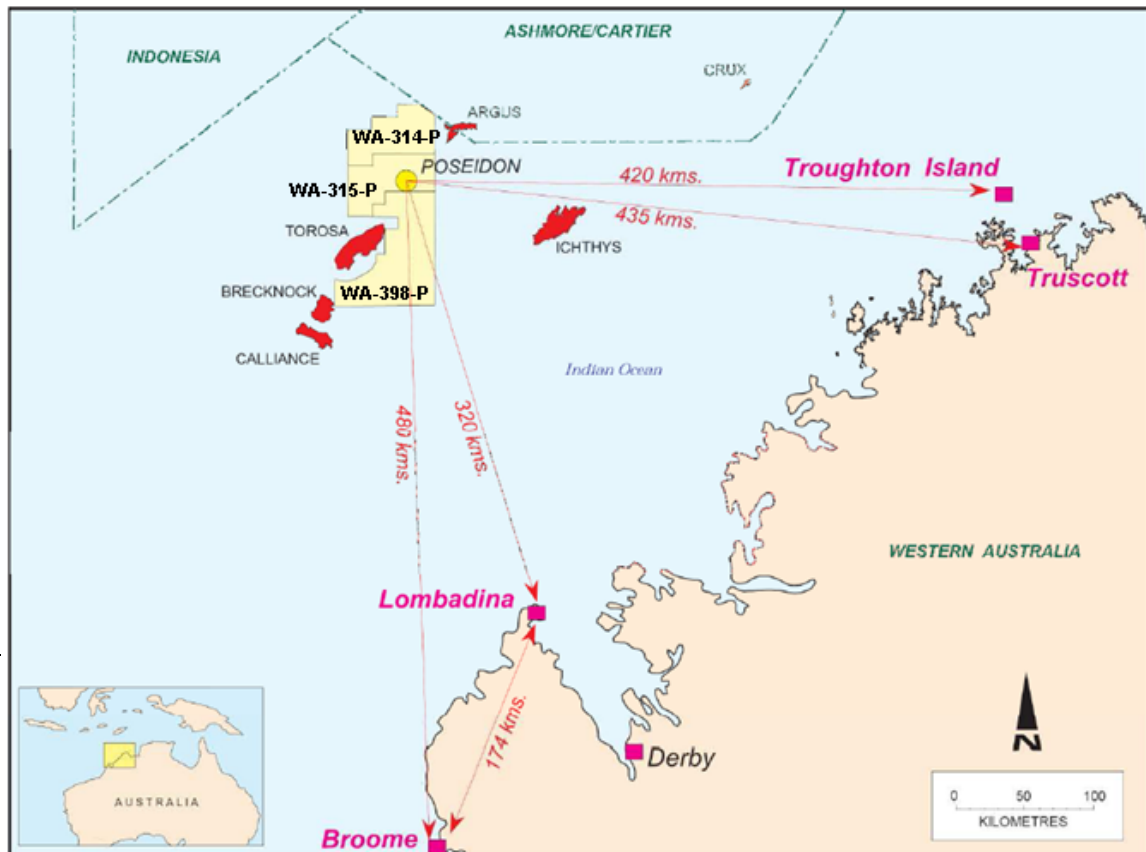
The Poseidon-1 well is located in WA-315-P, approximately 480km North of Broome, Western Australia.

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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