



**09 June 2009**

**KAROON BROWSE BASIN DRILLING UPDATE – REPLACEMENT RIG COMMENCES JULY 2009**

Karoon Gas Australia Limited (ASX: KAR) (“Karoon”) announces that ConocoPhillips, the Browse Basin Joint Venture Operator, has negotiated for the Transocean Legend semi-submersible drilling rig to resume the Browse drilling programme commencing July 2009.

The Transocean Legend is being contracted from Sedco Forex International Inc, by way of a variation to the original contract for the Sedco 703 which drilled the successful Poseidon 1 well. The contract has been extended and varied to provide:

- An extended firm term to allow the drilling of the Kontiki-1 well together with one additional well;
- Inclusion of an option to extend the term for up to an additional two wells.

The contracting of the Transocean Legend together with the extension of the term and the option to drill extra wells will allow the joint venture to complete the original exploration programme and to commence an appraisal programme for the recent Poseidon discovery.

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