



**17 June 2009**

**KAROON BROWSE BASIN DRILLING UPDATE – VARIATION TO RIG CONTRACT – DRILLING TO COMMENCE JULY 2009**

Karoon Gas Australia Limited (ASX: KAR) (“Karoon”) would like to advise that ConocoPhillips (Browse Basin) Pty Ltd, the Browse Basin Joint Venture Operator, has now executed the formal variation to the existing Browse Basin drilling contract with Sedco Forex International Inc. The Transocean Legend semi-submersible drilling rig will resume the Browse Basin drilling programme commencing July 2009.

The final terms of the contract have allowed the Joint Venture to secure the Transocean Legend for a minimum term of 148 days which will allow the drilling of the upcoming Kontiki-1 well together with the Poseidon-2 appraisal well, plus;

- One option for up to 2 additional wells to be exercised by 31<sup>st</sup> August 2009.
- Four options, each to drill one well, to be exercised prior to the end of the drilling contract and subject to mutual agreement between the parties.

The contracting of the Transocean Legend for the additional period will allow the joint venture to continue its exploration of the Browse Basin and obtain further information about the scale and nature of the Poseidon discovery with appraisal wells.

The drilling of the Kontiki-1 prospect which is located in WA-314-P approximately 29 kms NNW from the recent Poseidon-1 well, will target a completely new structure which is separate to the gas bearing Poseidon structure. The Kontiki structure has the potential, on success, to provide a discovery of equal size and magnitude to the Poseidon-1 discovery.

**For further information please contact:**

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