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10 June 2009

Successful Completion of Share placement raising A\$149.6 million

Karoon Gas (ASX: KAR) is pleased to announce it has completed a successful placement of 22,333,934 fully paid shares to sophisticated and professional investors at A\$6.70 per share to raise total proceeds of A\$149.6 million ("Placement").

The capital raising will provide Karoon with a strong cash position for its continued exploration and appraisal program in the Browse Basin, along with the upcoming exploration programs in Peru and Brazil.

Merrill Lynch acted as Lead Manager to the Placement with BBY Ltd, Bell Potter, Credit Suisse, EL&C Baillieu and Southern Cross Equities acting as participating brokers.

Karoon is pleased with the strong response it has received from this placement and looks forward to continued success in its exploration campaign in its Browse Basin Acreage.

Karoon also plans to offer existing shareholders the opportunity to participate in a Share Purchase Plan, details of which will be announced shortly.

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IMPORTANT NOTICE

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