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10 June 2009

#### **KAROON SHARE PURCHASE PLAN**

Following the successful completion of the A\$149.6 million capital raising, Karoon Gas Australia Limited (ASX: KAR) (**Karooon**) announces that it will offer eligible shareholders the opportunity to purchase up to A\$5,000 of Karoon shares at a subscription price of A\$6.70 per share by way of a share purchase plan (**SPP**).

The funds raised under the SPP will be applied to Karoon's continued exploration and appraisal program in the Browse Basin, along with the upcoming exploration programs in Peru and Brazil and general working capital. Eligible shareholders have the opportunity to invest in Karoon shares at the same price as participants in the capital raising and free of any brokerage or other transaction costs.

Holders of ordinary Karoon shares who were registered as at 7.00 pm (AEST) on 4 June 2009 and whose addresses according to the members' register are in Australia or New Zealand will generally be able to participate in the SPP.

Application forms are expected to be mailed to eligible shareholders on or about 19 June 2009, and the closing date for applications is expected to be on or about 10 July 2009. The right to apply for shares under the SPP will be non-renounceable and shares are expected to be issued under the SPP on or about 15 July 2009. All dates are subject to change.

Shareholders who hold their shares in Karoon via Australian or New Zealand nominees but are not themselves residents of Australia or New Zealand may not be eligible to participate in the SPP. In particular, US residents will not be able to participate in the SPP.

Further information including the full terms and conditions of the offers to be made under the SPP will be announced shortly.

**For further information please contact:**

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**IMPORTANT NOTICE**

This release does not constitute an offer of any securities for sale. The securities to be offered pursuant to the Share Purchase Plan will not be offered for sale in any place in which, or to any person whom, it would not be lawful to make such an offer. This document may not be distributed or released in the United States. The shares to be issued pursuant to the Share Purchase Plan have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States.