



ASX Announcement

23 July 2009

Kontiki-1 Exploration Well in WA-314-P

Progress Report No 1

Karoon Gas Australia Ltd advises that the Kontiki-1 exploration well was spudded at 17:45 hours (WST) on 22 July 2009. As at 06:00 hours (WST) today, the rig was preparing to run and set 30" conductor casing in 36" hole which was drilled to 637 mRT.

The Transocean Legend semi-submersible rig is drilling the exploration well, which is operated by ConocoPhillips.

Kontiki-1 is the second well in a multi- well drilling program in the Browse Basin permits WA-314-P, WA-315-P and WA-398-P.

The Kontiki-1 well is located in WA-314-P, approximately 490km North of Broome, Western Australia. Kontiki -1, with a planned total depth of 4610 mRT is targeting potential hydrocarbons in Middle and Upper Jurassic sandstones. Kontiki-1 is a separate and independent structure from the Poseidon-1 discovery.

As with the recent gas discovery well, Poseidon-1, Kontiki-1 is planned to be plugged and abandoned following final well evaluation and production testing if applicable.

Equity interests of the participants post farm-out in WA-314-P and WA-315-P are:

Karoon Gas Australia Ltd	49%
ConocoPhillips SH2 Pty Ltd	51%

Equity interests of the participants in WA-398-P are:

Karooon Gas Australia Ltd 40%
ConocoPhillips SH2 Pty Ltd 60%

Kontiki-1 Location:

Latitude: 13 deg 24' 44.02" S

Northing: 8 517 117 mN

Longitude: 122 deg 08' 46.82" E

Easting: 407 580 mE

Note: mRT = m rotary table (datum for drill depth measurement) = mTVDSS+22m

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