



ASX Announcement

4 September 2009

Kontiki-1 Exploration Well in WA-314-P

Progress Report No 7

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, Kontiki-1 was drilling ahead at 3406 mRT in 8-1/2" x 12-1/4" hole. Since the last report, the well was drilled from 3237 to 3265 mRT, intermediate 11-3/4" liner was run and cemented, and drilling continued to today's depth.

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 the Middle and Upper Jurassic sandstones.

As with the recent gas discovery well, Poseidon-1, even if successful, 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 (Browse Basin) Pty Ltd	51%

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

Karoon Gas Australia Ltd	40%
ConocoPhillips (Browse Basin) Pty Ltd	60%

Kontiki-1 Location:

Latitude: 13 deg 24' 44.02" S
Longitude: 122 deg 08' 46.82" E

Northing: 8 517 117 mN
Easting: 407 580 mE

Note: mRT = m rotary table (datum for drill depth measurement) = mTVDS+25m

For further information please contact:

Scott Hosking
Company Secretary
Karooon Gas Australia Ltd
Phone: 03 5974 1044
Email: scotthosking@karoongas.com.au

Ian Howarth
Collins Street Media
Phone: 0407 822 319
Email ian@collinsstreetmedia.com.au