



30 September 2009

(ASX Code: KAR)

Karoon extends Browse Basin appraisal and exploration program

After exercising an option to add two more wells on the drilling contract with Sedco Forex International Inc., Karoon Gas and its joint venture partner ConocoPhillips, will drill at least four wells in the current Browse basin exploration program (including Kontiki-1).

A contract for a new 3D seismic survey to cover more than 2000 sq km over the greater Poseidon area, has now been tendered and awarded to CGGVeritas and will be started in early October and completed during the same period as the continuing drilling program.

After the completion of Kontiki-1, the joint venture plans to drill the Poseidon 2 appraisal well followed by the Lion-1 exploration well and the Kronos-1 exploration well.

At the completion of the current 4 well drilling program, the joint venture has a further option via mutual agreement with Sedco Forex International Inc. to drill 4 additional wells.

Poseidon-2

The Poseidon-2 appraisal well is located in WA-398-P, on the southern flank of the north-east trending structural high of the greater Poseidon structure (Figure-1).

The objective of this well is to test the extent, presence and quality of reservoirs down-dip from Poseidon-1 where the Plover Formation thickens.

The well is planned to intersect the upper sand intervals in the gas column and then the gas-water contact within the lower sand interval. A full evaluation program is planned, including production testing, subject to well results. This well will fulfill one of the four primary term well commitments in WA-398-P.

Poseidon 3D seismic

A new 3D seismic acquisition program of in excess of 2000 sq km, designed to cover the greater Poseidon area, has been tendered and awarded to CGGVeritas.

The program is scheduled to start in early October 2009 and is designed to provide uniform, high-quality, 3D seismic coverage over the entire Poseidon structure, particularly to delineate the southern structural high area of the trend, currently defined only by 2D seismic.

Kronos-1

The Kronos-1 well is to be located in a near crestal position and is designed to explore the southern accumulation of the greater Poseidon structure.

This well will be drilled after a portion of the Poseidon 3D seismic has been 'fast track' processed and interpreted to allow refinement of the Kronos-2 well location. This well will fulfill one of the four primary term well commitments in WA-398-P.

Karoon maintains its position with a broad range of Contingent Resource estimates for the greater Poseidon structure presented post Poseidon-1 (P90 3 TCF, P50 7TCF and P10 15 TCF). This range reflects the current uncertainties and will be progressively refined with the results of the new 3D seismic survey and the drilling of the Poseidon-2 and Kronos-1 wells.

Lion-1

Immediately following Poseidon-2, the Lion-1 exploration well will be drilled in WA-398-P.

The Lion-1 well will test a shallower Oligocene level prospect, targeting marine sands in an interpreted combined structural and stratigraphic trap. Seismic amplitudes brighten in the vicinity of this prospect which may be due to the presence of sands, or hydrocarbon saturated sands. Karoon assesses this prospect at relatively high risk with a less than 10% chance of success. The planned TD of the well is 1600m. This well will fulfill one of the four primary term well commitments in WA-398-P.

Drilling this well in this time frame will provide additional time to complete the fast track 3D seismic processing and interpretation of the new Poseidon 3D seismic to allow optimum positioning of the Kronos -1 well.

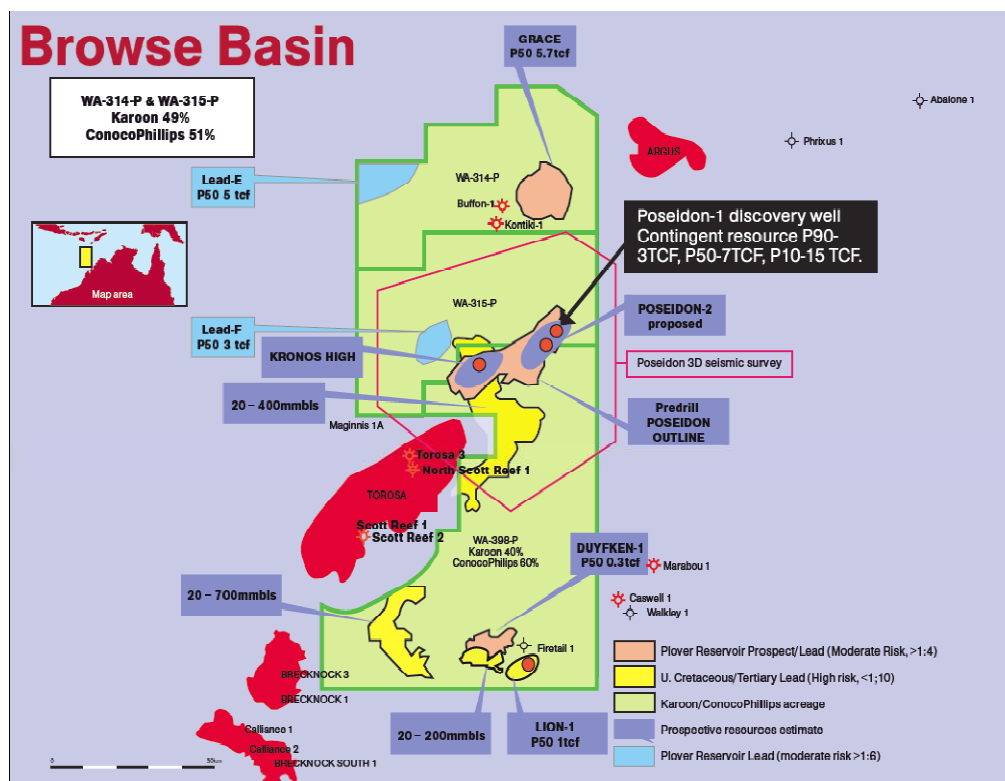
Participating interests, post farm-out in WA-314-P and WA-315-P are:

Karoon Gas (Browse Basin) Pty Ltd	49%
*ConocoPhillips (Browse Basin) Pty Ltd (Operator)	51%

*Subject to a right to increase its interest to 60%

Participating interests, in WA-398-P are:

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



For more information please see the Karoon website or contact:

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