



**2 September 2009**

**(ASX Code: KAR)**

**Exercise of 2 well option on Legend Drilling rig, Browse Basin**

Karoon and its joint venture partner, ConocoPhillips have exercised an option to drill two additional wells under the existing drilling contract with Sedco Forex International Inc. This takes the current firm drilling program to 4 new wells including the Kontiki-1 well, using the Transocean Legend drilling rig.

The joint venture has a further option to drill an additional 4 wells under the existing drilling contract with Sedco Forex International Inc. which are exercisable by mutual agreement before the expiration of the current contract term,

Participating interests, post farmin WA-314-P and WA-315-P are:

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

**For more information please see the Karoon website or contact:**

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