



Thursday, 15 October 2009

(ASX Code: KAR)

ASX ANNOUNCEMENT

POSEIDON-2 EXPLORATION WELL IN WA-398-P PROGRESS REPORT NO 2

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, preparations to run 13-3/8" surface casing were underway. Since the last report, the 17-1/2" hole was drilled from 1474 mRT to 2429 mRT.

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

Poseidon-2 is located in WA-398-P, on the southern flank of the north-east trending structural high of the greater Poseidon structure. The objective of the well is to test the extent, presence and quality of reservoirs down-dip from Poseidon-1 where the Plover Formation is interpreted to thicken. The well has a planned total depth of approximately 5300 mRT.

As with the recent gas discovery well, Poseidon-1, Poseidon-2 is planned to be plugged and abandoned following final well evaluation and production testing if applicable.

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

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

Poseidon-2 Location:

Latitude: 13 deg 40' 07.13" S	Northing: 8 488 802 mN
Longitude: 122 deg 16' 32.25" E	Easting: 421 662 mE

For further information please see the Karoon website contact:

Scott Hosking:	Company Secretary	Ian Howarth:	Collins Street Media
Telephone:	03 59741044	Telephone:	0407 822 319
Fax:	03 59741644	Email:	ian@collinsstreetmedia.com.au
Email:	shosking@karoongas.com.au		
Website:	www.karoongas.com.au		