



ASX Announcement

12 November 2009

Poseidon-2 Exploration Well in WA-398-P

Progress Report No 6

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, the 8-1/2" drilling assembly was being pulled out of the hole after mud losses. Lost circulation material was pumped down the hole to reduce losses to acceptable levels in preparation for formation pressure measurements. Since the last report, the well has been drilled from 4098 mRT to its current depth of 4724 mRT

Based on mud logging and Logging While Drilling (LWD) petrophysical data, the well penetrated interbedded sands between 4710-4713 mRT. Below 4713mrt no wireline, lithology or gas data is currently available. These sands are shallower and younger than the Plover Formation reservoir sands seen in Poseidon-1 and were not penetrated in Poseidon-1. No material conclusions can be drawn from the current data as to reservoir characteristics and gas content of these sands until wireline and other data is collected and interpreted.

On the completion of the wireline logging program a seven inch liner may be run depending on the results of the pressure measurements before drilling ahead and evaluating the primary target, the Plover Formation.

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

Poseidon-2 is located in WA-398, 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
Longitude: 122 deg 16' 32.25" E

Northing: 8 488 802 mN
Easting: 421 662 mE

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