



Thursday, 5 November 2009

(ASX Code: KAR)

ASX ANNOUNCEMENT

POSEIDON-2 EXPLORATION WELL IN WA-398-P PROGRESS REPORT NO 5

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, an 8-1/2" drilling string was being run in the hole. Since the last report, the well has been drilled from 3866 mRT, and 9-5/8" intermediate casing was run and cemented at 4098 mRT.

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	Northing: 8 488 802 mN
Longitude: 122 deg 16' 32.25" E	Easting: 421 662 mE

For further information please see the Karoon website or contact:

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