



Wednesday 23rd December 2009

(ASX Code: KAR)

ASX ANNOUNCEMENT

WA-398-P PROGRESS REPORT NO 12

On Tuesday the 22nd of December the Transocean Legend drilling rig was being remanned at Poseidon-2 post Cyclone Lawrence. The rig is currently setting anchors.

Similarly, the postponed Poseidon 3D seismic vessel, Geowave Voyager is returning and will resume the 3D Seismic acquisition shortly. This survey is approximately 55% completed.

Poseidon 2 – Summary work to date

Prior to drilling the primary target Plover Formation reservoir intervals, the well intersected an overlying reservoir sequence (Montara Formation) not penetrated in the Poseidon-1 well. Logging While Drilling (LWD), mud-logging and wireline data interpretation indicates the presence of hydrocarbons over a gross reservoir interval of approximately 20m.

The well then penetrated the top of the Plover Reservoir interval close to prediction and intersected a thicker Plover Formation sequence, intersecting all of the three gross reservoir intervals seen in Poseidon-1. Approximately 60m of core was cut within the reservoir interval. The well was drilled to a final TD of 5356mrt which is below the estimated level of the Gas Water Contact (GWC) as predicted. Logging While Drilling (LWD) and mud-logging data interpretation indicated the presence of hydrocarbons in reservoirs above the estimated GWC. The presence of hydrocarbons cannot be confirmed until wireline logging and testing is completed in this zone. Due to delays caused by Cyclone Lawrence, wireline data has not yet been gathered over the Plover Formation reservoirs.

Poseidon 2 - Forward plan

Wireline logs are expected to be gathered in the coming week.

A decision will be made on production testing once all the data is collected and analyzed.

The objective of production testing in the Plover Reservoir here is to help estimate the possible reserves contribution of gas from this part of the field.

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 had 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. These are exploration wells and are not suitable for production purposes.

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

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