



Thursday, 14th January 2010

**(ASX Code: KAR)**

**ASX ANNOUNCEMENT**

**POSEIDON-2 PROGRESS REPORT NO 15**

Karoon advises that at 0600 hours today, the production testing string has been run in the hole and testing has commenced in the Plover Reservoir. Initial shut-in and build-up periods during the well testing phase have been inconclusive. The well test is continuing at the current time and will continue over the coming days as planned.

The interval being tested is the Plover Reservoir over the depth 5035 metres to 5100 metres.

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 was drilled to a total depth of 5356 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. 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    |

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

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