



Monday the 13<sup>th</sup> of September 2010

**(ASX Code: KAR)**

**ASX ANNOUNCEMENT**

**1-SPS-75 QUASI PROSPECT PROGRESS REPORT NO 1**

At 0700 hrs AEST, Karoon advises that the BOP stack and riser was being tested. Since operations began on the 25<sup>th</sup> of August, a 30" conductor was set at 565m; a 17-1/2" hole was drilled to 1400m and 13-3/8" surface casing was set and cemented.

The Ocean Yorktown semi-submersible rig is drilling the 1-SPS-75 well, and Petroleo Brasileiro S.A ("Petrobras") is the operator.

The 1-SPS-75 well is located to optimally test a Miocene stratigraphic target predicted at approximately 1700m and is planned to TD at 2000m.

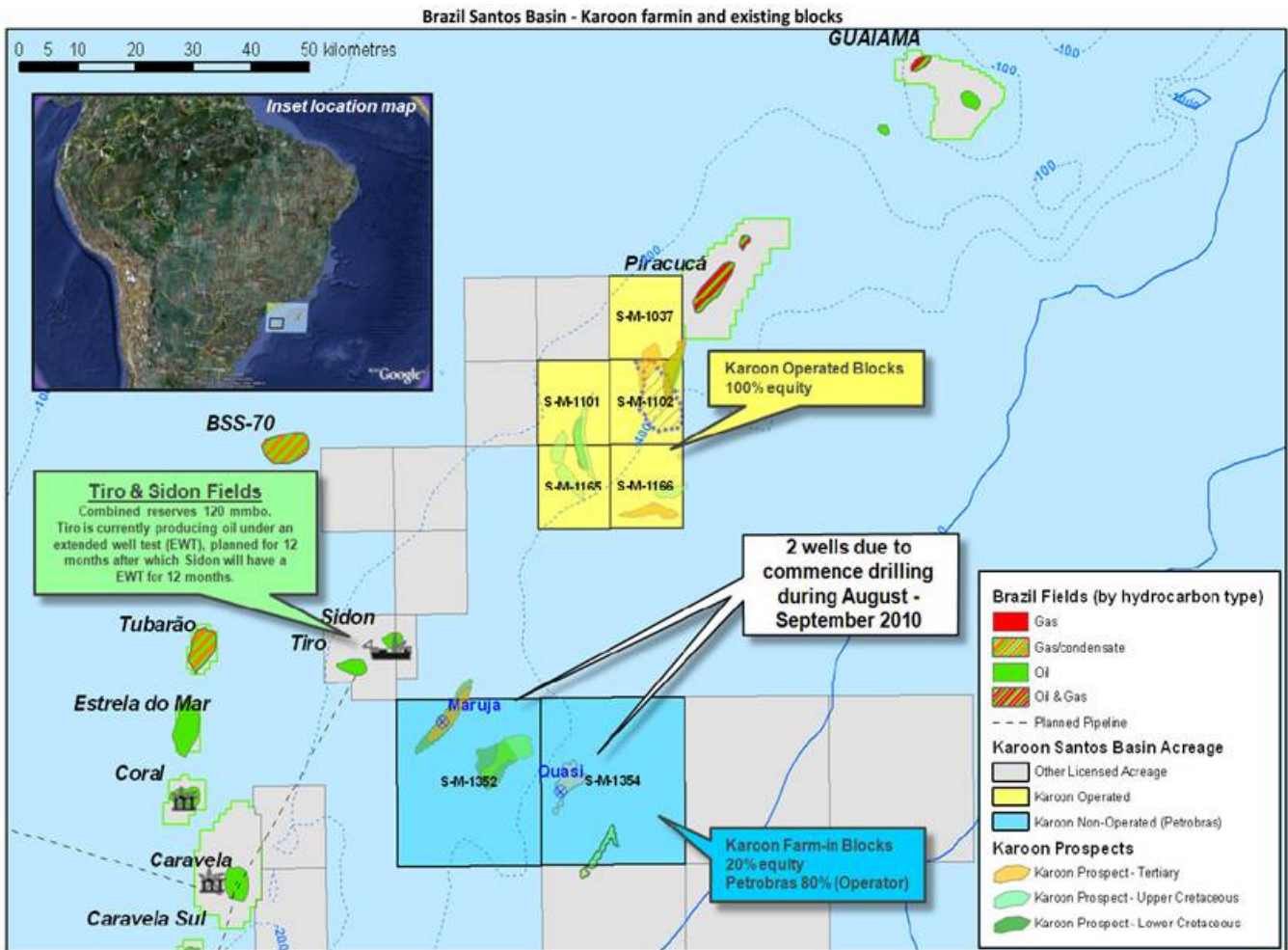
The 1-SPS-75 well is planned to be plugged and abandoned following final well evaluation and possible production testing. Exploration wells are designed to assess the resource potential in the most efficient manner, and are not suitable for production.

**Reporting schedule**

Karoon will provide weekly operational updates during the drilling of the top hole section of the well. When the target interval is reached, weekly reporting will cease and material information regarding testing or other activities will be reported in accordance with normal ASX requirements when complete and reliable information is available.

Equity interests of the participants post farm-in in BM-S-41/S-M-1354 are:

Karoon Petroleo e Gas Ltda	20%
Petrobras	80%



**1-SPS-75 Location:**

Coordinates UTM (Datum Aratu)

Northing: 7 054 130 mN  
Easting: 376 400mE

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

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