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ASX ANNOUNCEMENT

Karooon Releases New Estimates of Volume Certified by D&M – Net Contingent Resources of 1.27 Billion Barrels of Oil Equivalent (“boe”) and Risked Net Mean Prospective Resources of 900 Million boe.

Karooon is pleased to advise the results of an independent report on both its Contingent and Prospective Resources for the company’s world wide portfolio of appraisal and exploration assets as completed by DeGolyer and MacNaughton (“D&M”). The first report, (“Contingent Resources Report”) certifies the high case net contingent resource of 7.6 Tcf (Gas) or 1.27 billion boe and the second (“Prospective Resource Report”) certifies the risked net mean prospective resources of 900 million boe, as detailed in the table below:

DeGolyer & MacNaughton Karooon Gas Resource Estimate 30 September 2009	Low Estimate	Best Estimate	High Estimate	Mean Estimate	Risked Mean Estimate
Net Contingent Resources					
Poseidon Wet Gas (Tcf)			7.6		
Net Prospective Resources					
Australia Browse Basin Wet Gas (Tcf)	1.8	4.5	11.2	5.8	1.6
Oil Total Australia and South America (billion barrels)	1.13	2.30	4.70	2.69	0.63

The report was prepared by the international consulting company DeGolyer and MacNaughton (D&M) as at 30 September 2009. It includes the Browse Basin Poseidon-1 discovery well results but not the Poseidon-2 results as the well is currently being evaluated. It also includes the results of newly acquired and processed 2D seismic in Peru and reprocessed 3D seismic in Brazil.

The report updates the previous D&M report on the company’s Net Risked Mean Prospective Resources estimate released in September 2008 of 1.23 Billion Barrels of Oil Equivalent (“BBOE”).

Importantly, a move from the Prospective Resources category to the Contingent Resources category reflects the Poseidon discovery and the company’s increased confidence that upon successful drilling there will be significant reserves to underwrite a major petroleum development in the Browse Basin.

The contingent and prospective resource estimates presented in the DeGolyer and MacNaughton report have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

The PRMS reporting system provides uniform guidelines for the evaluation and reporting of petroleum reserves and resources. Under PRMS:

- “Prospective resource”, as reported by DeGolyer and MacNaughton, are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

- “Contingent resources”, as reported by DeGolyer and MacNaughton, are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

The prospective resources reported on by DeGolyer & MacNaughton are based on the statistical aggregation method. There is no certainty that any portion of the prospective resources estimated herein will be discovered.

Karoon has its main interests in the following key assets;

- In Australia’s Browse Basin, Karoon is in partnership with ConocoPhillips (the operator) in three exploration blocks WA-314-P, WA-315-P (Karoon equity 49%) and 398-P (Karoon equity 40%).
- In Brazil, Karoon holds 5 blocks (100% equity) in the Santos Basin, the same basin where the Tupi and Carioca discoveries (multi billion barrels of oil) were made recently by Petrobras.
- In Peru, Karoon is earning up to 75% equity in the 4875 square km Block Z-38 in the Tumbes Basin. The similar adjoining Block Z1, has large multi TCF gas and oil fields.

Notes:

- Resource estimates are stated on a net to Karoon basis.
- Low, Best and High estimates means there is a 90%, 50% and 10% chance respectively that an estimated quantity of resource volume will be equalled or exceeded.
- Tcf means trillion cubic feet of gas.
- 1 Billion Barrel of Oil Equivalent(“BBOE”) is equivalent to 6 Tcf.
- A barrel is equivalent to 159 litres.

DeGolyer and MacNaughton is an international petroleum consulting firm with offices in the United States of America, Canada and Russia, who specialise in evaluation of reserves and resources for major oil and gas companies, governments, financial institutions and the investment industry. DeGolyer and MacNaughton have conducted assessments of and for the largest petroleum and financial companies in the world.

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