



Wednesday, 30th December 2009

(ASX Code: KAR)

ASX ANNOUNCEMENT

POSEIDON-2 PROGRESS REPORT NO 13

At 0600 hrs WST today Karoon advises that the Poseidon-2 well was completing a wireline logging program. On completion of the wireline logging program, a 4-1/2" production liner will be run and cemented in preparation for production testing operations. Testing results will be advised as they become available over the course of the next few weeks.

Since the last report the Transocean drilling rig re-manned, following cyclone evacuation, and wireline operations have been conducted.

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. 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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