

29th November 2007

(ASX Code: KAR)

Karoon wins five Brazilian Petroleum exploration blocks

Karoon Gas Australia Ltd has successfully bid for five offshore exploration blocks in the Santos basin in the state of Santa Catarina, Brazil, just south of Rio De Janeiro.

Karoon was awarded blocks 1037, 1101, 1102, 1165 and 1166 covering 850 square kilometres yesterday by ANP (National Agency of Petroleum) in Brazil.

Karoon believes the blocks offer good exploration potential in the hundreds of millions of barrels of oil and trillions of cubic feet of gas range.

The blocks are located in an existing oil and gas producing province in close proximity to several large oil and gas producing fields including the Caravela and Coral fields 100km to the south west and the Merluza field 100km to the north-west.

The giant new discovery by Petrobras of the deep water Tupi field, to the east of the blocks awarded to Karoon, has altered industry perception of the Santos basin. The Tupi field, discovered recently by Brazilian national oil company Petrobras, ensured strong competition in the latest round of bidding for exploration acreage in Brazil.

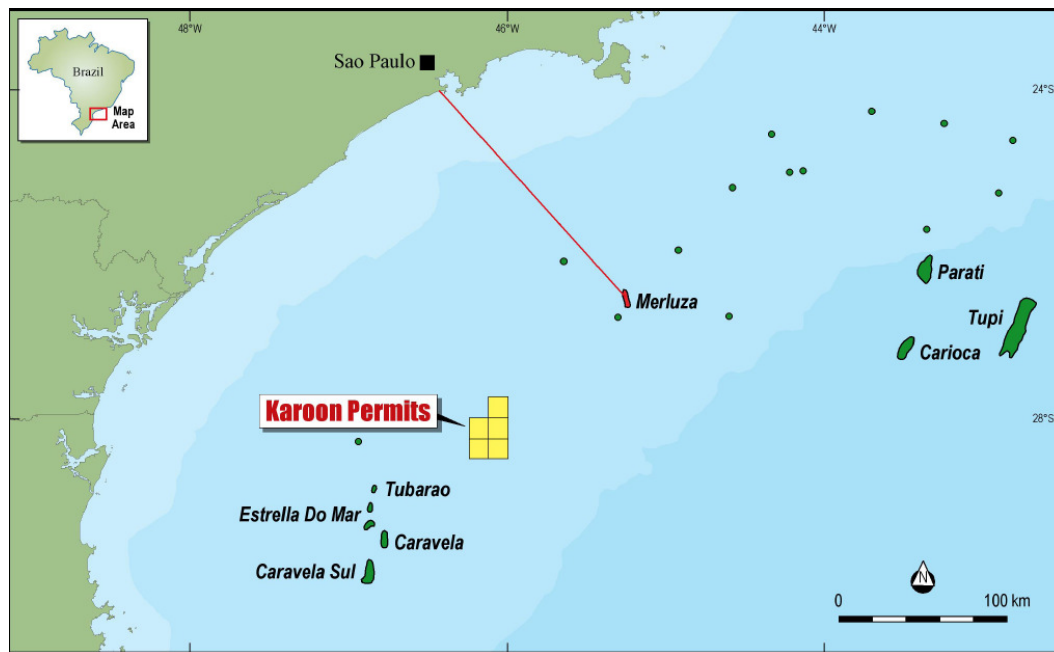
Karoon will complete the acquisition of these blocks in March 2008 at an award ceremony in Brazil, at which time Karoon is obligated to pay a total of \$US25 million in non-refundable signature bonuses and refundable bid bonds to ANP, the governing body of the Brazilian petroleum industry.

The work program Karoon has submitted for the award of these blocks consists of extensive geological analysis work, the purchase, reprocessing and interpretation of existing seismic. On three of the blocks there is a requirement to acquire a further 170 square kilometres of 3D seismic in the first 3 year term. In the optional second term of 2 years, one well is required to be drilled in each block.

All expenditure will be funded either through the use of Karoon funds or possibly the equity restructuring or farm out of the permits over the coming year.

This exciting acquisition represents a major new exploration interest for Karoon and continues the company's strong organic growth.

Set out on below is a map of the area around the newly awarded Karoon blocks in Brazil:



For more information please see the Karoon website or contact:

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