



16 November 2007

Share placement to raise \$51.06 million

Karoon Gas Australia Ltd (ASX: KAR) has completed the placement of 14.8 million fully paid shares at an issue price of \$A3.45 a share to sophisticated and professional investors through Southern Cross Equities, BBY Ltd, EL&C Baillieu and Intersuisse.

The share placement raised a total of \$51.06 million and will take the total Karoon shares on issue to approximately 129 million.

The capital raising will provide Karoon with the flexibility to continue its exploration program in the Browse Basin, off the coast of northwest Western Australia, including in the WA-314-P, WA-315-P and WA-398-P permits in which Karoon has an interest.

In addition to this placement, 1.875 million Karoon shares were sold by directors of Karoon Gas Australia Ltd. The funds from the sale of director shares will be used by those directors to exercise a total of 2.25 million incentive options held by them at prices ranging from \$1.75-\$2.00 which were granted, with the approval of shareholders, in October, 2005.

Karoon is pleased with the strong response to the placement.

The company's future exploration program represents an exciting new phase for the company and one which has the potential to propel Karoon into the upper echelon of Australian petroleum companies.

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