



Thursday, 7th January 2010

**(ASX Code: KAR)**

**ASX ANNOUNCEMENT**

**POSEIDON-2 PROGRESS REPORT NO 14**

At 0600 hrs WST today Karoon advises that preparations prior to picking up DST tools were underway. Since the last report the 4-1/2" production liner was run and cemented at 5350 metres, and the mud system (SBM) was displaced with brine.

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 was drilled to a total depth of 5356 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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