

Tuesday, 23rd February 2010

(ASX Code: KAR)

ASX ANNOUNCEMENT

Kronos-1 PROGRESS REPORT NO 1

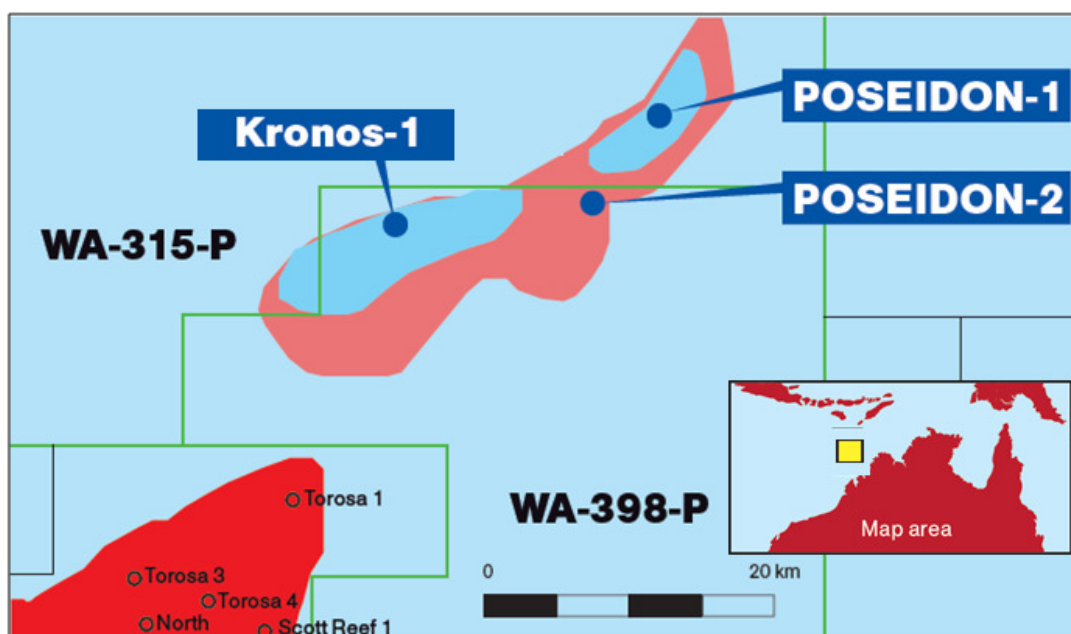
Karooon Gas Australia Ltd advises that the Kronos-1 exploration well was spudded at 20:50 hours (WST) on 19 February 2010. After drilling a 36" hole, the 30" conductor casing was set and cemented at 594 mRT. As at 05:00 hours (WST) today, Kronos-1 was at a depth of 1832 mRT in 17-1/2" hole and the bottom-hole drilling assembly was being pulled out of the hole for replacement.

The Transocean Legend semi-submersible rig is drilling the Kronos-1 well, and ConocoPhillips is currently the operator.

Kronos-1 is located on a high block in the south-western part of the greater Poseidon trend, 15 kilometres from the Poseidon-1 well and is the third well on the greater Poseidon trend. The well is designed to evaluate and test the Plover Formation reservoirs. Key objectives of Kronos-1 are to collect reservoir properties data, reservoir fluid compositional data and then define production rates for possible future production wells. The well has a planned total depth of 5322mRT.

The Montara Formation reservoirs intersected in the downdip Poseidon-2 well are interpreted to not be present at the Kronos-1 location.

As with the recent, Poseidon-1 and Poseidon-2 wells, Kronos-1 is planned to be plugged and abandoned following final well evaluation and production testing. During the current exploration and evaluation phase of the Poseidon field, exploration wells are designed to assess the resource potential in the most efficient manner, and are not suitable for production.



Reporting schedule

Karoon will provide weekly operational updates during the drilling of the top hole section of the well. When the target interval is reached, weekly reporting will cease and material information regarding testing or other activities will be reported in accordance with normal ASX requirements when complete and reliable information is available.

Equity interests of the participants in WA-398-P are:

Karoon Gas (Browse Basin) Pty Ltd	40%
ConocoPhillips (Browse Basin) Pty Ltd	60%

Kronos-1 Location:

Latitude: 13 deg 41' 53.84" S	Northing: 8 485 495 mN
Longitude: 122 deg 11' 29.96" E	Easting: 412 591 mE

For further information please see the Karoon website or contact:

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