Karoon Gas

Annual General Meeting

Status report

- Browse Basin WA-314-P & WA-315-P
- Gippsland Basin PEP 162 & EL4537

21 OCTOBER 2005

Ramform Victory
12 - 20 streamers

Karoon Snapshot

- Listed on the ASX on the 8th of June 2004.
- 62 million shares and 20.8 million 20 cent options expiring 30th June 2006.
- Market Capitalization approximately A$110 million

Browse Basin Acreage(100%)

Market capitalization increase has been largely driven by Browse Basin activity since December 2004;

- Acquired WA-314-P and WA-315-P from Liberty Petroleum in November 2004
- Defined **risked 30 TCF plus 600mmbls condensate** potential in seven large prospects .
- BG farmed in , acquired permit wide aeromagnetics data then elected not to proceed with 3D seismic phase of agreement after attempting to renegotiate farmin terms.
- Karoon is progressing with the 3D seismic program scheduled to start in November.
- 2 wells are planned for the second half of 2006.

Karoon has received repeated unsolicited requests to enter farmin discussions since the BG withdrawl.

Gippsland Basin Acreage(100%)

- Seismic & drilling has identified an oil zone and gas bearing coals in the first test of the Narracan Trough. More seismic is required to identify thicker shallower coals.
- 340 million tonne of brown coal, defined by over thirty wells and seismic beneath thin cover.

250 km 2D seismic acquisition program is 25% complete and is expected to be finished by early November to define Oil and CBM targets for drilling in the second quarter 2006.

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Key Personnel

Robert M. Hosking Executive Chairman
Founding Director of Karoon Gas with 30 years of commercial experience. Involved in the oil and gas industry for ten years. Founding director of Nexus Energy.

Mark A. Smith Executive Director and Exploration Manager
26 years experience as a geologist and exploration manager in petroleum exploration and development mainly with BHPB in Australia, Southeast Asia and North America.

Geoff Atkins Director
34 years experience as a marine engineer with involvement with design and construction of LNG facilities.

Stephen Power Director
Stephen Power is a commercial lawyer who has spent approximately 20 years providing advice to participants in the resources industry in Australia and overseas.

Hector Peters Company Secretary
30 years experience in accounting and finance.

Jorg Bein Senior Geophysicist
36 years experience as a geophysicist and manager with Exxon and BHPB. Experience in Australian basins.

Michelle Grosser Geoscientist and IT coordinator
9 years experience with a range of resource companies world wide including BHPB, Exxon Mobil and Shell.

Consultants
Ralph Spinks Drilling Consultant. 30 years in the industry with Philips Petroleum world wide.

Upstream Petroleum Provides a full suite of drilling and development operations and management services.

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Karoon's Browse Basin Equation

The Right Place +

The Right Time +

The Right Partner =

Maximized shareholder value

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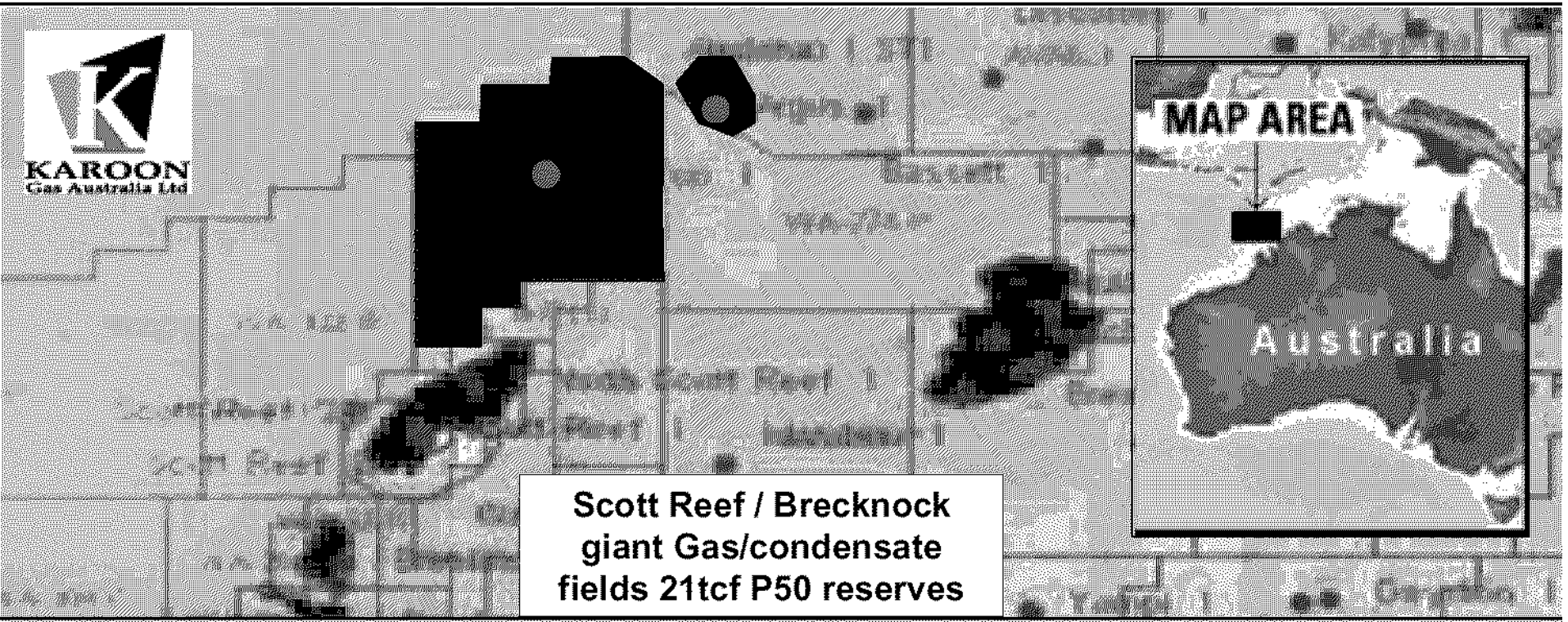
WA-314-P & WA-315-P Setting



Political

Karoon's Australian Browse Basin permits are in a politically safe environment administered under a stable and tested legislative system. This equates to low commercial & sovereign risk, critical factors for investors involved in large development projects.

Geological

The acreage is immediately on trend with the giant Scott Reef/Brecknock gas fields discovered in the 1970's and currently being appraised and developed.

The same play type with seven large structures have been mapped in Karoon's permits immediately to the north of Scott Reef.

WA-314-P & WA-315-P Permit conditions

Acreage Work Program Minimum Commitments for <u>each</u> permit.

Minimum Guaranteed Work Program for each permit WA-314-P and WA-315-P					
Term	Permit Year	Permit Year Starts	Permit Year Ends	Minimum Work Requirements	Estimated Expenditure Constant Dollars (indicative A$ only at time of award)
Primary Term	First	12-Nov-01	11-Nov-02	Seismic re-interpretation	200,000
	Second	12-Nov-02	11-Feb-06	400 square km of new 3D Seismic	3,400,000
	Third	12-Feb-06	11-Feb-07	Drill One (1) Well	16,000,000
Secondary Term	Fourth	12-Feb-07	11-Feb-08	Geological, geophysical and Geochemical studies	1,000,000
	Fifth	12-Feb-08	11-Feb-09	Drill One (1) Well	16,000,000
	Sixth	12-Feb-09	11-Feb-10	Drill One (1) Well	16,000,000

Karoon farmin.

Under the farmin agreement with Liberty Petroleum, Karoon is the operator and will earn 100% equity in the permits by fulfilling the Year-2 work program in exchange for a small overriding royalty on any discoveries.

Liberty Petroleum is a small Houston based company who operate in Australia by picking up released acreage near major fields, then farming out or selling their interest for cash and /or royalties to interested parties.

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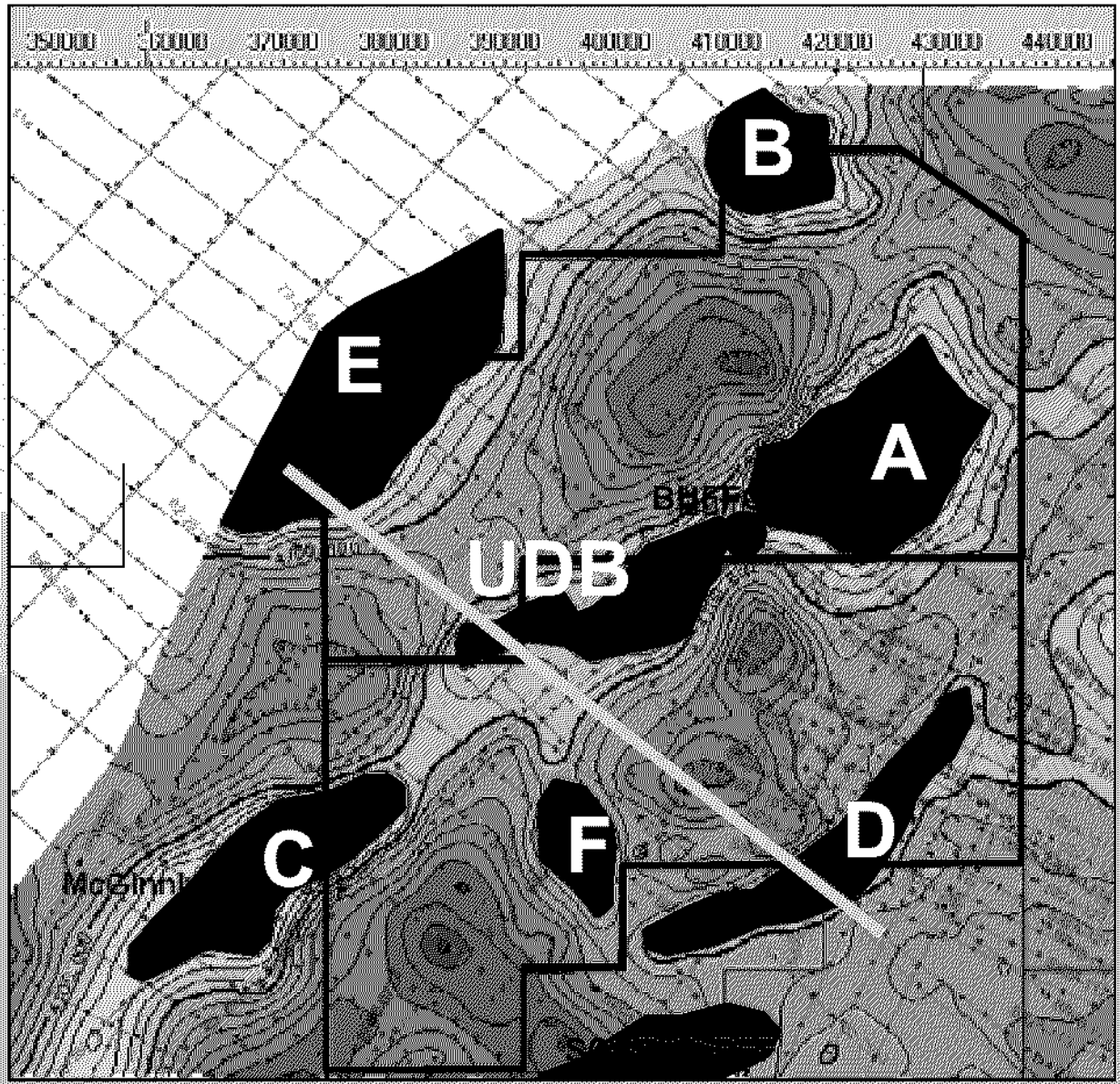
WA-314-P & WA-315-P The Right Place



Seven large high relief leads with areas ranging from 60 to 350 square km.

The same play type as Scott-Reef immediately to the south.

The map is a composite of the Callovian unconformity (Top reservoir) and the Base of the Buffon Volcanics (Top reservoir) in an area around the Buffon-1 well.

100 Square kilometers

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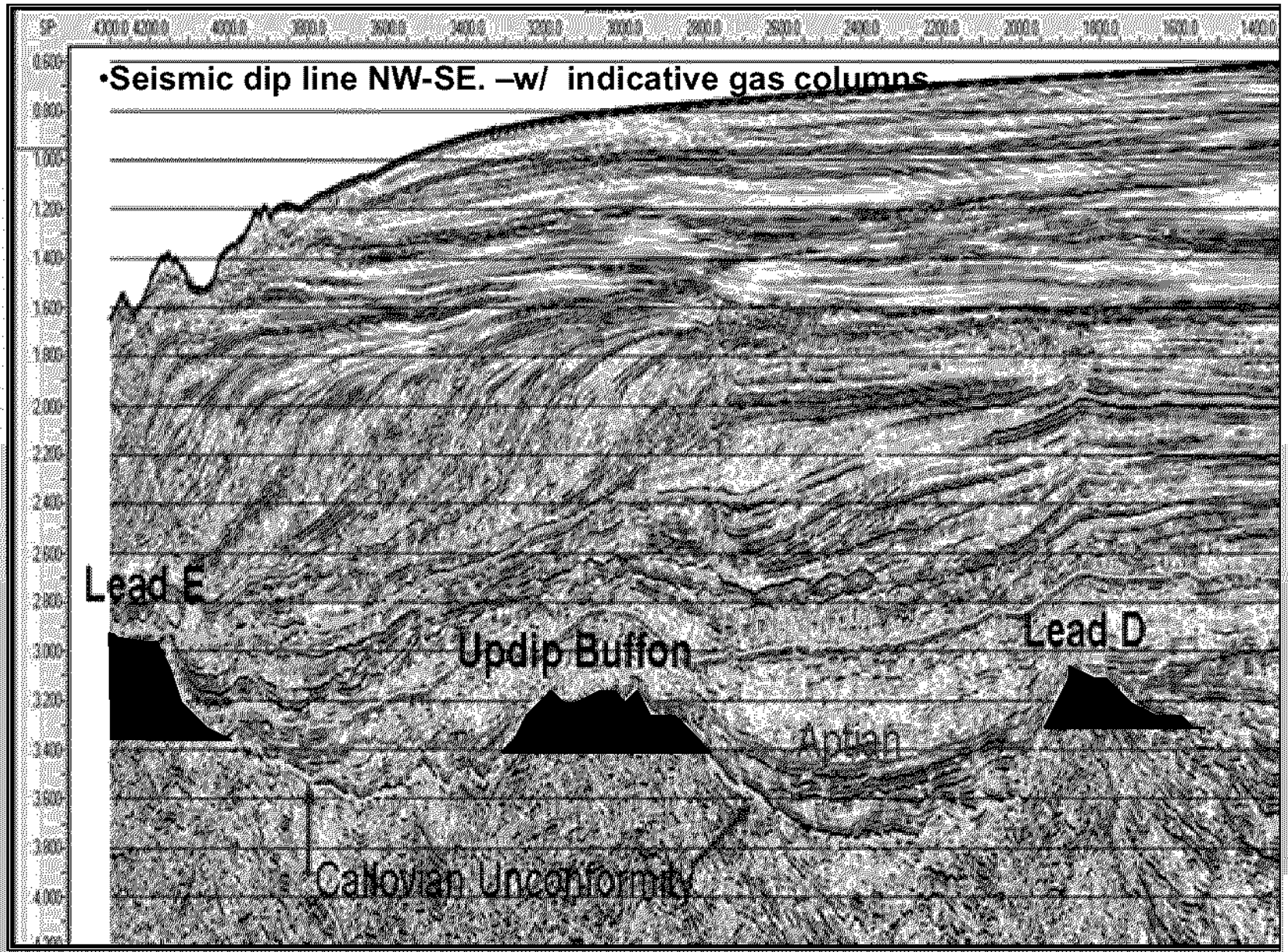
WA-314-P & WA-315-P The Right Place



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WA-314-P & WA-315-P Reserves potential

Karoon Gas Australia Ltd: Browse Basin Reserves Potential

Exploration Permits WA-314-P & WA-315-P (Total prospect reserves including extensions outside acreage)

Prospect	Water Depth	Prospect Area	Risk Ranking	Gas In Place		Gas Recoverable		Condensate			
								Most Likely		High Case	
				Most Likely	High Case	Most Likely	High Case	Low Rate	High Rate	Low Rate	High Rate
								19bbls/ mmscf	43bbls/ mmscf	19bbls/m mscf	43bbls/ mmscf
	Metres	Sq Kms		Tcf	Tcf	Tcf	Tcf	mm bbls	mm bbls	mm bbls	mm bbls
Up-dip Buffon	575	83	Low	8.60	14.51	6.45	10.88	123	277	207	468
Prospect A	500	280	Mod	17.14	49.58	12.86	37.19	244	553	707	1599
Prospect B	1300	43	Med	2.52	4.25	1.89	3.19	36	81	61	137
Prospect C	1250	127	High	7.35	12.41	5.51	9.30	105	237	177	400
Prospect D	400	132	Low	3.46	5.85	2.60	4.39	49	112	83	189
Prospect E	1500	333	High	45.58	76.90	34.18	57.68	649	1470	1096	2480
Prospect F	600	53	Med	3.90	6.58	2.93	4.94	56	126	94	212
Totals				88.6	170.1	66.4	127.6	1262	2856	2425	5485
	Million tonnes LNG equivalent			443	850	332	638				

bbls=barrels of oil mmscf=million standard cubic feet Tcf=trillion cubic feet

Karoon is carrying a risked reserves potential of 30TCF and 600 million barrels of condensate.

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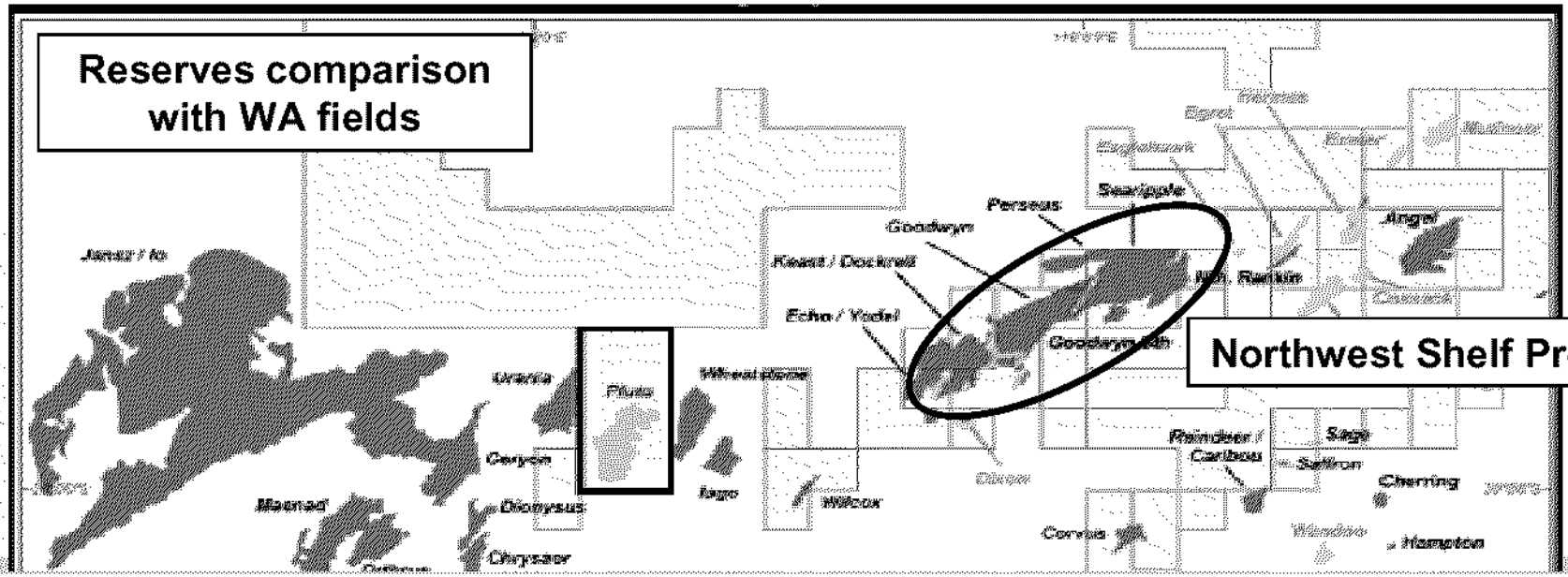
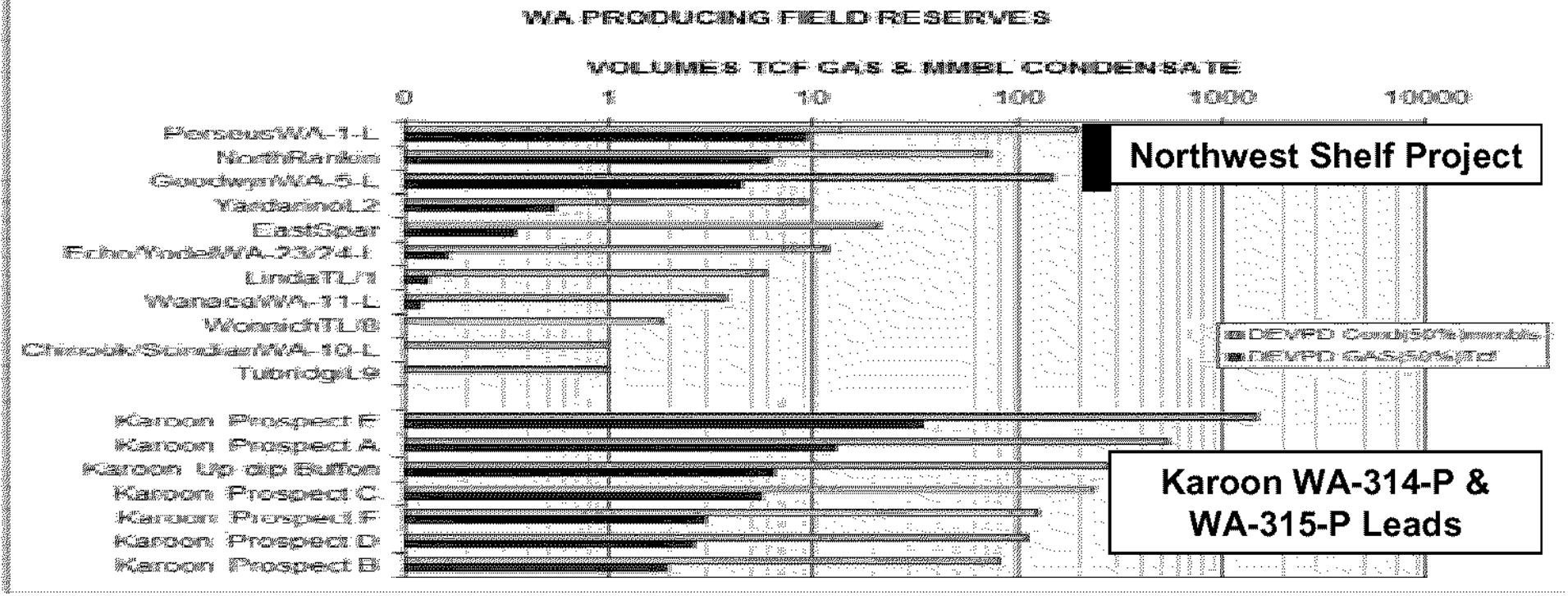
WA-314-P & WA-315-P Comparisons

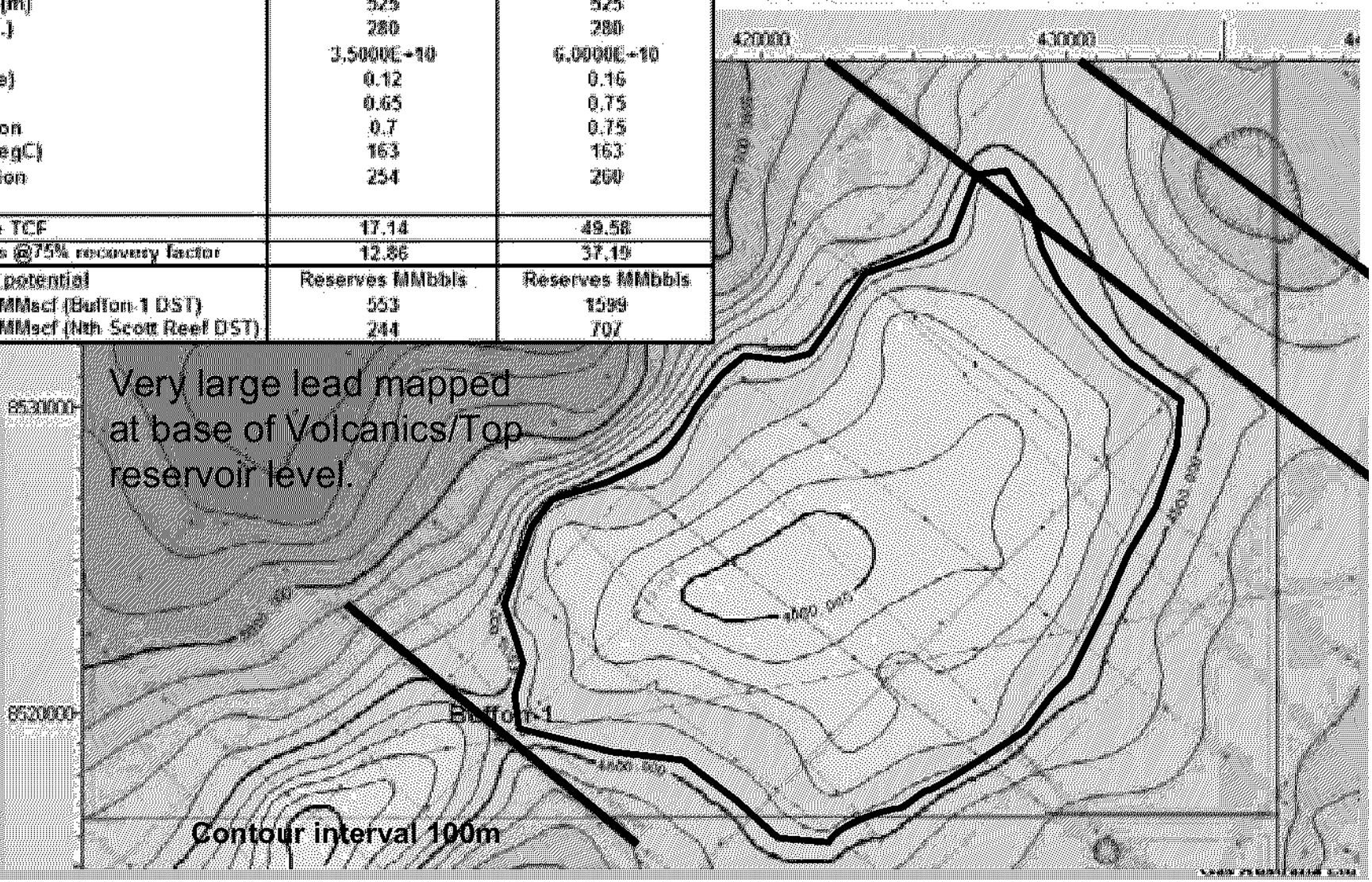




WA-314-P & WA-315-P The Right Place

Prospect	Lead-A	
Cases	Most likely	High case
Water depth (m)	500	500
Top depth(mss)	3925	3925
Spill point (mss)	4450	4450
Trap height (m)	525	525
Area (Km sq.)	280	280
GRV (m^3)	3.5000E+10	6.0000E+10
Porosity (ave)	0.12	0.16
Net to Gross	0.65	0.75
Gas saturation	0.7	0.75
Res temp (degC)	163	163
Gas Expansion	254	200
Gas in place TCF	17.14	49.58
Gas reserves @75% recovery factor	12.86	37.19
Condensate potential	Reserves MMbbls	Reserves MMbbls
At 43 stbbls/MMscf (Bulfon-1 DST)	553	1599
At 19 stbbls/MMscf (Nth. Scott Reef DST)	244	707

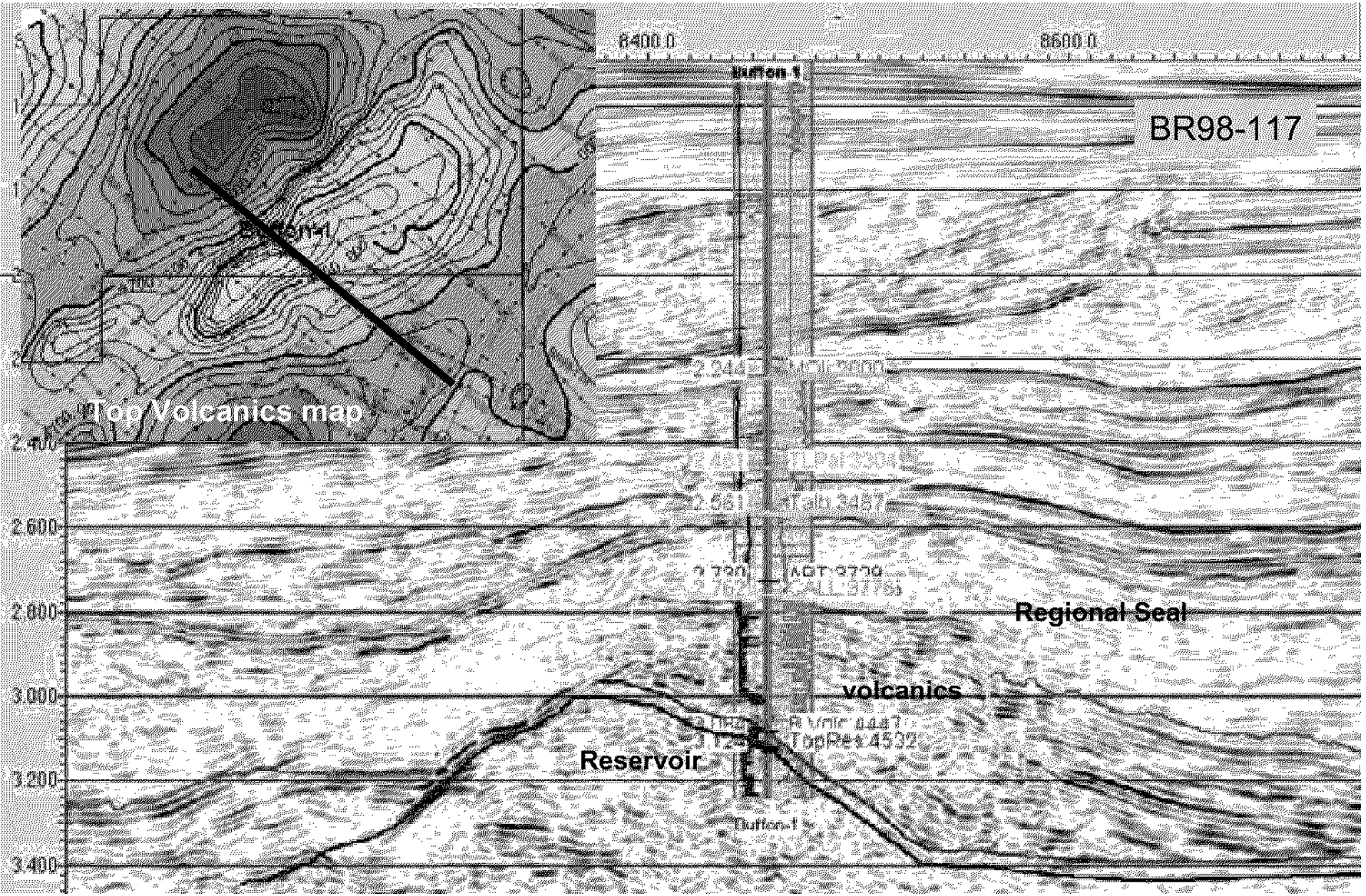
Lead-A



Very large lead mapped at base of Volcanics/Top reservoir level.

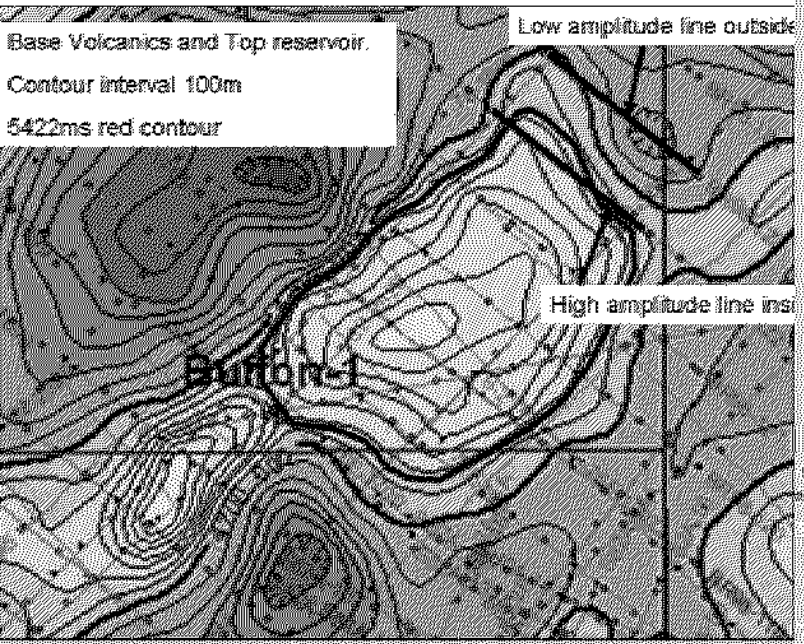
WA-314-P & WA-315-P - BUFFON-1

Note the distinct seismic facies of the massive volcanics below the Callovian Horizon



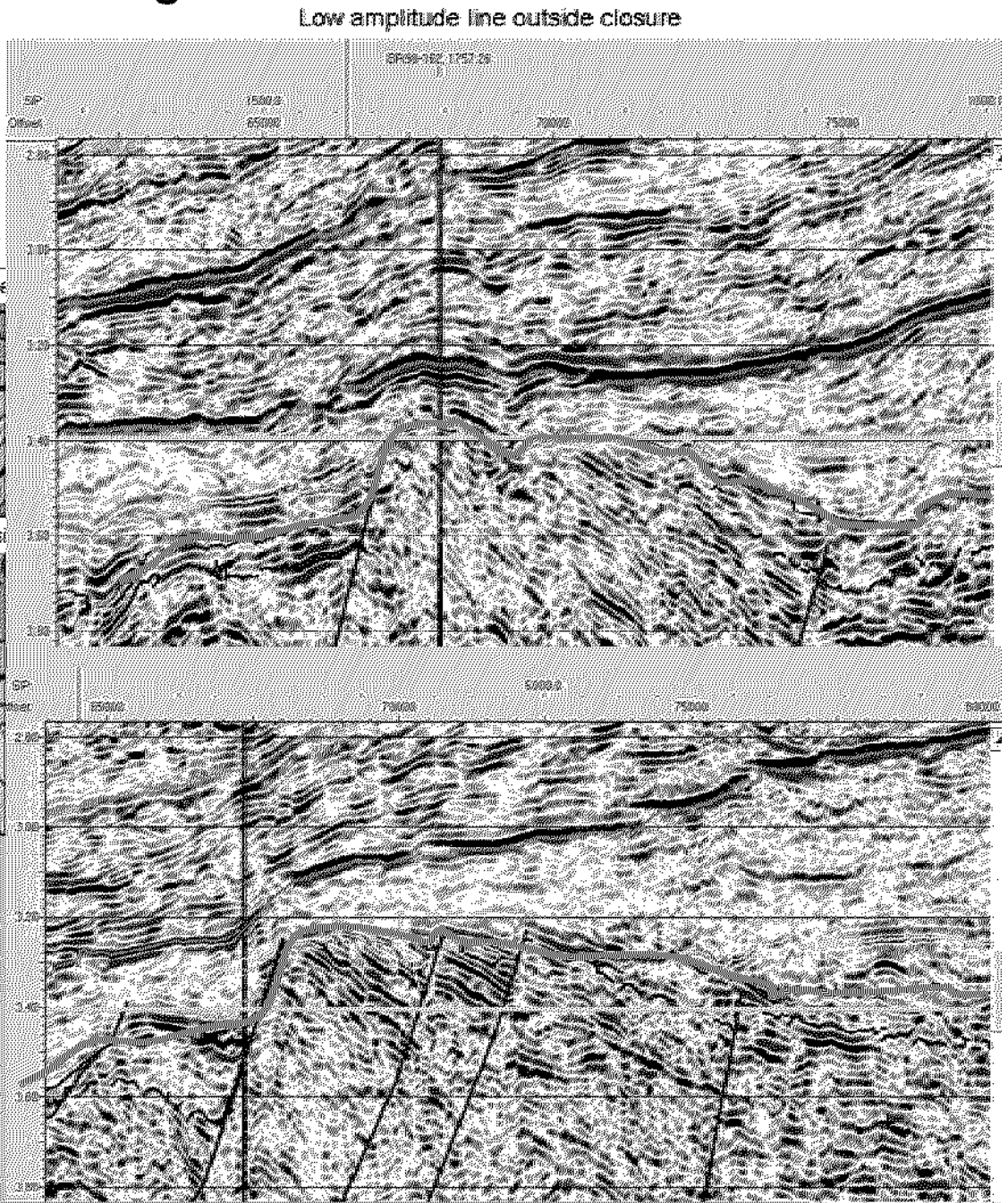
WA-314-P & WA-315-P

Lead A



High amplitudes in the reservoir sequence inside the closure may be a direct hydrocarbon indicator (DHI)

The Right Place

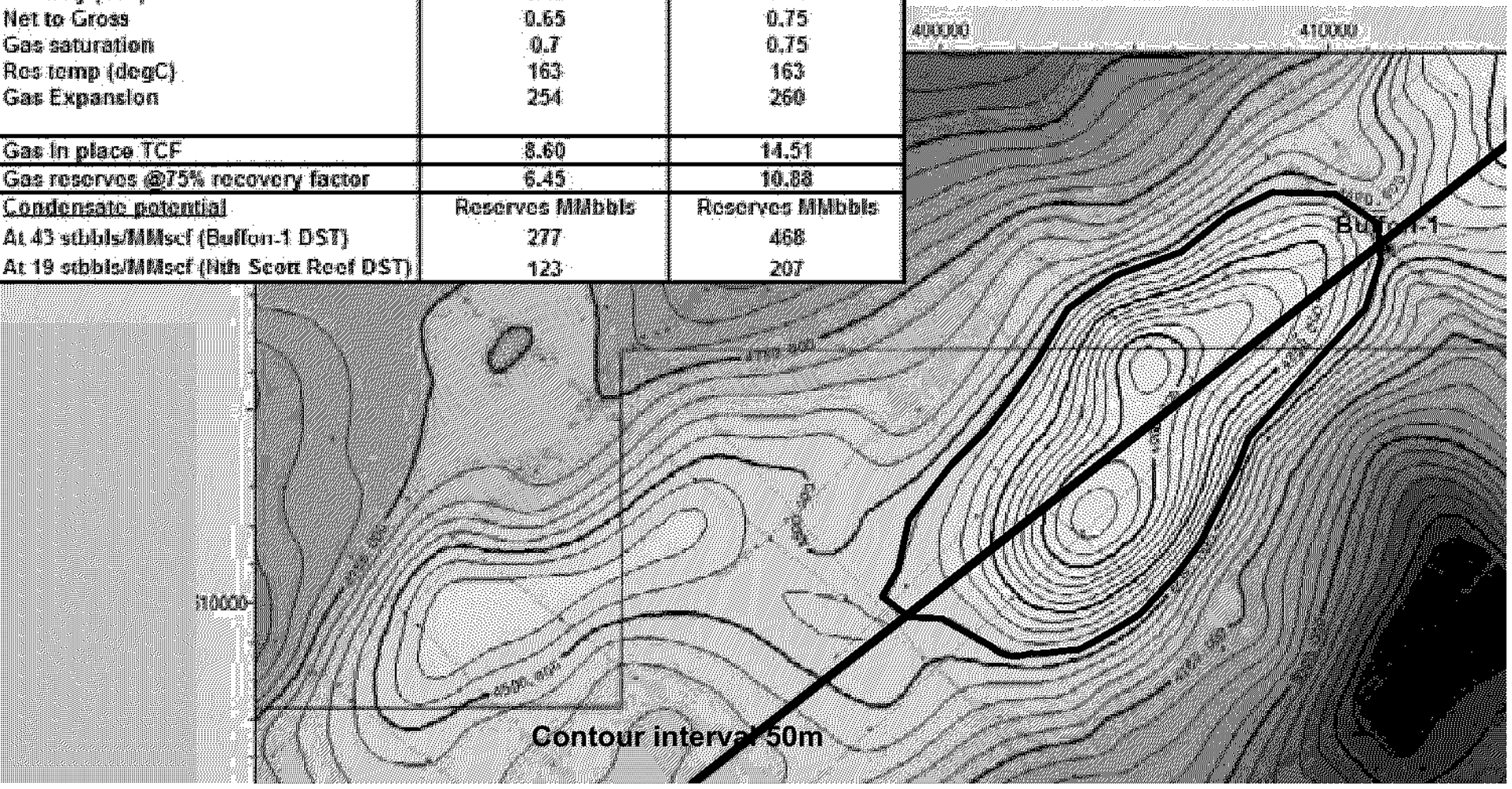


WA-314-P & WA-315-P The Right Place

Prospect	Updip Buffon	
Cases	Most likely	High case
Water depth (m)	575	575
Top depth(mss)	3875	3875
Spill point (mss)	4450	4450
Trap height (m)	575	575
Area (Km sq.)	70	83
GRV (m^3)	1.7553E+10	1.7553E+10
Porosity (ave)	0.12	0.16
Net to Gross	0.65	0.75
Gas saturation	0.7	0.75
Res temp (degC)	163	163
Gas Expansion	254	260
Gas in place TCF	8.60	14.51
Gas reserves @75% recovery factor	6.45	10.88
Condensate potential	Reserves MMbbls	Reserves MMbbls
At 43 stbbls/MMscf (Buffon-1 DST)	277	468
At 19 stbbls/MMscf (Nth Scott Reef DST)	123	207

Up Dip Buffon Lead

Large lead mapped at base of Volcanics/Top reservoir level.



WA-314-P & WA-315-P The Right Place