Karoon Gas

Acreage Position and Value Potential

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

APRIL 2005

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Karoon Snapshot

Karoon Gas Australia is was floated on the ASX on the 9th of June 2004.

41.66 million shares and 20.8 million 20cent options expiring 30th June 2006. (pre issue of approx 10 million shares)

Browse Basin Acreage

Share price has been largely driven by Browse Basin acreage activity;

- **Acquired WA-314-P and WA-315-P form Liberty Petroleum in November 2004**
- **Purchased seismic and defined 30 TCF plus gas potential in 7 large prospects .**
- **Farmout to BG (60%) with Karoon funding 10% of A$ 75 million exploration program**

A high resolution Aeromag survey is expected to start in May 2005 followed by a >1000 square km. 3D seismic program in August. Two wells are planned to be drilled in 2006.

Value potential for Karoon is high with a risked 30Tcf plus 300mmbl condensate potential.

Gippsland Basin Acreage

Karoon's Gippsland exploration seismic & drilling has identified gas bearing coals in the first test of the Narracan Trough. More seismic is required to identify thicker shallower coals. Value being reassessed.

Oil in porous and permeable sands in the Megascolides-1 well indicate the potential for a new oil play with new seismic required to firm up prospects for drilling. Seismic planned for October 2005. Reserve range between 2.5 and 10 million bbls in the one lead identified to date.

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WA-314-P & WA-315-P

Karoon's Browse Basin Equation

The Right Place +

The Right Time +

The Right Partner =

Maximized shareholder value

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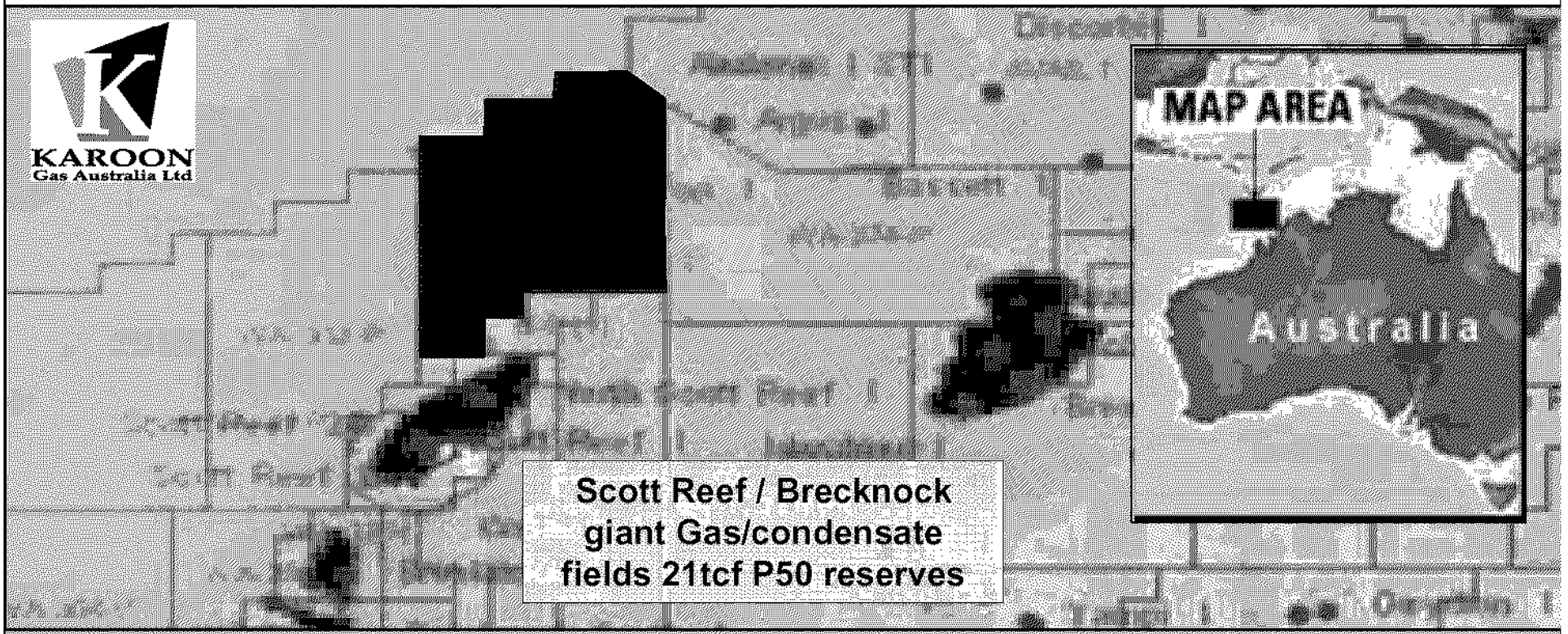
WA-314-P & WA-315-P The Right Place



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 sovereign risk, a critical factor 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 The Right Place

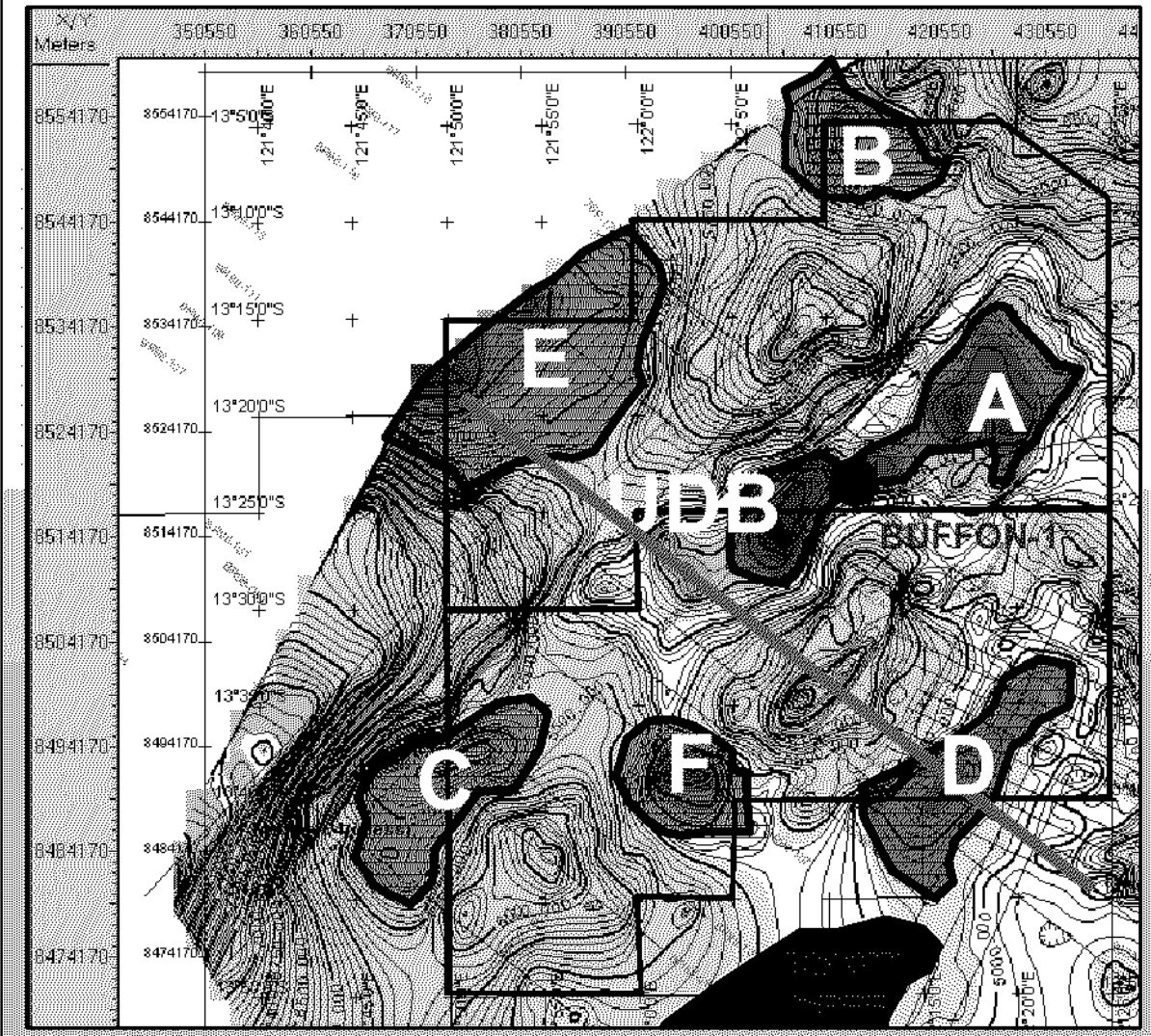
Acreage Work Program Minimum Commitments for <u>each</u> permit.

Minimum Guaranteed Work Program WA-314-P and WA-315-P				
Year of Term of Permit	**Permit Year Starts**	**Permit Year Ends**	**Minimum Work Requirements**	**Estimated Expenditure Constant Dollars (indicative only)**
First	12-Nov-01	11-Nov-02	Seismic re-interpretation	200,000
Second	12-Nov-02	11-Nov-05	400 square km. of new 3D Seismic	3,400,000
Third	12-Nov-05	11-Nov-06	Drill One (1) Well	16,000,000
Fourth	12-Nov-06	11-Nov-07	Geological, geophysical and Geochemical studies	1,000,000
Fifth	12-Nov-07	11-Nov-08	Drill One (1) Well	16,000,000
Sixth	12-Nov-08	11-Nov-09	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.

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



Mapping results

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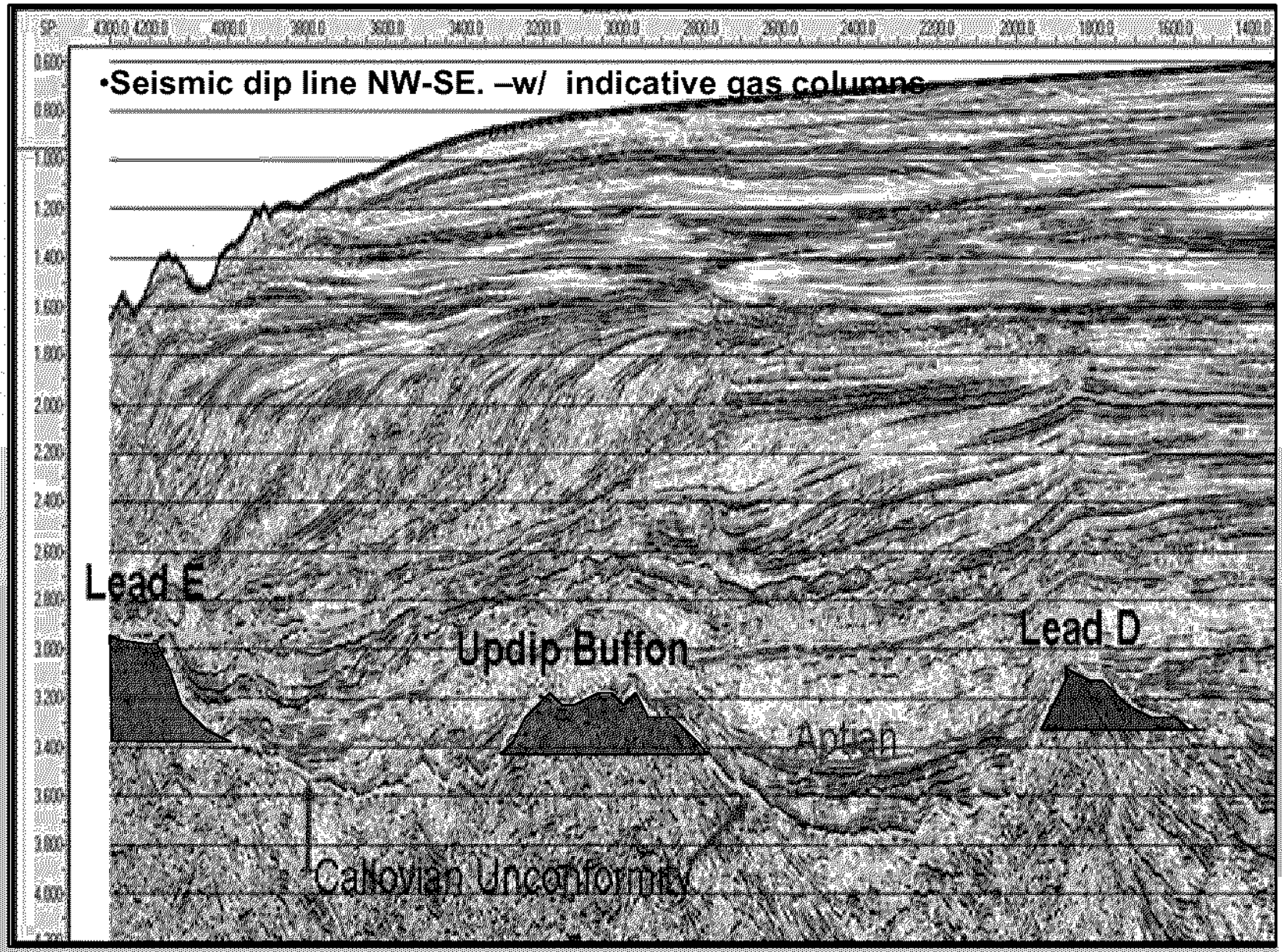
WA-314-P & WA-315-P The Right Place



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

Karoon Gas Australia Ltd: Browse Basin Reserves Potential
Exploration Permits WA-314-P & WA-315-P

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	Med	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	480	132	Low	3.46	5.85	2.60	4.38	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

This table shows unrisked gas and condensate potential of the permits based on data from offset wells.

Karoon is carrying a risked reserves potential of 30TCF and 300 million barrels of condensate.

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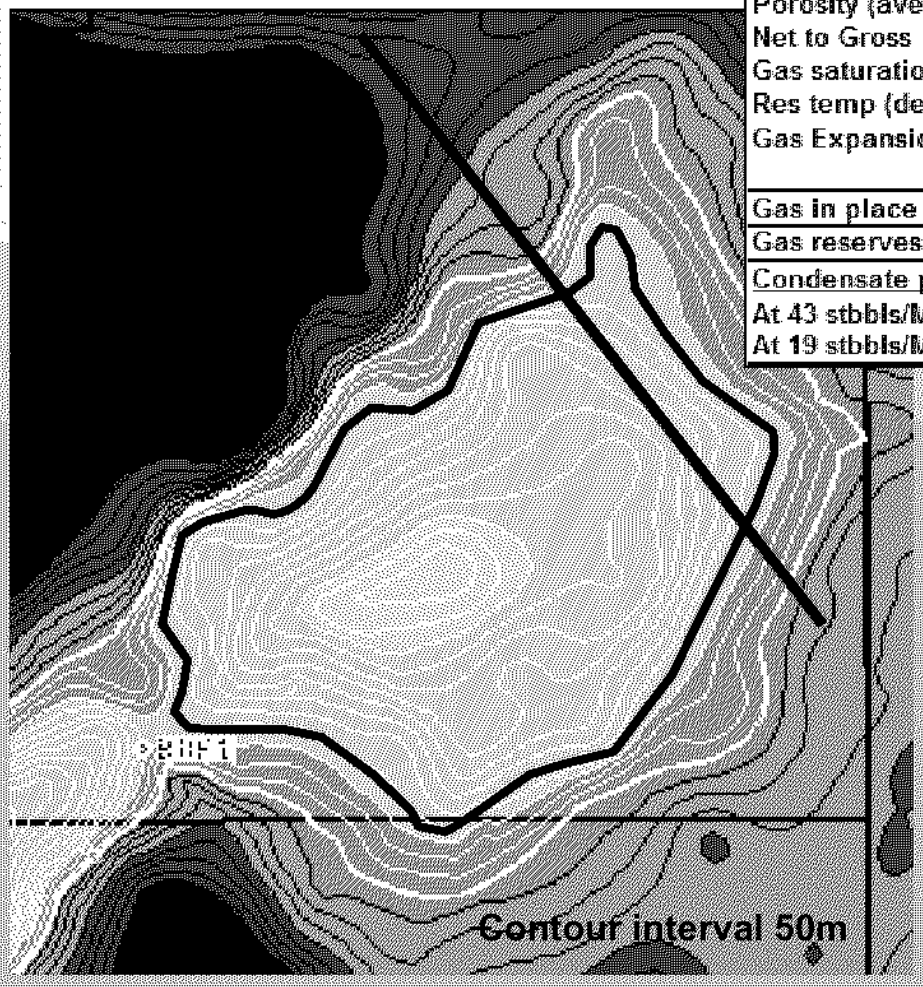
WA-314-P & WA-315-P

The Right Place

Lead-A

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	260
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 (Buffon-1 DST)	553	1599
At 19 stbbls/MMscf (Nth Scott Reef DST)	244	707



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

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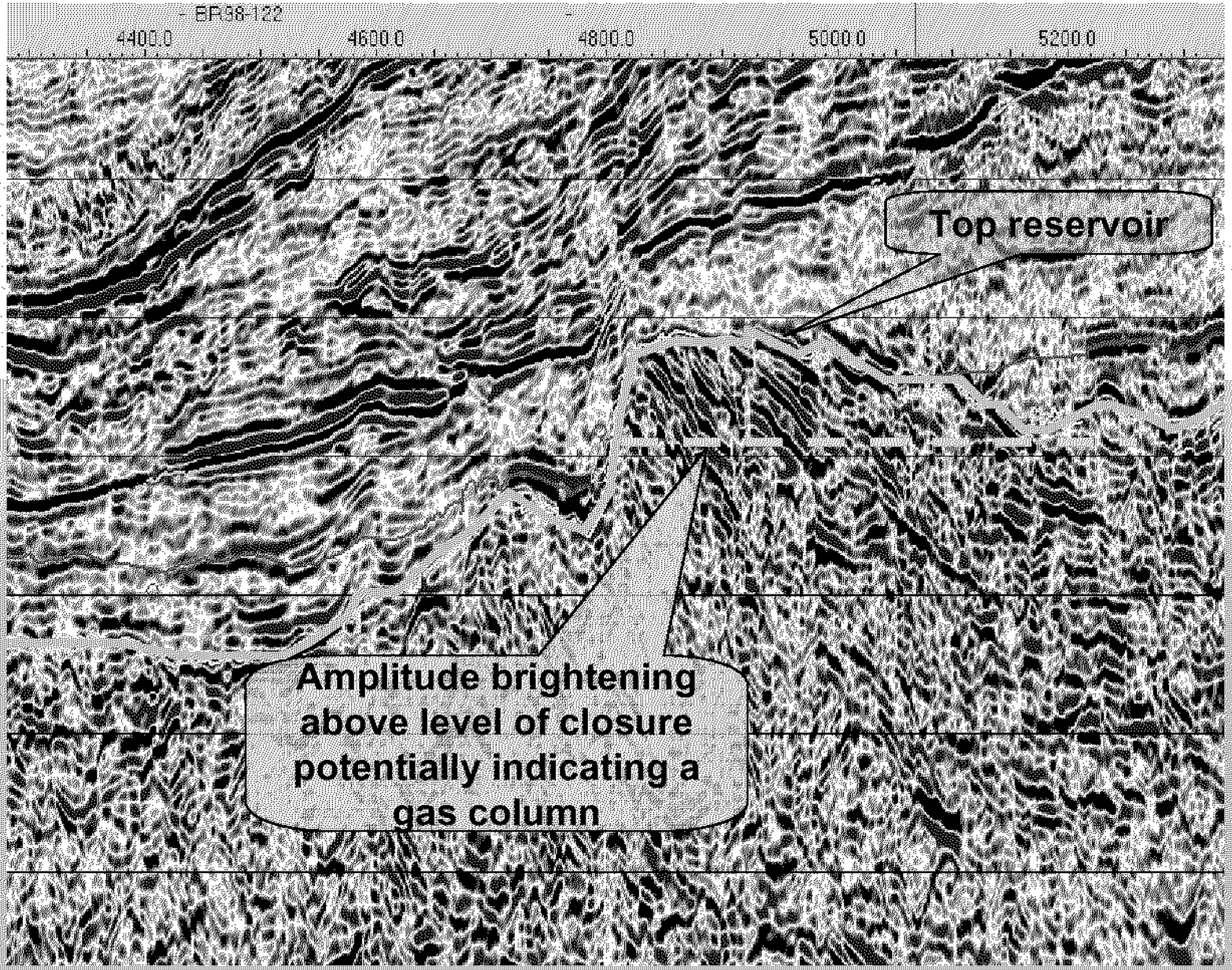
WA-314-P & WA-315-P **The Right Place**

Lead A



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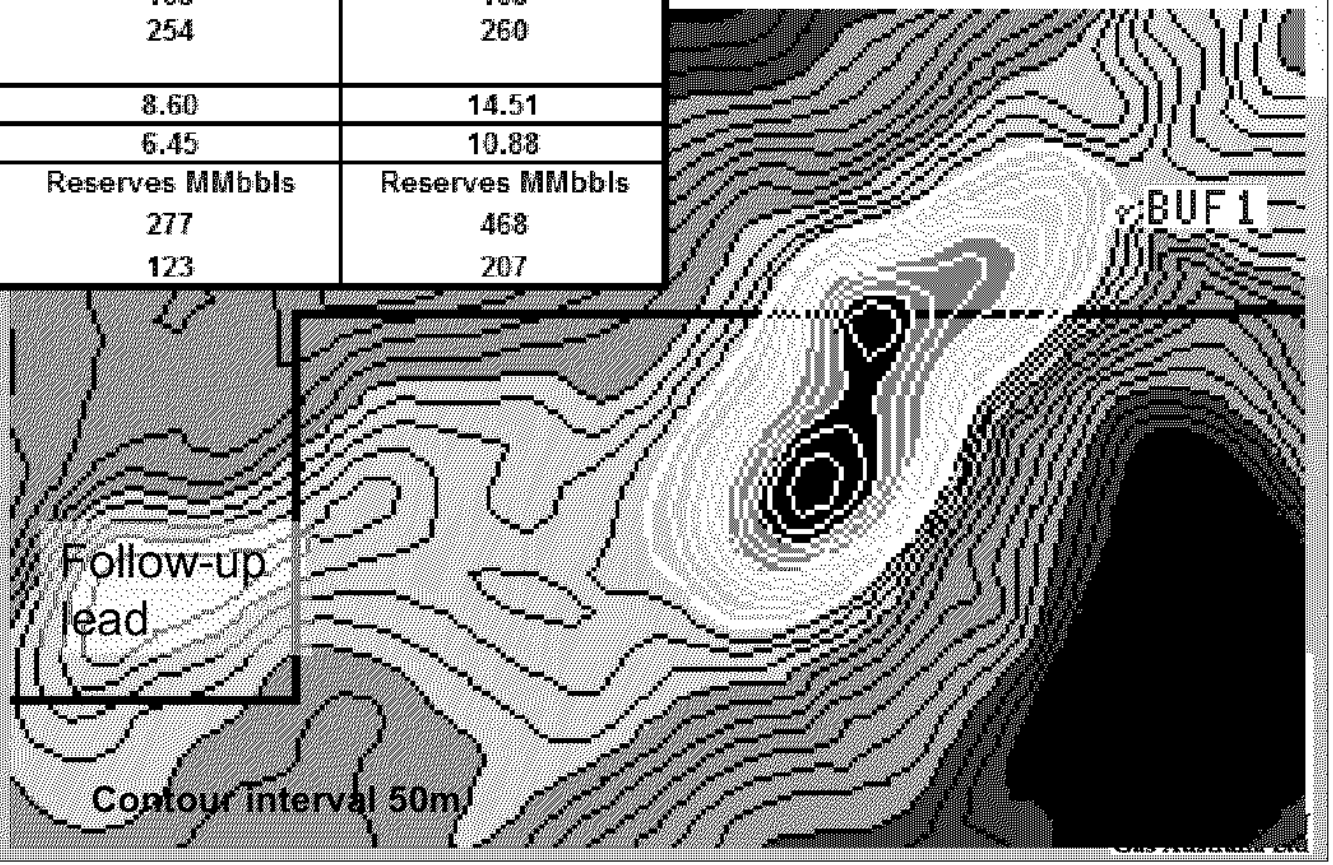
WA-314-P & WA-315-P The Right Place

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

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

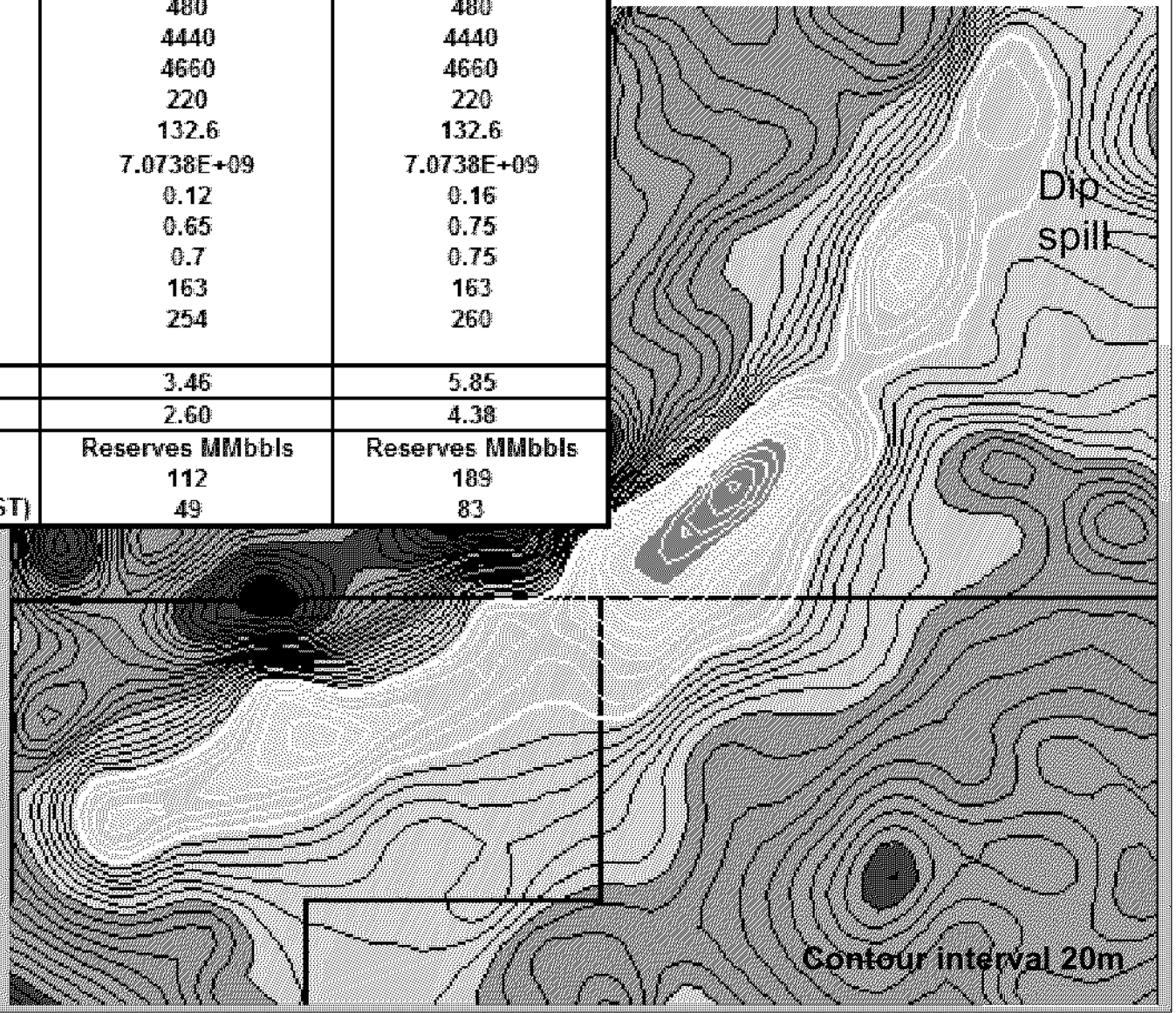
Depth conversion lifts western end (in deeper water). A followup lead of approx 50 square km is developed.



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

Prospect	Lead D	
Cases	Most likely (P50)	High case (P10)
Water depth (m)	480	480
Top depth(mss)	4440	4440
Spill point (mss)	4660	4660
Trap height (m)	220	220
Area (Km sq.)	132.6	132.6
GRV (m^3)	7.0738E+09	7.0738E+09
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	3.46	5.85
Gas reserves @75% recovery factor	2.60	4.38
Condensate potential	Reserves MMbbls	Reserves MMbbls
At 43 stbbls/MMscf (Buffon-1 DST)	112	189
At 19 stbbls/MMscf (Nth Scott Reef DST)	49	83

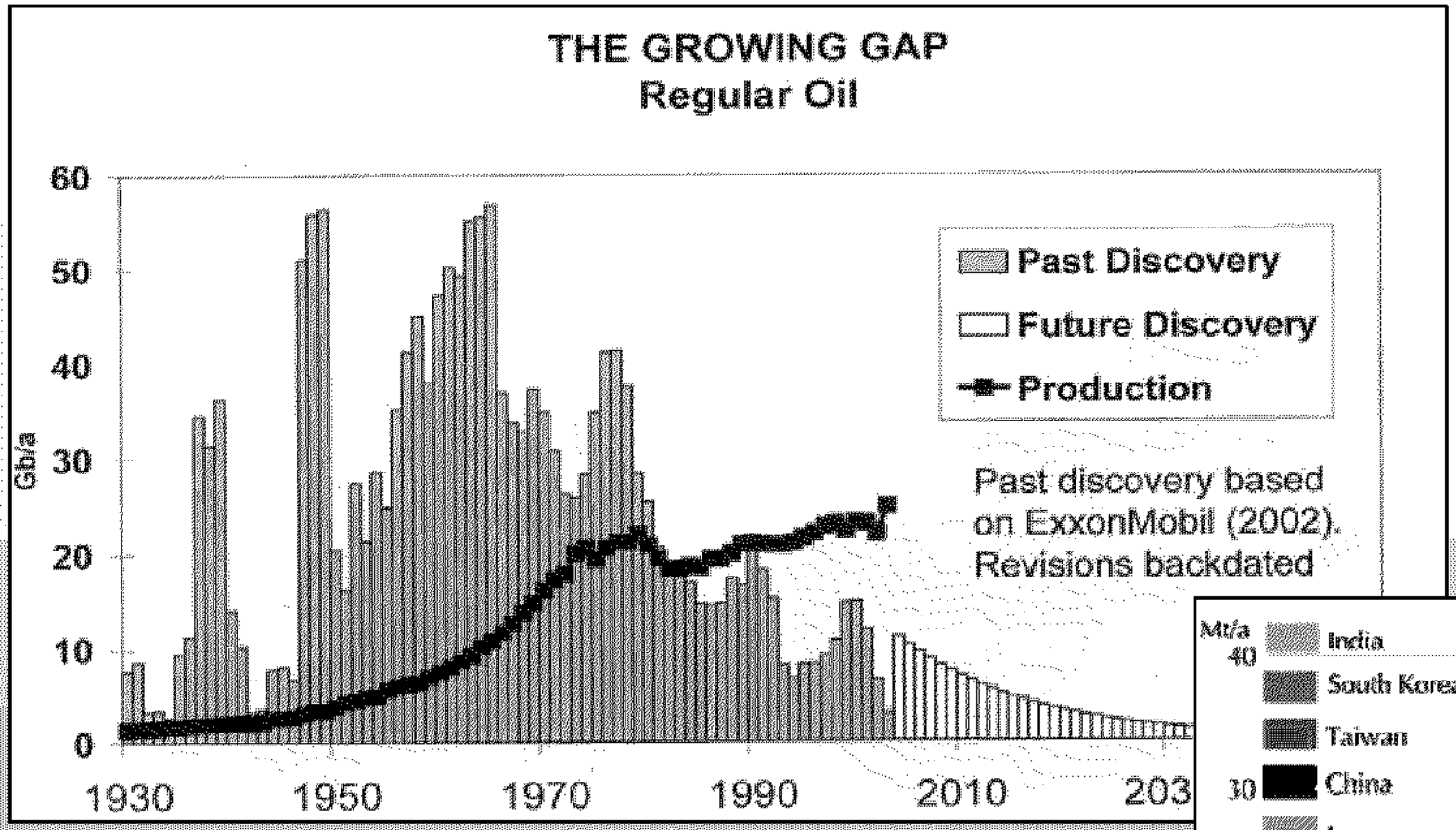
Lead-D

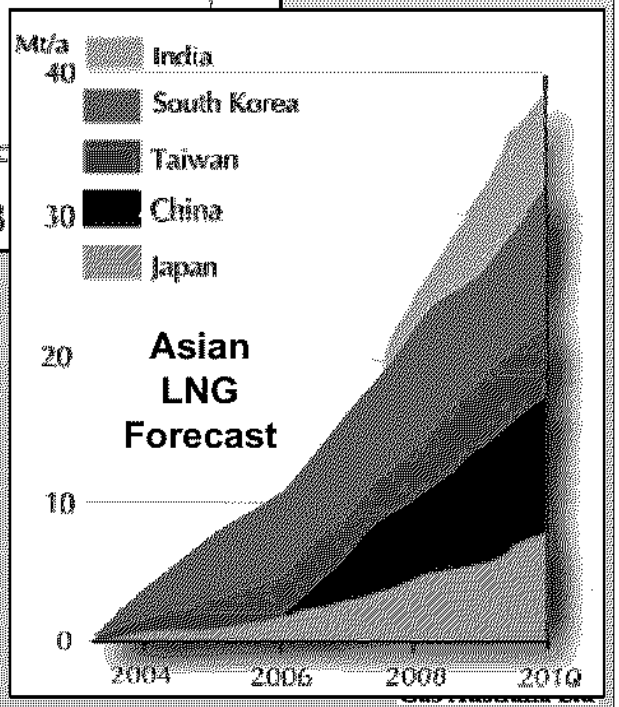


Depth conversion at NE spill point area (poor data coverage) needs more work. Could be much larger as regional dip is to east in this area.

Southern third outside Karoon acreage.

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



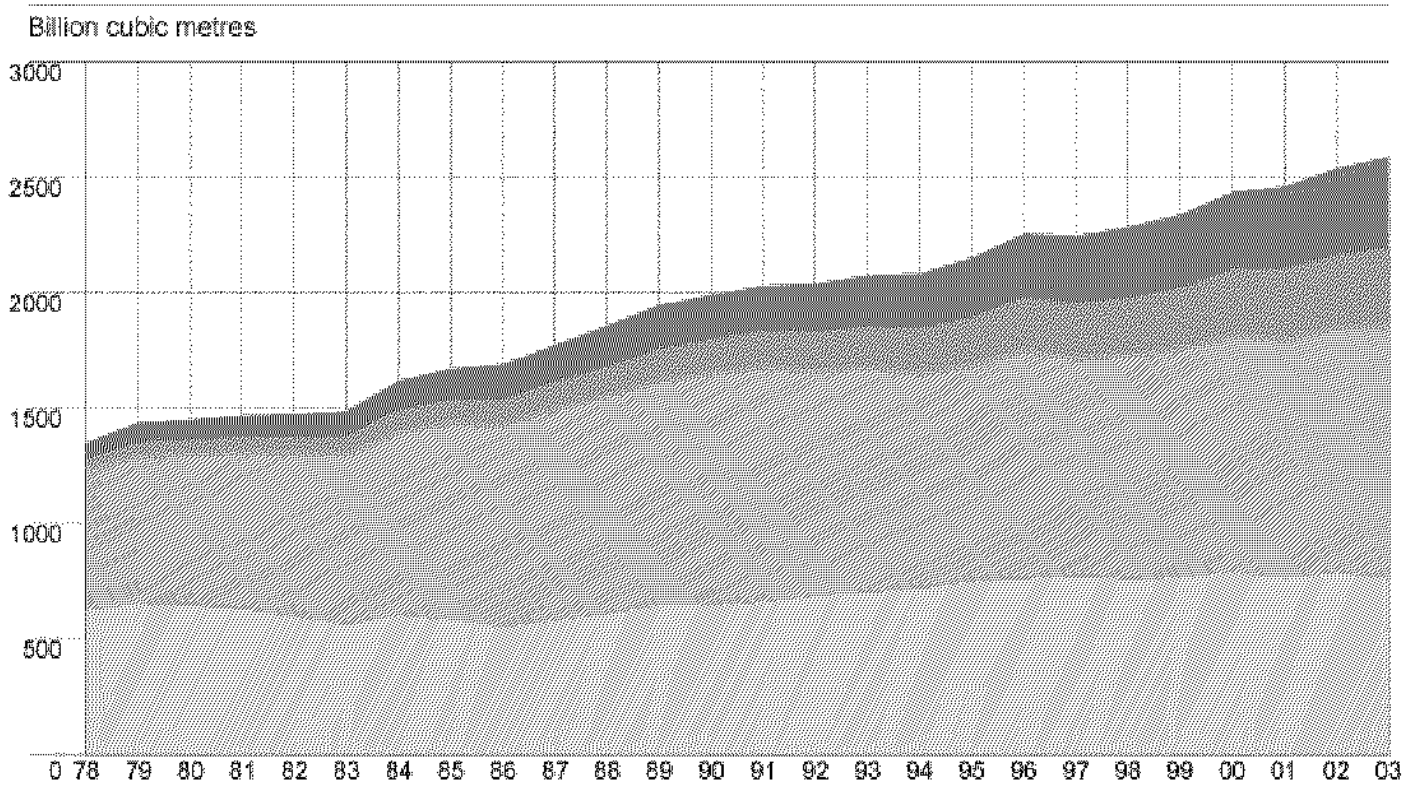


Supply and Demand

Reducing discovery sizes and increasing world demand.

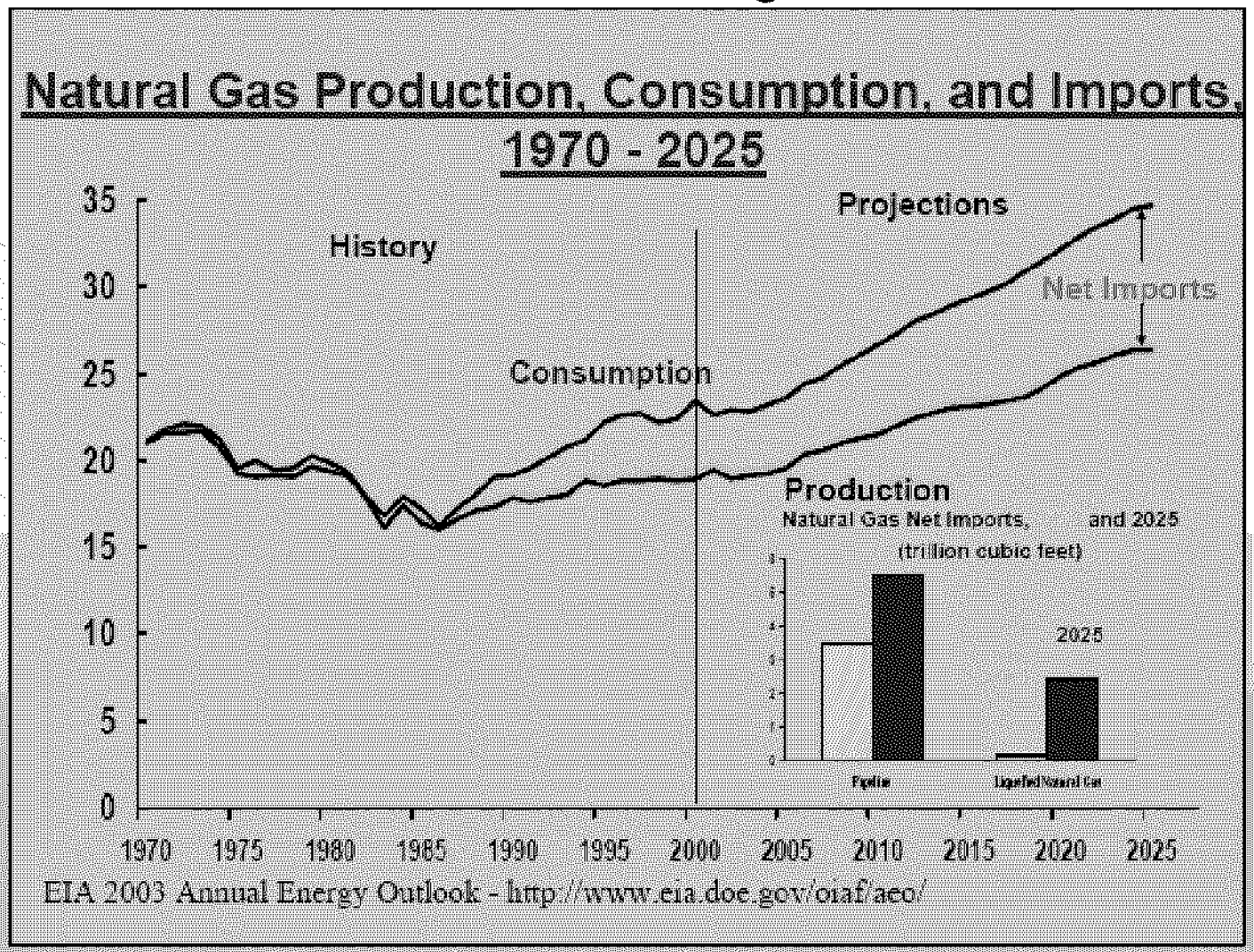
Companies currently positioned to take advantage of this situation will benefit greatly.

Natural gas consumption by area



Global gas consumption growth was slightly below trend in 2003 at 2%. Growth was robust outside North America, where consumption declined by a steep 3.5%.

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



Supply and Demand

LNG imports into the USA market are set to increase over the next 15 years.

Companies positioned to take advantage of this situation will benefit greatly

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BG is the right partner

Extensive information on BG is readily available on the Internet

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

Group strategy and performance

Countries of current operation

Active in some 20 countries 9

BG is the right partner for global LNG shipping and marketing.
Fast moving and aggressive
Has market for gas now

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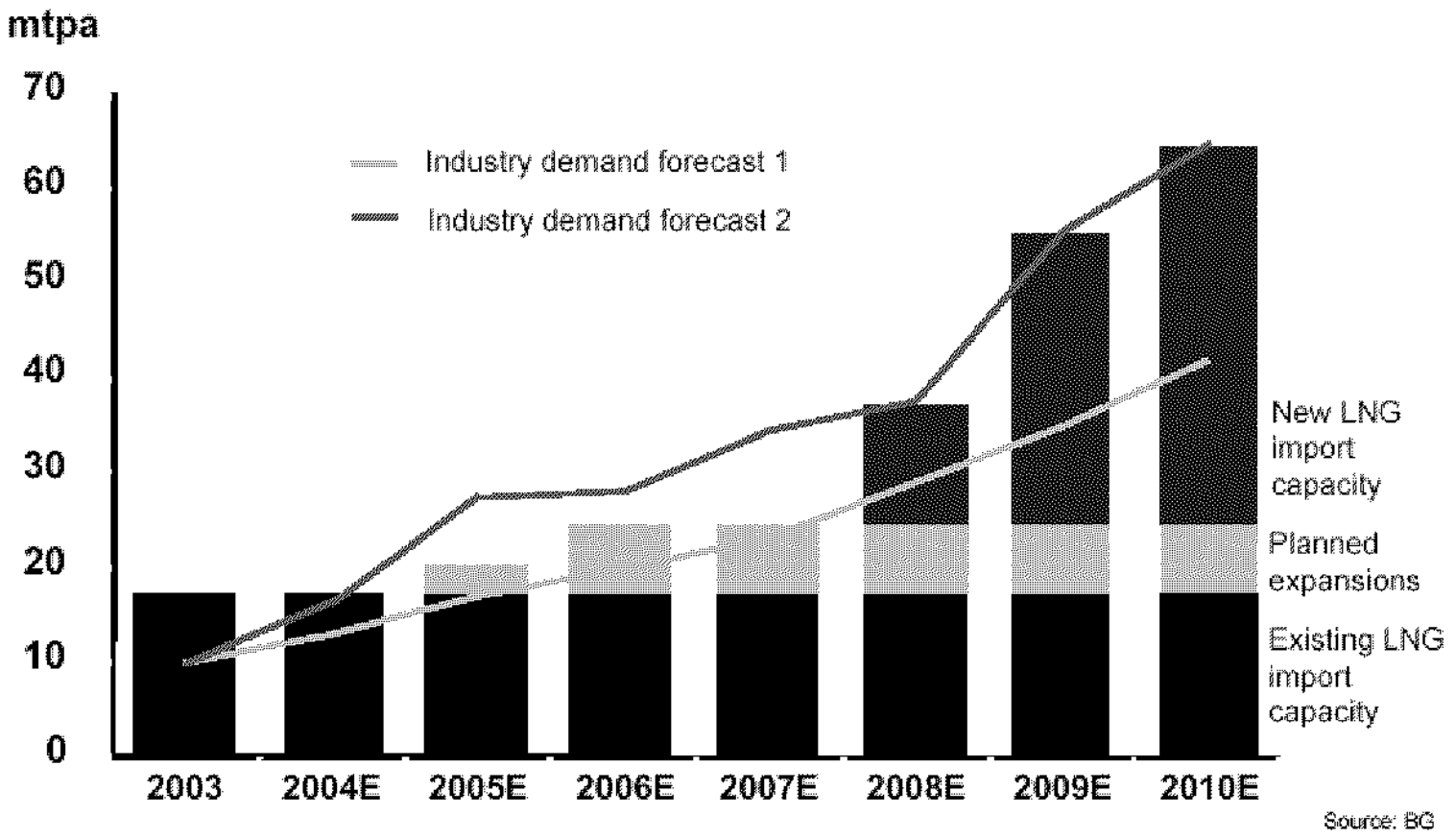
Global context and LNG Strategy

US – driving global LNG growth



USA - a significant market by 2010

Fast moving and aggressive with LNG unloading facilities in the USA now. Has market for gas now

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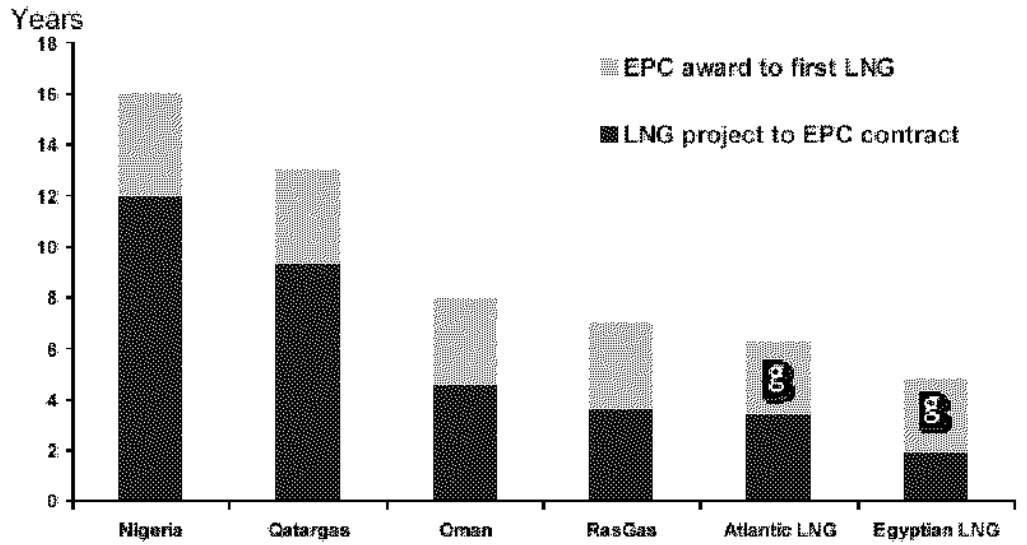
The Right Partner

Proven low cost and rapid developer of LNG resources

BG's LNG Portfolio

Rapid commercialisation

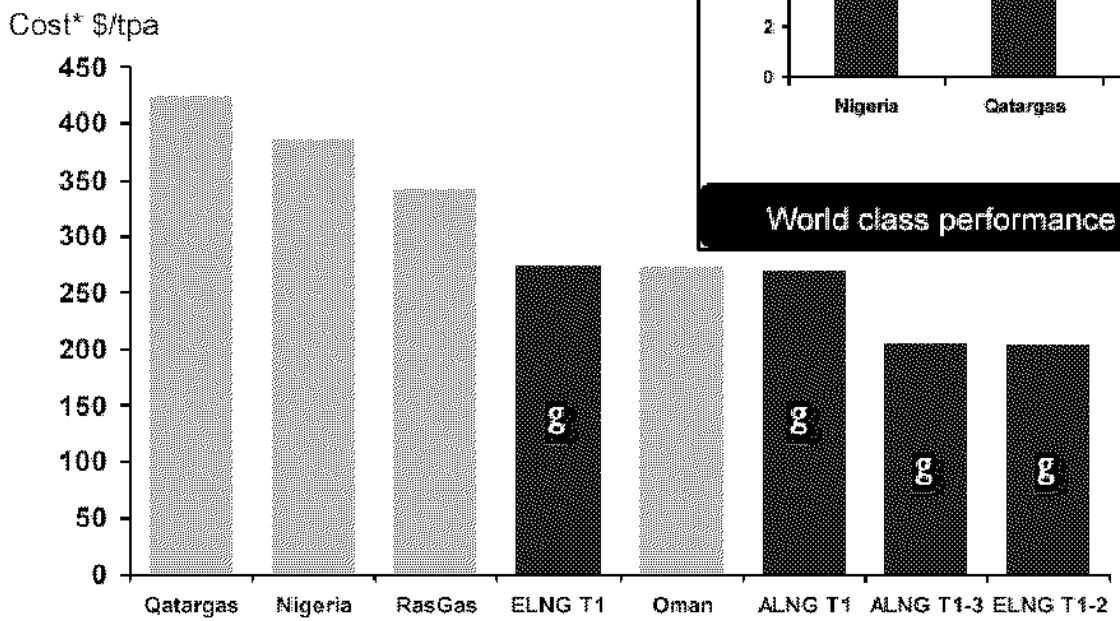


Source: Amos A. Avidan, Bechtel Corporation, GasTech 2000
ELNG data provided by BG source

World class performance 25

BG's LNG Portfolio

Low cost facilities



Source: BG

* Total project cost excl. financing. All non-BG projects are based on 2-train build

World class performance 26

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WA-314-P & WA-315-P Maximized shareholder value

LNG economics and market summary

For minimum case economics we are assuming a reserve of 4TCF and annual production of 4 million tons LNG and 3.8 million bbls of condensate, Total Project value here is between A$6.8 and A$8.5 billion.

Economic statistics

Australia uses approx 1 TCF per year with approx wholesale value of A$3 billion per TCF.

USA uses approx 23 TCF per year with approx wholesale value of A$6-7 billion per TCF.

USA current LNG import capacity is approx 1TCF per year with anticipated LNG import capacity and demand increasing to 3TCF per year in 2010.

One million tonne of LNG equates to approx. 50 BCF or 5% of 1 TCF.

Significant importing countries of LNG from 2006 onward are USA, India, China, South Korea, EEC and UK.

Karoon's 40% share equates to a share price many times current levels.

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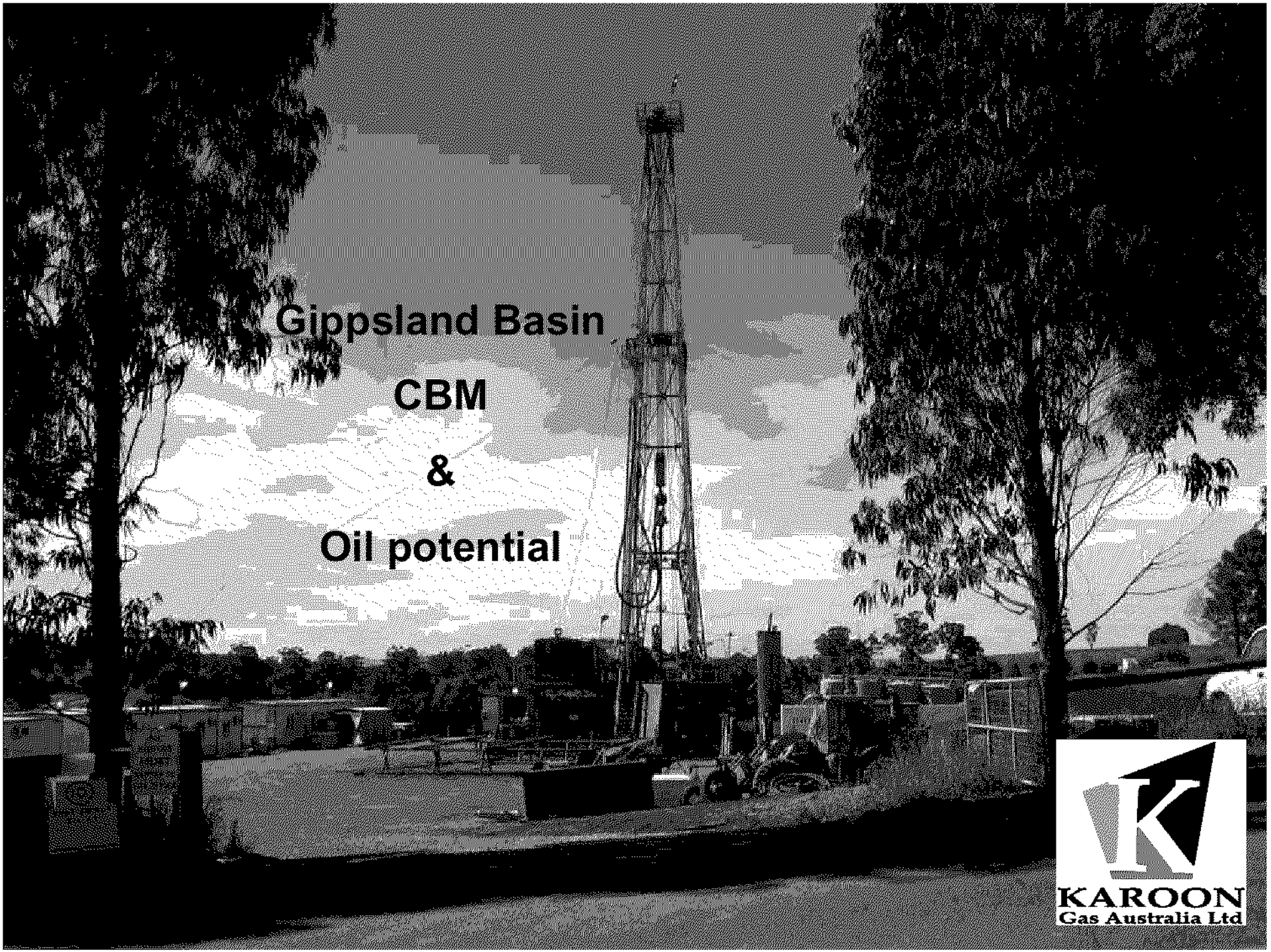
Gippsland Basin
CBM
&
Oil potential
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Gippsland Basin EL 4537 & PEP162

KAROON GAS AUSTRALIA PTY LTD - PEP 162 & EL 4537 EXPLORATION PERMIT COMMITMENTS AND ACTIVITY TIME LINE

Year	,2000												,2002												,2003												,2004												,2005			,2006												,2007											
Month	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

PEP162

Year-1	Year-2	Year-3 (3month ext)	Year-4 (12month suspension & extension)	Year-5
,14 MAY Year-1 60km seismic	,14 MAY Year-2 G&G studies	,14 MAY Year-3 Drill one well	,14 AUG Year-4 40km seismic	,14 AUG Year-5 Data review
commitment met & approved	commitment met & approved	Megascolides-1 drilled to 2000m suspended Dec 2004		

Exploration Planned program **300km 2D seismic** ☐ **Drill one well** ☐

EL 4537 **LICENCE AREA APPROX 820 SQUARE KM**

MINIMUM EXPENDITURE REQUIREMENTS
(As defined in Registration Document)

Year-1	Year-2	Year-3	Year-4	Year-5
Award date 6th March 2003	Anniversary date 6th March	Anniversary date 6th March	Anniversary date 6th March	Anniversary date 6th March
YR-1 ,$81600	YR-2 ,$103,800	YR-3 ,$121,500	YR-4 ,$121,500	YR-4 ,$148,200
AREA 820 SQ KM	25% RELINQ	AREA 615 SQ KM	30% RELINQ	AREA 461 SQ KM

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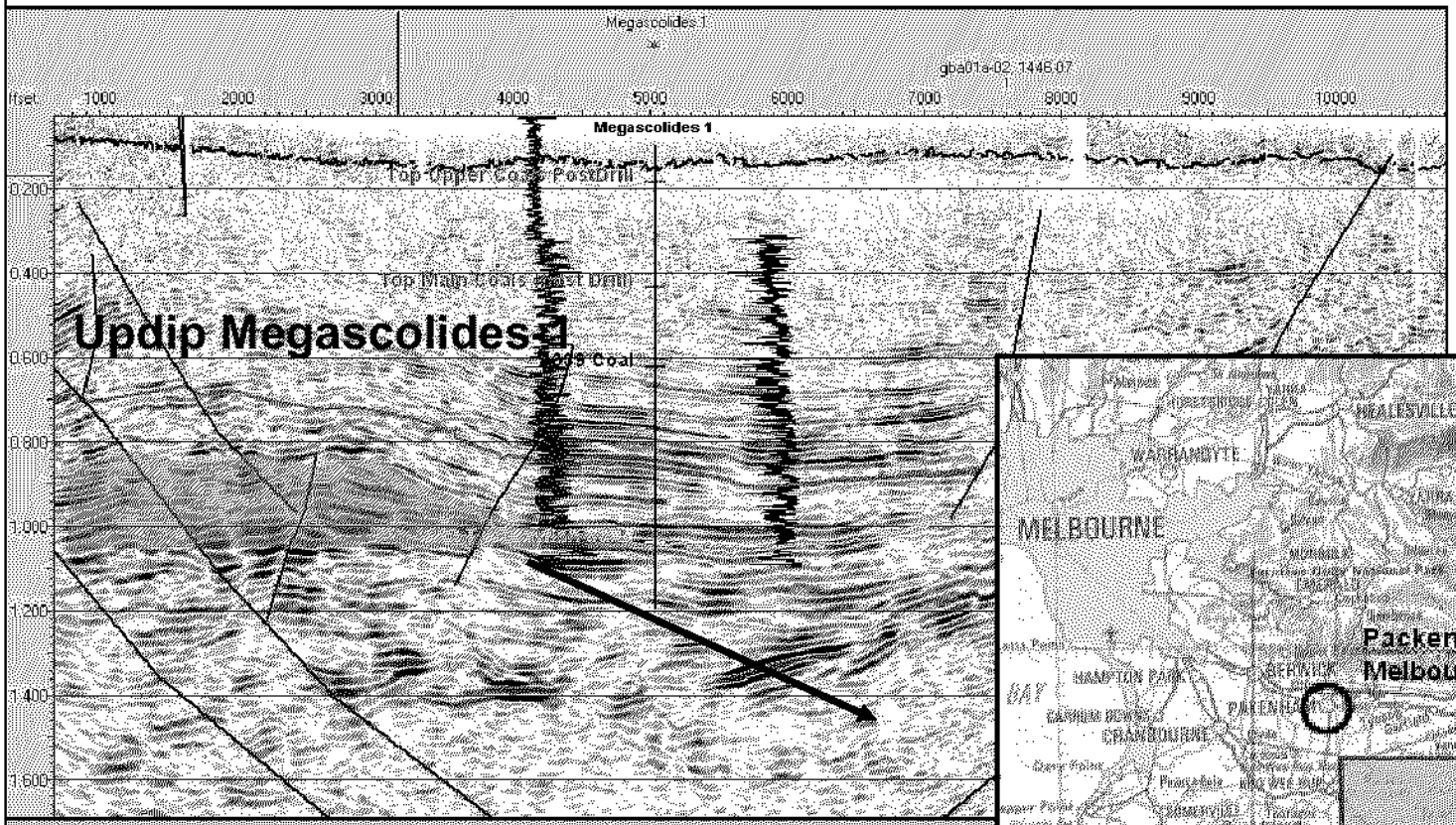
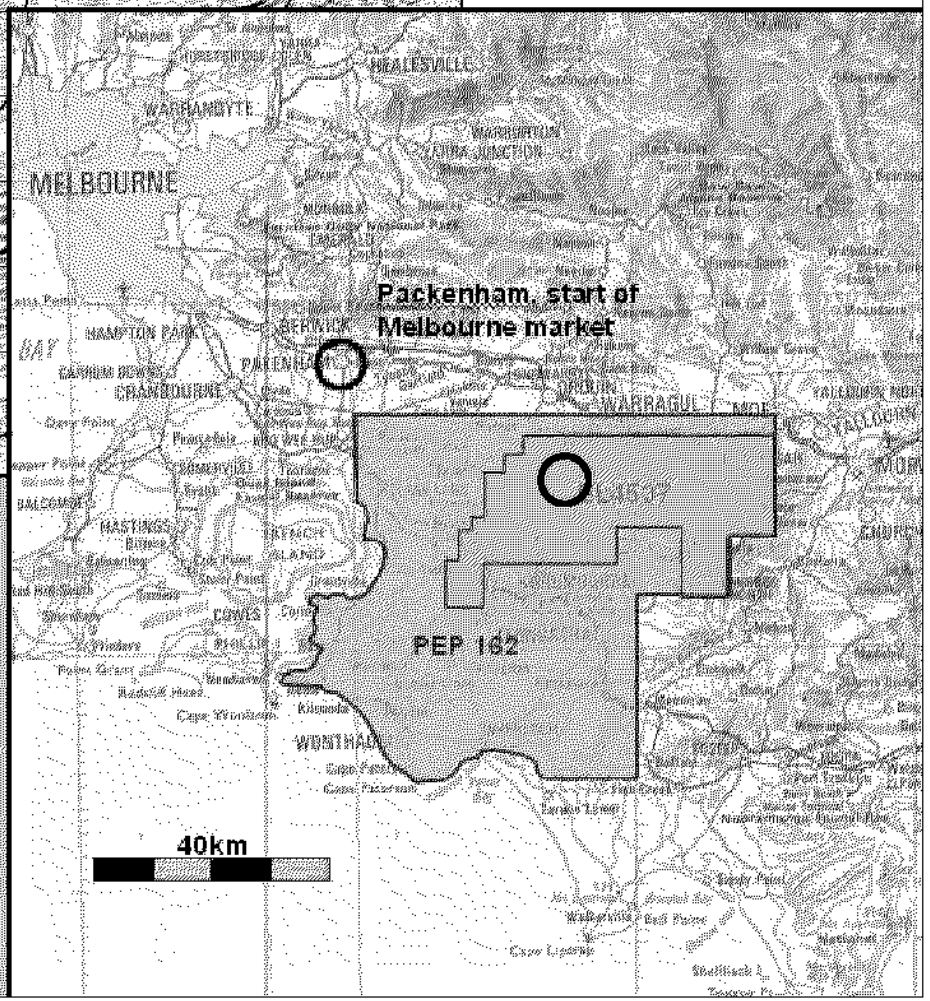
Gippsland Basin EL 4537 & PEP162



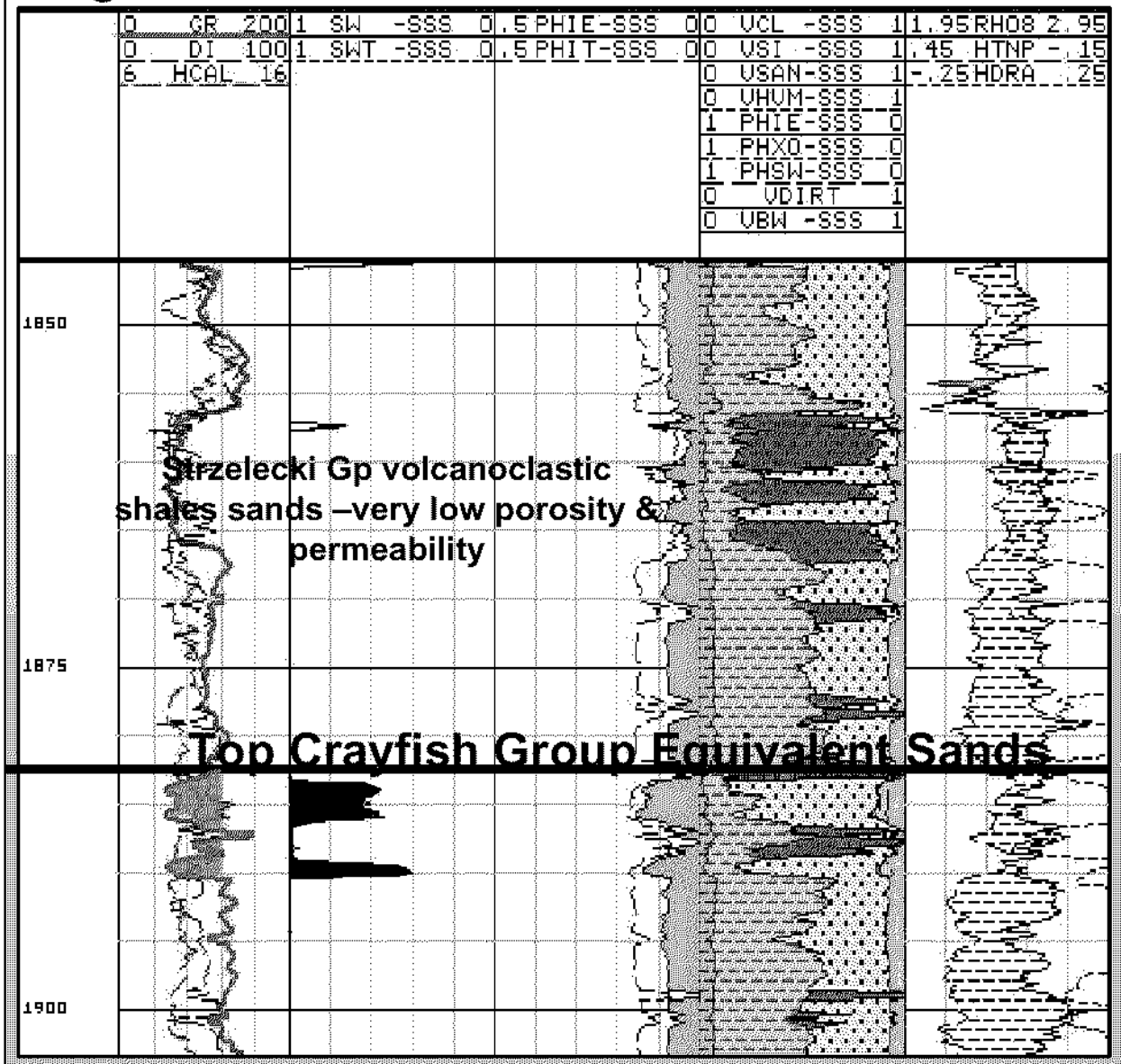


Megascolides-1 drilling program

- **Proved presence of black gas bearing coal across the Narracan Trough.**
- **Discovered oil bearing porous and permeable rocks at the Crayfish Gp equivalent level.**

Gippsland Basin EL 4537 & PEP162

Megascolides-1 well results - Oil zone



- good fluorescence and high mud gas readings in Crayfish Gp equivalent sands.
- Porosity up to 15%
- Permeability 60 md (small core chip from very base of sands)
- Oil saturations up to 60%
- 3m - 5m net sand.

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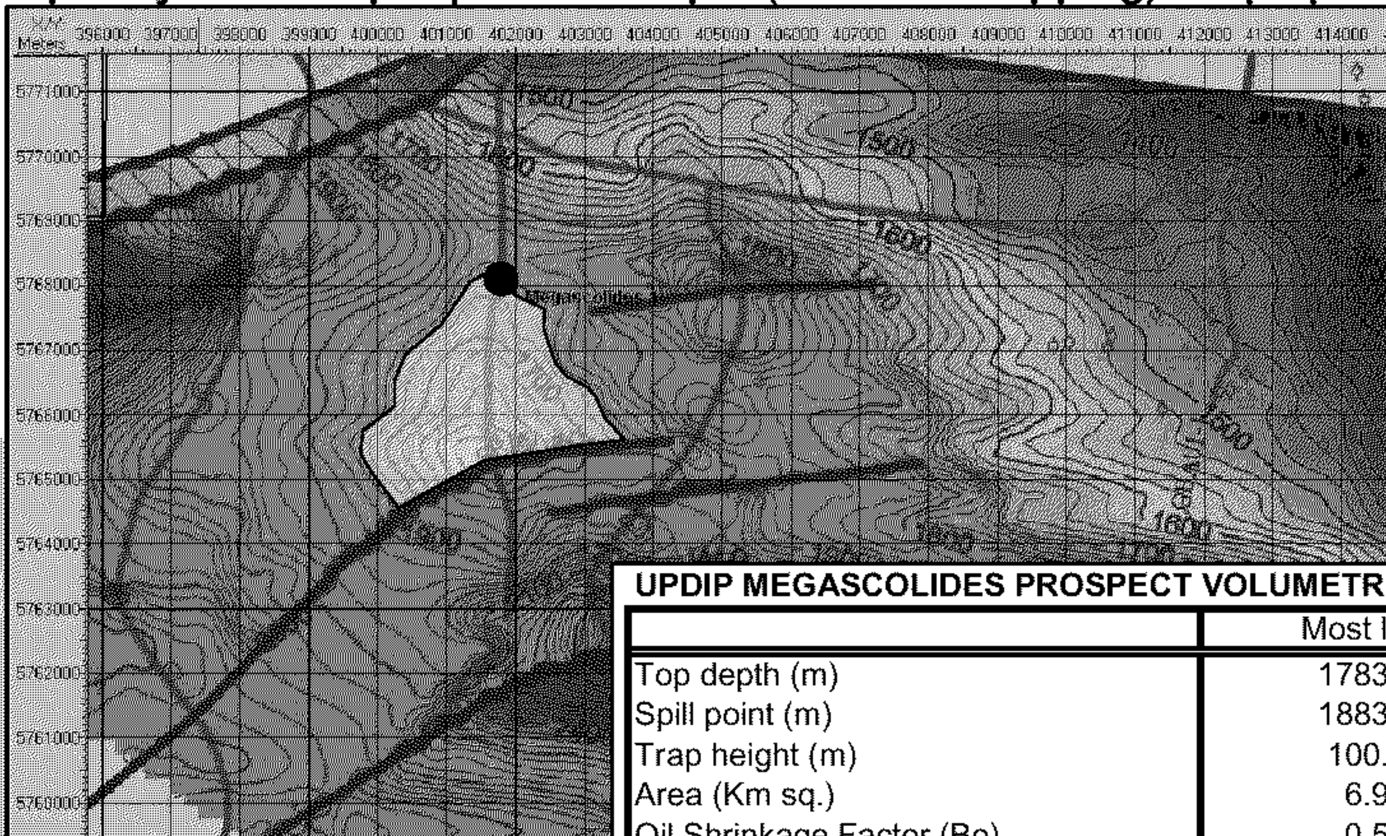
Gippsland Basin EL 4537 & PEP162

Megascolides-1 well results - Oil zone

Top Crayfish Group Equivalent Depth (Previous Mapping) & Updip Megascolides-1 Lead



Insufficient seismic to define the trap crest

UPDIP MEGASCOLIDES PROSPECT VOLUMETRIC ESTIMATES

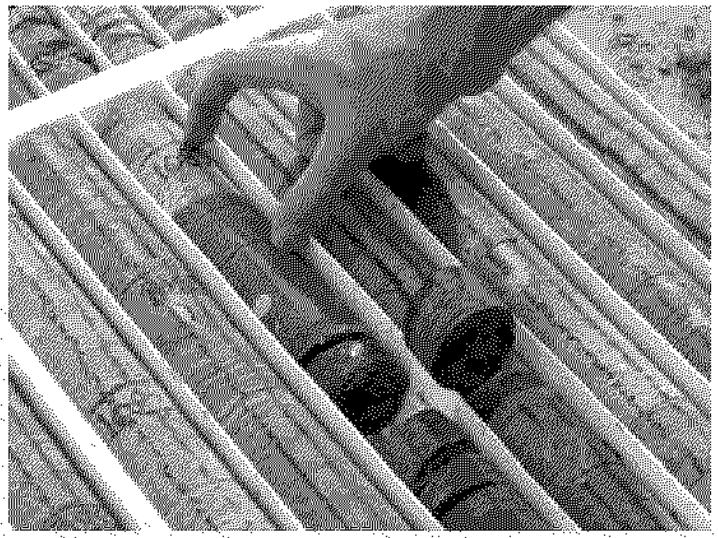
	Most likely	High Case
Top depth (m)	1783.00	1783.00
Spill point (m)	1883.00	1883.00
Trap height (m)	100.00	100.00
Area (Km sq.)	6.92	9.00
Oil Shrinkage Factor (Bo)	0.50	0.70
Porosity (ave %)	0.13	0.16
Oil saturation (So)	0.60	0.70
Reservoir P50 Net Sand (m)	3.00	5.00
Recovery factor	0.40	0.60
Volume In Place (stb mmbls)	5.09	22.19
Recoverable Volume (stb mmbls)	2.04	13.31
Oil Price(A$)	40.00	70.00
Gross Value ($A million)	81.49	932.03

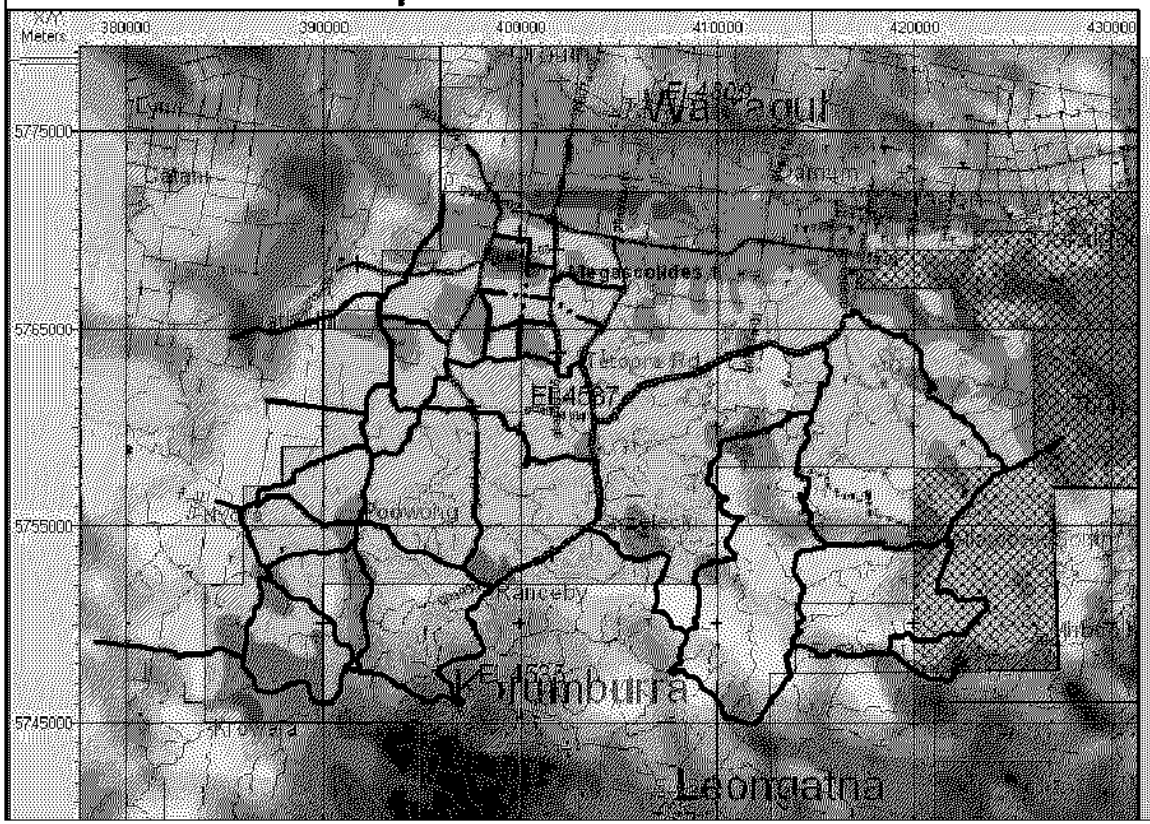
Gippsland Basin EL 4537 & PEP162

Megascolides 1 – CBM Results

- Total black coal intersected in well -15m
- Maximum thickness approx. 0.5m (clean coal)
- Gas content 100 scf per ton
- Gas saturation approx. 30%

The well was successful in identifying gas bearing coals in the Narracan Trough. The coals at this location however are not suitable for commercial CBM development





A new 290km seismic program is planned to;

- Map Leads for the Crayfish Gp. equivalent oil play and
- to locate thicker and shallower coals over EL4537

Seismic is planned for October 2005

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Gippsland Basin EL 4537 & PEP162

Yarragon Brown Coal Resource

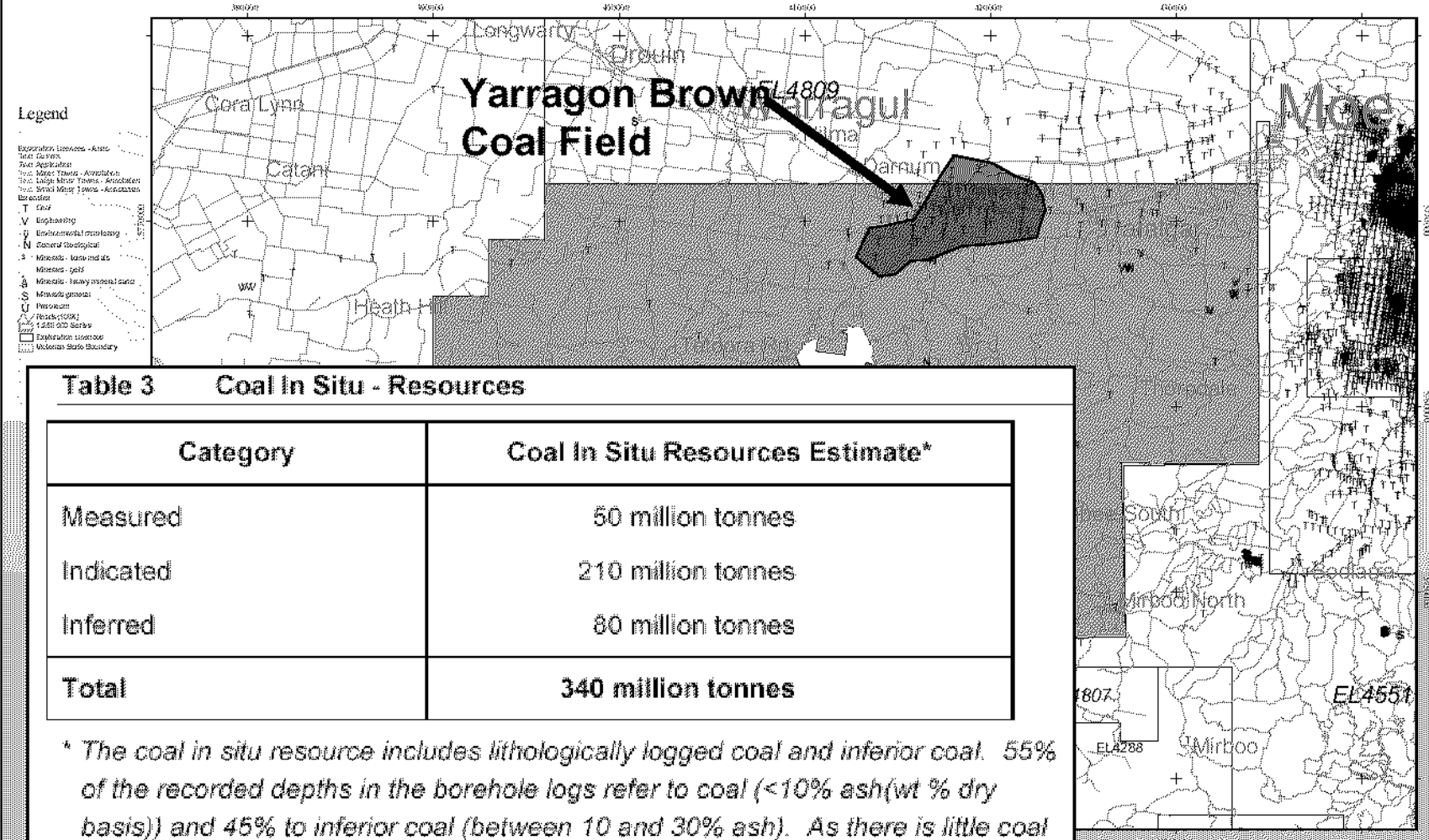

Table 3 Coal In Situ - Resources

Category	Coal In Situ Resources Estimate*
Measured	50 million tonnes
Indicated	210 million tonnes
Inferred	80 million tonnes
Total	**340 million tonnes**

** The coal in situ resource includes lithologically logged coal and inferior coal. 55% of the recorded depths in the borehole logs refer to coal (<10% ash(wt % dry basis)) and 45% to inferior coal (between 10 and 30% ash). As there is little coal quality testing available, the bore lithological records have be relied upon for the distinction between coal and inferior coal. In reality, field assessment of coal and inferior coal is subjective, particularly around the cut-off values of 10% and 30%.*

Source; Independent GHD Report, JORC code standard

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