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Karooon Gas Australia Ltd

KAROON GAS IPO SUCCESSFULLY COMPLETED & OVERSUBSCRIBED

Karooon Gas Australia Limited (Karooon), a new CBM / Gas exploration energy company, is exploring primarily in the onshore Western Gippsland Basin to exploit the coal bed methane (CBM) / Gas potential for the gas markets of South Eastern Australia.

Karooon Gas was listed on the Australian Stock Exchange (ASX) on 8th June 2004. The IPO was oversubscribed and raised approx. \$4.7 million, the issue was largely assisted by Melbourne brokers Bell Potter Securities, EL & C Baillieu's and Sydney broker Tricom Securities Ltd.

Karooon's Project Portfolio located in its 100% owned permits PEP 162 and EL 4537 include:

- Potentially large volumes of black coal and associated CBM / Gas at economic depths with at least 2 wells to be drilled in 2004
- 1 conventional oil and gas target
- significant gas resource inplace estimated range of potential 1 TCF upwards.

CBM / GAS

Upstream Petroleum have been engaged to provide technical and management assistance in the planning, drilling, and evaluation stages. Drilling has been scheduled for commencement in August 2004. The Drilling campaign shall target the following objectives,

- test shallower depths for CBM potential;
- drill to 1,900 metres of depth to identify a potential Crayfish Group equivalent for a conventional oil and gas potential.

Additional ongoing geotechnical analysis has indicated that the Black Coal CBM targets are at least 100 – 200 meters shallower and with potentially better permeability and higher reserves than originally anticipated, this is more beneficial for successful CBM exploitation.

The exploration area is ideally located to the Melbourne market and is in close proximity to existing gas and power transmission infrastructure. The exploration area in question is approx. 120 km from the CBD of Melbourne and 25 km from the Latrobe Valley.

Current Activities

A Letter of Intent has been signed for a drilling rig with Sides Drilling. Well planning and design is advanced with drilling operations expected to commence in August 2004

Karoon is currently in discussions with Energy companies for CBM projects and is well positioned to take advantage of new and existing opportunities.

For further information contact Robert Hosking, executive chairman on 03 5974 1044 or 0414 667 844 or visit the company's website at www.karoongas.com.au.