

KAROON GAS AUSTRALIA LIMITED
ABN 53 107 001 338

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY MEMORANDUM

and

PROXY FORM

Date of Meeting: 26 November 2004
Time of Meeting: 11.00 am
Place of Meeting: Latrobe Room, Le Meridien Hotel at Rialto,
495 Collins Street, Melbourne, Victoria, 3000

This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

KAROON GAS AUSTRALIA LIMITED

ABN 53 107 001 338

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of shareholders of Karoon Gas Australia Limited ABN 53 107 001 338 ("**Karoon**" or "**Company**") will be held at the Latrobe Room, Le Meridien Hotel at Rialto 495 Collins Street, Melbourne, Victoria commencing at 11.00 on 26 November 2004. The Explanatory Memorandum that accompanies and forms part of this Notice of annual general meeting describes the various matters to be considered.

AGENDA

FINANCIAL REPORTS

To receive the financial statements, directors' report and auditor's report for the Company and its controlled entities for the period ended 30 June 2004.

ORDINARY RESOLUTIONS

1. Appointment of Auditor

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of section 327 (3) (a) of the Corporations Act 2001 and for all other purposes, Karoon re-appoints Mitchell Wilson & Partners as auditor of the Company."

2. Re-election of Directors

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That Edward Munks, who retires in accordance with Article 11.6 of Karoon's constitution and being eligible offers himself for re-election, be re-elected as a director."

BY ORDER OF THE BOARD

Robert Hosking
Chairman
21 October 2004

KAROON GAS AUSTRALIA LIMITED

ABN 53 107 001 338

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Karoon Gas Australia Limited ("**Karoon**" or "**Company**") in connection with the business to be conducted at the Annual General Meeting of shareholders to be held at the Latrobe Room, Le Meridien Hotel at Rialto 495 Collins Street, Melbourne, Victoria on 26 November 2004 at 11.00 am.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

1. APPOINTMENT OF AUDITOR

Mitchell Wilson & Partners were appointed auditors of Karoon within 1 month of incorporation of the Company. Karoon is now required to appoint an auditor at its first annual general meeting accordance with section 327 (3) (a) of the Corporations Act 2001.

2. RE-ELECTION OF DIRECTOR – EDWARD MUNKS

Edward Munks is required to retire under the director rotation provisions of Article 11.6 of the Company's constitution. Edward Munks, being eligible, has offered himself for re-election as a Director.

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the registered office of Karoon, **34 Lochiel Avenue, Mt Martha, Victoria 3934, facsimile number +61 3 5974 1644**, not less than 48 hours before the time for holding the annual general meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of Karoon.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the annual general meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on 24 November 2004. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

KAROON GAS AUSTRALIA LIMITED

ABN 53 107 001 338

PROXY FORM

The Secretary
Karooon Gas Australia Limited
34 Lochiel Avenue
Mt Martha Victoria 3934

AUSTRALIA

Fax Number: +61 3 5974 1644

I/We _____

of _____

being a shareholder/(s) of Karooon Gas Australia Limited ("**Karooon**") and entitled to

_____ shares in Karooon

hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of Karooon to be held at Latrobe Room, Le Meridien Hotel at Rialto 495 Collins Street, Melbourne, Victoria on 26 November 2004 at 11.00 am, and at any adjournment thereof in respect of _____ of my/our shares or, failing any number being specified, **ALL** of my/our shares in Karooon.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%. (An additional proxy form will be supplied by Karooon on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

