



29th October 2004

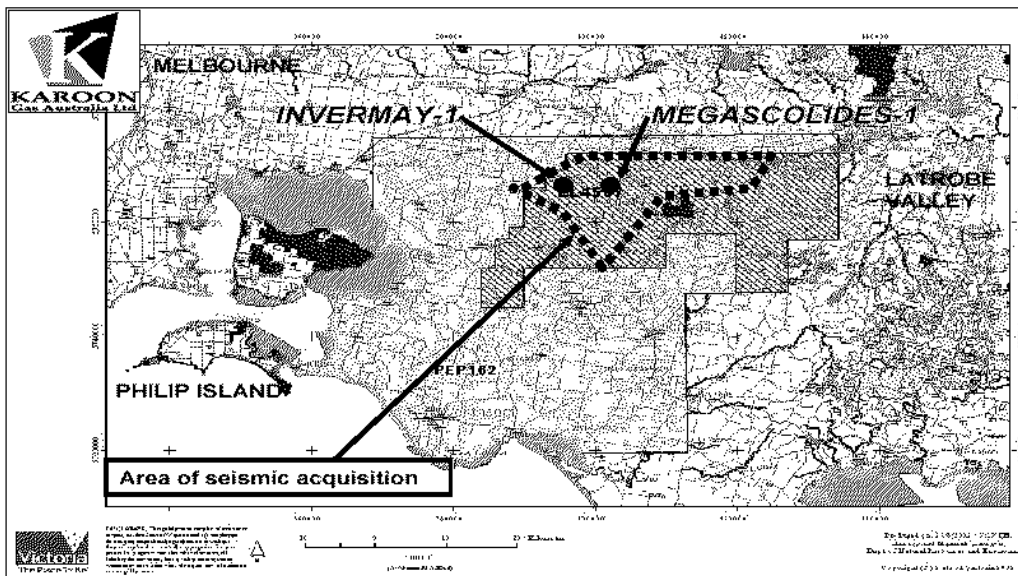
Karoon Gas Update – Megascalides – 1 Drilling Operations Narracan Trough West Gippsland.

Progress update 1

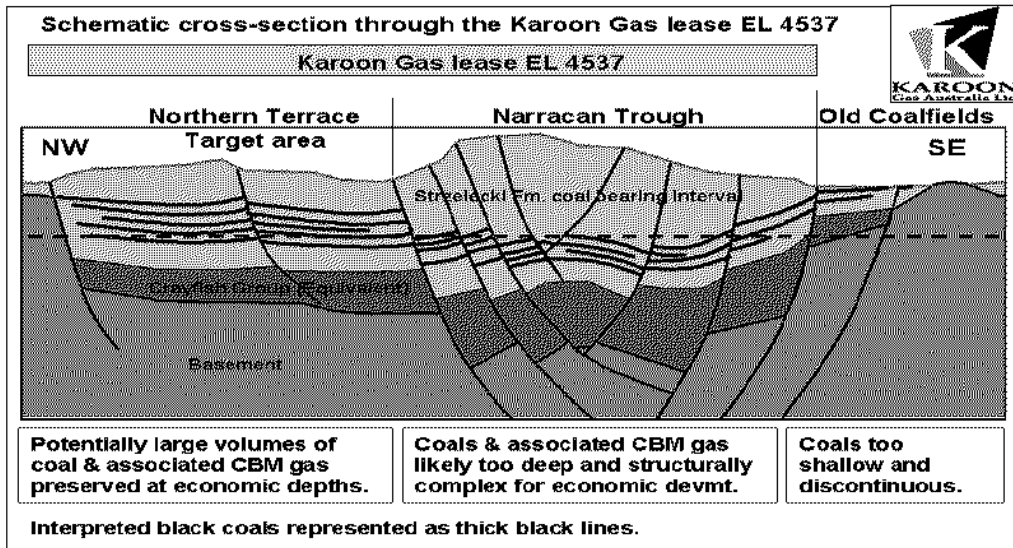
Further to the last ASX Release dated the 9th September 2004, Hunt Energy & Mineral Co. Australia Pty Ltd have confirmed that drilling on their last project has been completed. Hunt Energy have commenced drilling rig repairs prior to rig mobilization to the Megascalides-1 drilling site.

The Megascalides drilling site is located in PEP 162 and EL 4537, approximately 100 kilometres South East of Melbourne. Drilling rig repairs are due for completion by November 4th 2004. Mobilization of the drilling rig to Megascalides-1 site shall follow and possible spud date (commencement) should be approx 10th November 2004. Another drilling update shall be made by Karoon Gas on Friday 4th November 2004.

KAROOON GAS AUSTRALIA LTD. ACREAGE, SEISMIC AND PLANNED WELL LOCATIONS



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