



ASX RELEASE

22nd November 2004

Karoon Gas Update – Megascolides – 1 Drilling Operations Narracan Trough West Gippsland

Progress Update No 4

Further to the last ASX Release dated the 17th November 2004, 9-5/8" surface casing has been set and cemented at 504m on the Megascolides - 1 exploration well and the rig is currently preparing to drill the 8-1/2" production hole section.

Karoon Gas (through its 100% owned subsidiary Karoon Gas Pty Ltd) has a 100% registered interest in PEP 162 and EL 4537, within the Western on-shore Gippsland Basin of Victoria. The Megascolides – 1 drilling site is located in PEP 162 and EL 4537, approximately 100 Kilometres South East of Melbourne.

The Megascolides – 1 is drilling to a total depth of approx. 2000 metres. The intervals of interest are the black coal horizons and the deeper Crayfish Group equivalent sandstones.

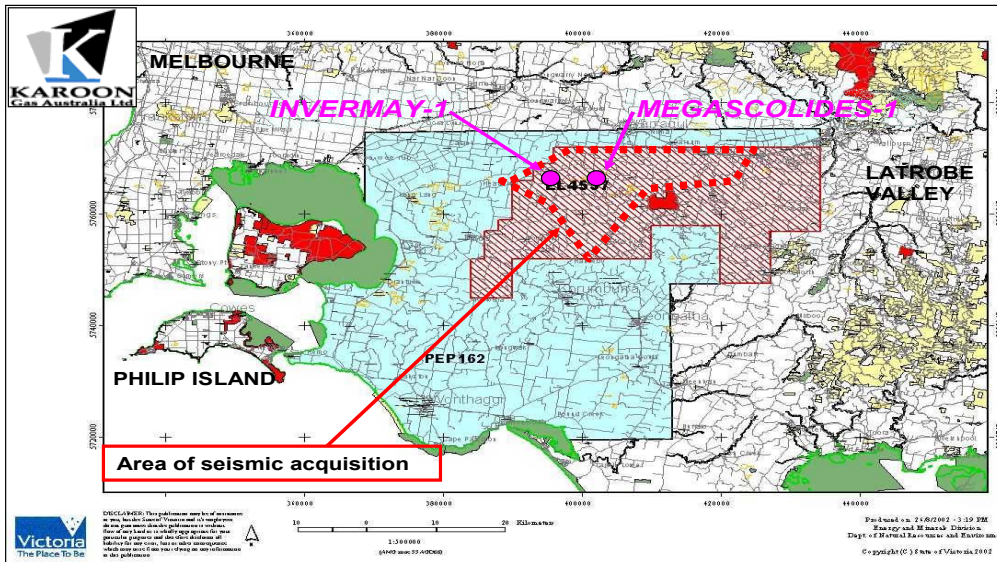
The Company looks forward to a successful drilling program for the Karoon Gas shareholders.

For further information please contact:

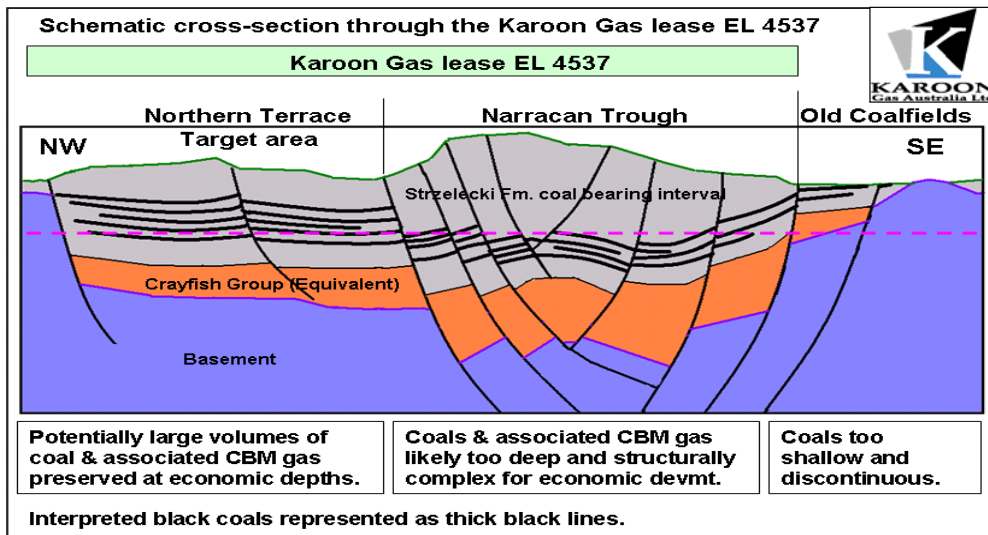
Bob Hosking
Chief Executive Officer
Phone: 03 5974 1044
Fax: 03 5974 1644
Email: basspetrol@hotmail.net.au
Mobile: 0414667 844

Karoon Gas Australia Ltd. A.C.N. 107 001 338
Karoon Gas Pty. Ltd. ACN 056 976 642 (a subsidiary of Karoon Gas Australia Ltd)
Suite 7A, 34-38 Lochiel Avenue, Mt. Martha 3934 Phone 59741044 Fax 59741644
Po Box 469, Mt Martha 3934
Email:basspetrol@hotmail.net.au

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



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



Karoon Gas Australia Ltd. A.C.N. 107 001 338
 Karoon Gas Pty. Ltd. ACN 056 976 642 (a subsidiary of Karoon Gas Australia Ltd)
 Suite 7A, 34-38 Lochiel Avenue, Mt. Martha 3934 Phone 59741044 Fax 59741644
 Po Box 469, Mt Martha 3934
 Email: basspetrol@hotmail.net.au