



ASX RELEASE

30th November 2004

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

Progress Update No 6

Further to the last ASX Release dated the 25th November 2004, the latest drilling information is that at 0800 hours on the 30th November the Megascolides–1 well had reached a depth of 1110m in 8-1/2” hole.

The well penetrated the top of the main coal interval at 710m RT close to prediction.

At 1005m within the CBM target interval continuous coring commenced in inter bedded tight sandstones shales and coals to a depth of 1110mRT. Coals to over 1m thick were cored and are currently undergoing analysis. A 1m coal core is currently being analysed through gas desorption testing with final analysis available after additional laboratory analysis off site. Early qualitative results show gas is present on the coal and gas desorption is occurring. This is supported by mud logging data showing methane, ethane, propane, butane and pentane through the cored section with high peaks associated with the coals.

Preliminary seismic/drilling results calibration shows a good relationship between the presence of the thicker coals and seismic amplitudes. When all the well data is collected and analysed there will be a sound basis for more quantitatively identifying CBM ‘sweet spots’ on the seismic. The analysis so far indicates that the optional Invermay-1 drill location has better seismic indications for coal at shallower depths.

These early results have started to answer the key questions about the presence and gas content of the coals in this, the first deep stratigraphic exploration well in the Narracan Trough. As results emerge, forward exploration plans will be developed around the hard data gathered from this well to identify thicker coals at shallower depths.

The well is currently drilling ahead toward the deeper Crayfish equivalent target at 1700m. and is in a position to core and evaluate zones of interest as they are intersected down to the planned total depth of 2000m.

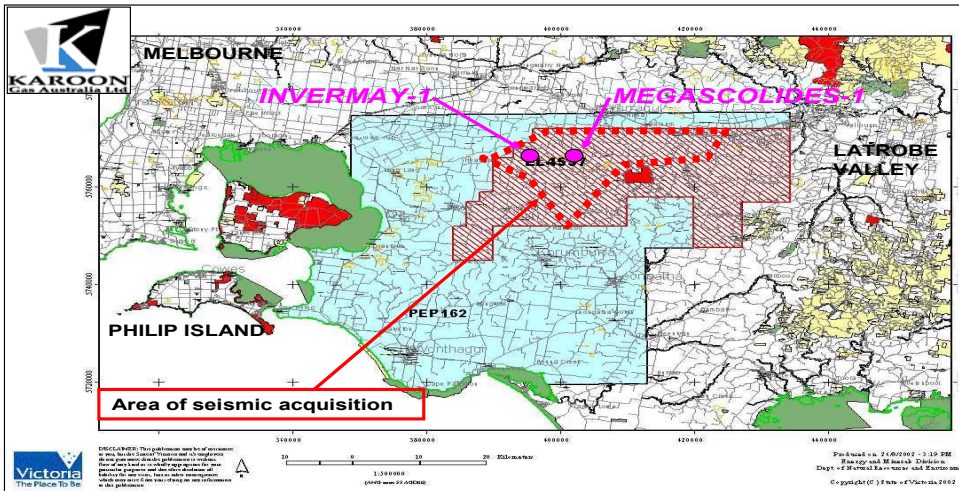
Karoon Gas (through its 100% owned subsidiary Karoon Gas Pty Ltd) has a 100% registered interest in PEP 162 and EL 4537, within the Western on-shore Gippsland Basin of Victoria. The Megascolides – 1 drilling site is located in PEP 162 and EL 4537, approximately 100 Kilometres South East of Melbourne.

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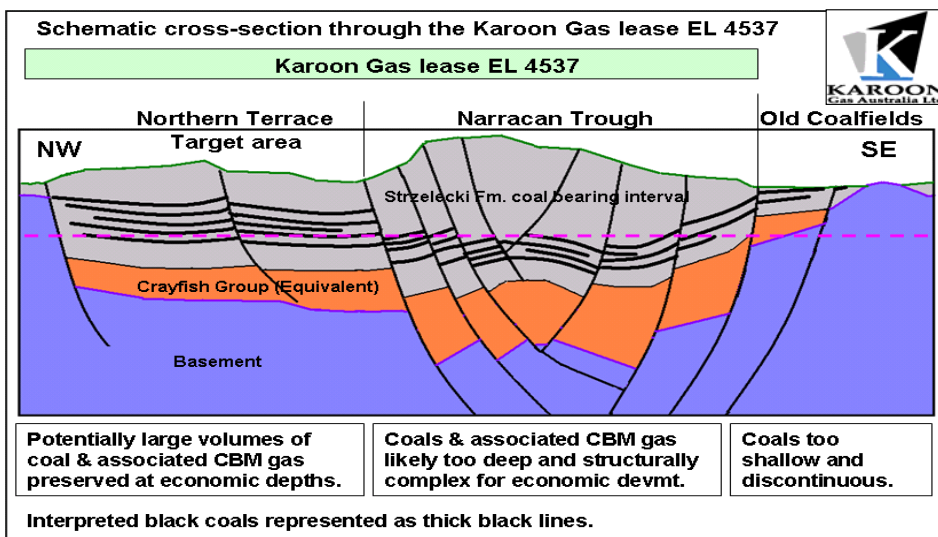
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