



ASX RELEASE

22nd February 2005

Western Australian Browse Basin and Victorian West Gippsland Basin acreage activity update.

West Australian Assets

Further to the last ASX release dated the 28th January 2005, expressions of interest from various international oil and gas companies has resulted in a continuing number of confidential data room visits and technical reviews of the permits WA-314-P and WA-315-P. As a result of the increased interest, additional time has been extended by request until late March 2005 to receive and evaluate farmin offers from various companies. The company is encouraged by the interest shown in WA-314-P and WA-315-P. Karoon is currently shortlisting seismic acquisition companies for the shooting of approximately 800 sq km seismic survey in WA-314-P and WA-315-P.

Victorian Gippsland Assets

Karoon is in negotiations with seismic acquisition companies looking toward a 300km 2D seismic acquisition program early in the second half of 2005. This program is being designed to map the extent of the updip Megascoides structure at the oil bearing Top Crayfish Group equivalent level. The seismic will also map the extent and quality of CBM black coals across the EL4537 licence, locating optimal targets for the next drilling program.

Results to date from ongoing CBM coal core analysis show the desorbed gas to be 100% methane, with no measurable carbon dioxide. With some delays, final analysis results are expected in mid March.

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