



## **ASX RELEASE**

**14<sup>th</sup> April 2005**

### **Western Australian Browse Basin acreage activity update:**

#### **Farmout to BG International Ltd**

Karoon Gas Australia Ltd is pleased to announce the signing of a farm-in agreement with BG International Ltd for exploration permits WA-314-P and WA-315-P in the offshore Browse Basin Western Australia. BG International Ltd (a subsidiary of BG Group plc formally known as British Gas plc) a company incorporated in England, whose registered office is in Berkshire U.K. will be the Operator and will earn a 60% equity in the permits by funding the following work program:

**A) Second Year work program ending 2005** - 100% of the cost for a permit wide high resolution Aeromag survey and purchase of additional 2D seismic and 90% of the cost of acquisition, processing and interpretation of a minimum of 400 square kilometres of a 3D seismic survey in each permit.

**B) Third Year work program commencing 2005** - 90% of the cost of drilling of one well in each permit.

Both Karoon and BG will undertake a prudent exploration program over the permits and have options to withdraw prior to the 3D seismic and drilling of the exploration wells.

The estimated gross cost of the exploration program is:

- o 2D seismic and Aeromag survey – A\$2.9million
- o 3D seismic – A\$11.4million
- o Two exploration wells – A\$57.2million

The permits are located less than 10km from the giant Scott Reef/ Brecknock gas and condensate fields complex, estimated by Woodside Petroleum to contain approx 21TCF (Trillion cubic feet) of recoverable gas reserves with 210 million barrels of condensate. Woodside have announced the drilling of three further wells in 2005, an action which reflects the renewed industry interest in developing what were recently considered static resources. Karoon's mapping and geologic analysis demonstrates that the same play type with similar large structures on trend occur across Karoon's WA-314-P and WA-315-P permits.

Natural gas, the cleanest of the fossil fuels and least harmful to the environment, is increasingly becoming the fuel of choice across the globe.

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BG Group is a global natural gas business. Active on five continents in over 20 countries, it operates four business segments – Exploration & Production, Liquefied Natural Gas, Transmission & Distribution and Power Generation. Further information can be obtained on their website [www.bg-group.com](http://www.bg-group.com)

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