

Appendix 3X

Initial Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	KAROON GAS AUSTRALIA LIMITED
ABN	53 107 001 338

We (the entity) give ASX the following information under listing rule 3.19A.1 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	STEPHEN MICHAEL POWER
Date of appointment	28/06/2005

Part 1 - Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities	Held by
Nil	

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Name of holder & nature of interest	Number & class of Securities
Note: Provide details of the circumstances giving rise to the relevant interest. Freyco Pty Ltd (ACN 114 599 601) (Eugene Trust) A company of which Mr Power is sole director and shareholder.	10,000 ordinary fully paid shares

Part 3 – Director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Under an agreement between the Company and Mr Power, the
---------------------------	--

+ See chapter 19 for defined terms.

Appendix 3X
Initial Director's Interest Notice

Nature of interest	Company has agreed, subject to shareholder approval, to issue 500,000 options to Mr Power or his nominee. Subject to shareholder approval, the options will be issued free and will be exercisable at \$1.65 each and will be subject to a voluntary escrow period ending 28 June 2006 and will expire on the 31 October 2007.
Name of registered holder (if issued securities)	
No. and class of securities to which interest relates	