



ASX RELEASE

11th August 2005

Capital Raising:

Karoon Gas Australia Ltd is pleased to announce that it has agreed to place 7.75 million fully paid shares at a price of \$1.80 per share to sophisticated and institutional investors in Australia, the United States and the United Kingdom. The placement was lead managed by BBY Limited (BBY) and co-managed by E.L & C. Baillieu Stockbroking Ltd.

The funds raised under the placement will be used to consolidate the funding for the exploration work programmes in the Browse and Gippsland Basins. Karoon's Browse Basin acreage has the potential for large gas and condensate fields of sizes suitable for LNG export.

For further information please contact:

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