



19th October 2005

(ASX Code: KAR)

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

West Australian Assets

Karoon Gas is pleased to announce the signing of a contract with PGS Exploration Ltd to utilize their seismic vessel "Ramform Victory" for an 840 sq. km. 3D Seismic Survey over Western Australian permits WA-314-P and WA-315-P. The securing of the "Ramform Victory" is a major step forward toward the proposed two well drilling program for 2006. The "Ramform Victory" is expected to commence in late November 2005 with the acquisition taking approximately five weeks.

In addition, Karoon Gas has scheduled an additional 2D /3D seismic vessel to complete the required work over the next three months in both WA-314-P and WA-315-P.

Results of the most recent geological, 2D seismic and aeromagnetic data interpretation continue to confirm the presence of large structures with the potential to contain large reserves of gas and condensate. The interpretation confirms the geologic similarity to the Scott Reef and Brecknock gas and condensate fields immediately to the south.

Karoon Gas holds 100% working interest in both these permits.

Victorian Gippsland Assets

Work on the 2D seismic survey has now begun in the Gippsland Basin over permits PEP162 and EL4537. This survey comprises 250km of 2D seismic and is expected to be completed in late November 2005.

Karoon Gas holds a 100% working interest in both these permits.

For further information please contact:

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