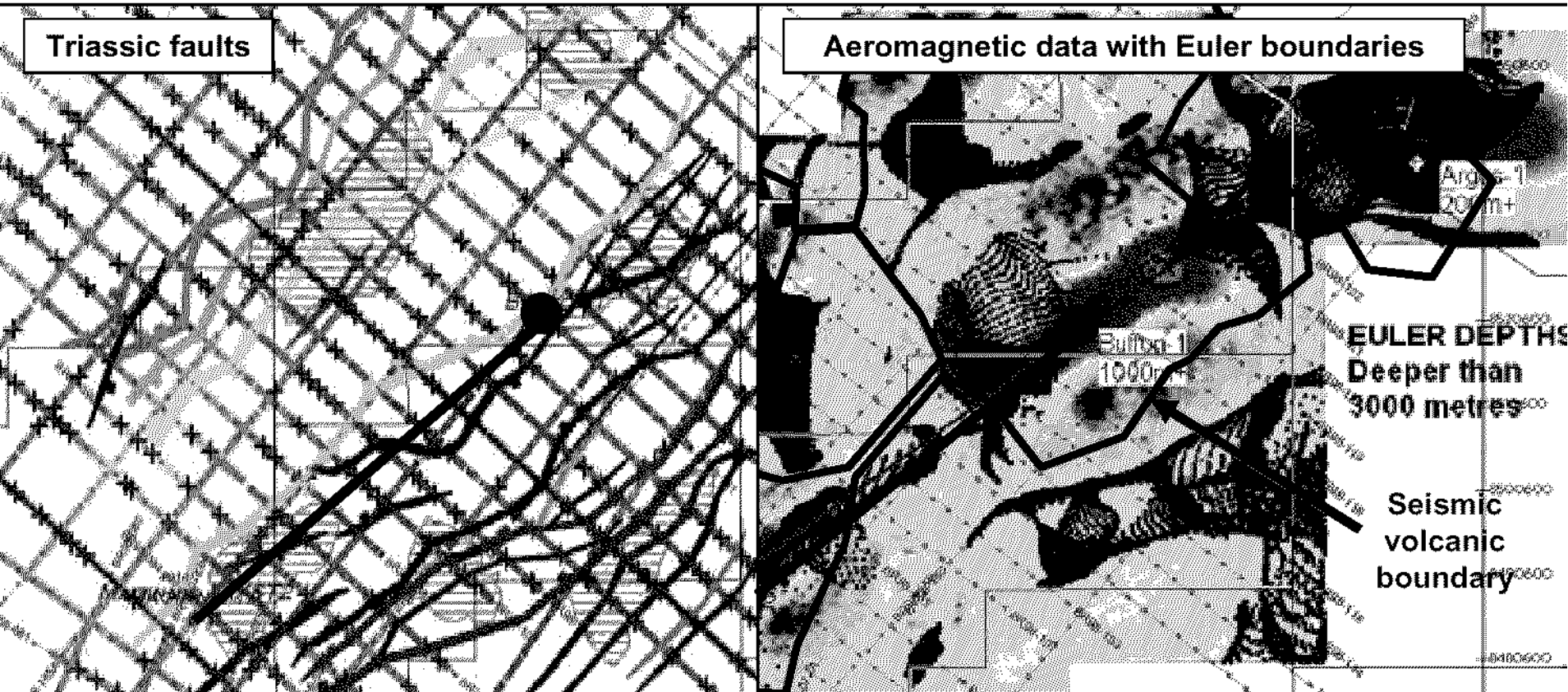


# WA-314-P & WA-315-P Volcanics -aeromagnetics and seismic mapping



There is a good match between the seismic mapping of the volcanics and faults with the aeromagnetics data interpretation results.

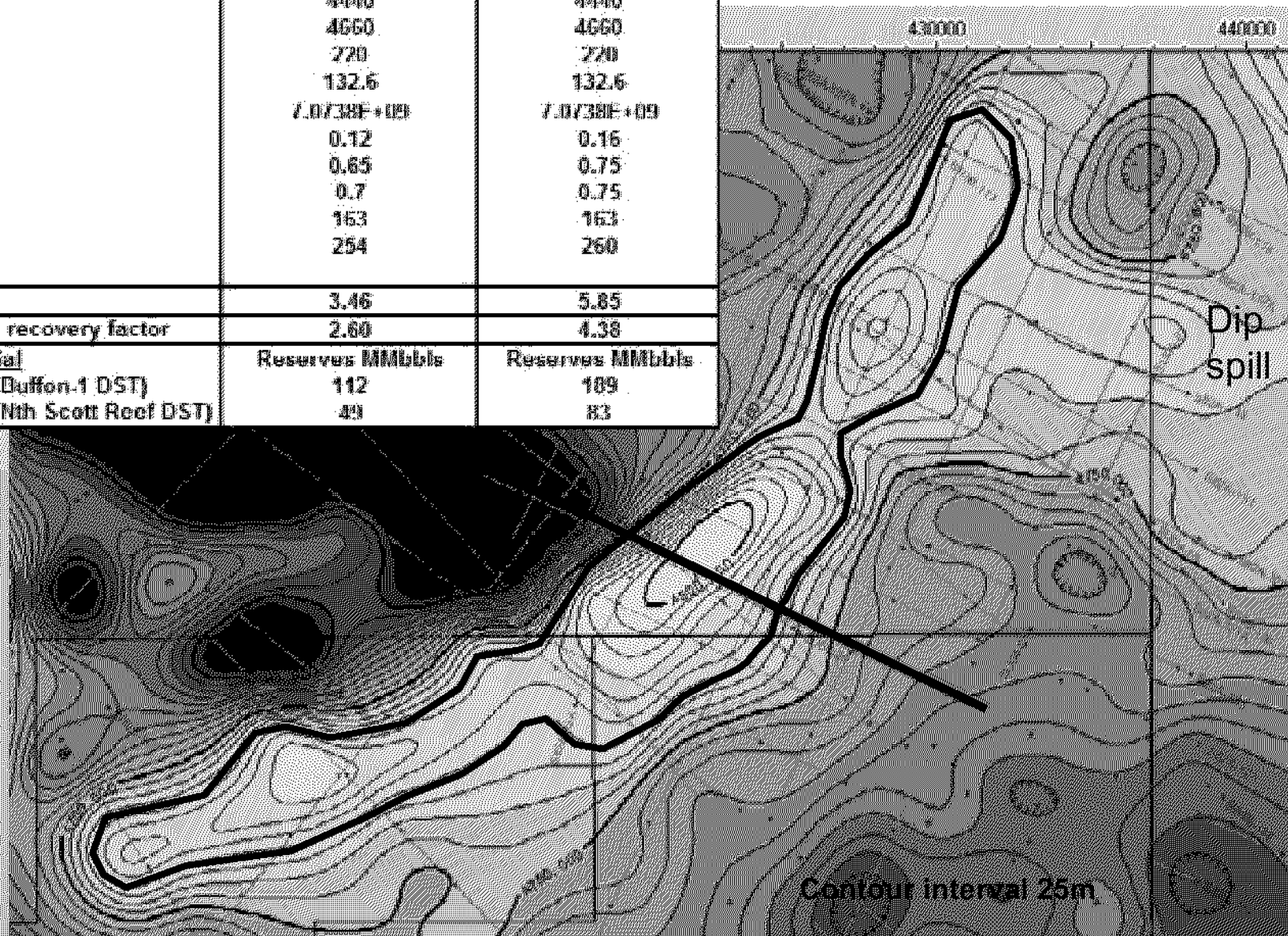
Aeromagnetic Euler magnetic body boundaries closely respond to faulted or pinchout edges of the seismically mapped volcanic bodies.

The Euler method is best at defining edges where the seismic method is better at defining thicknesses.

More integrated modeling of the seismic with the aeromag data set will be done leading up to drilling prospect development.

Prospect	Lead D	
	Most likely (P50)	High case (P10)
Cases		
Water depth (m)	480	480
Top depth(mss)	4440	4440
Spill point (mss)	4660	4660
Trap height (m)	220	220
Area (Km sq.)	132.6	132.6
GIRV (m <sup>3</sup> )	7.0738E+09	7.0738E+09
Porosity (ave)	0.12	0.16
Net to Gross	0.65	0.75
Gas saturation	0.7	0.75
Res temp (degC)	163	163
Gas Expansion	254	260
Gas in place TCF	3.46	5.85
Gas reserves @75% recovery factor	2.60	4.38
Condensate potential	Reserves MMBbls	Reserves MMBbls
At 43 stbbis/MMscf (Duffon-1 DST)	112	109
At 19 stbbis/MMscf (Nth Scott Reef DST)	49	83

Lead-D

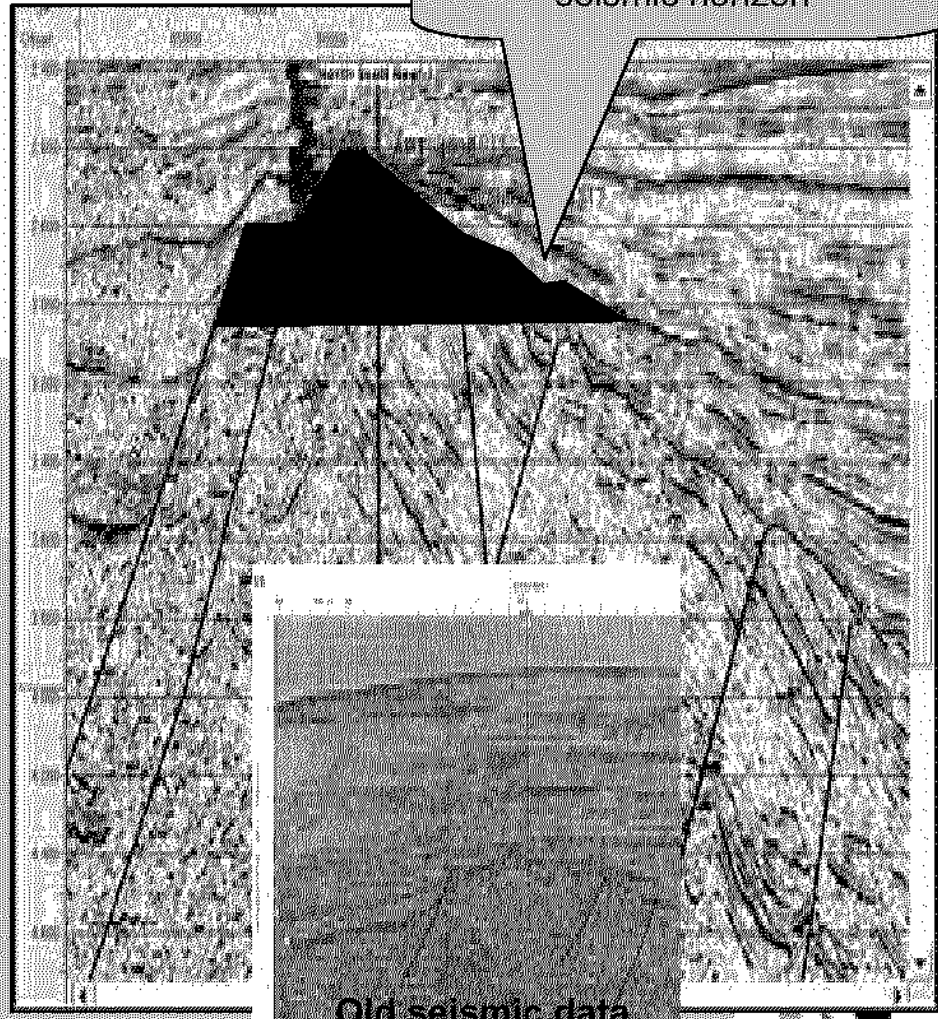
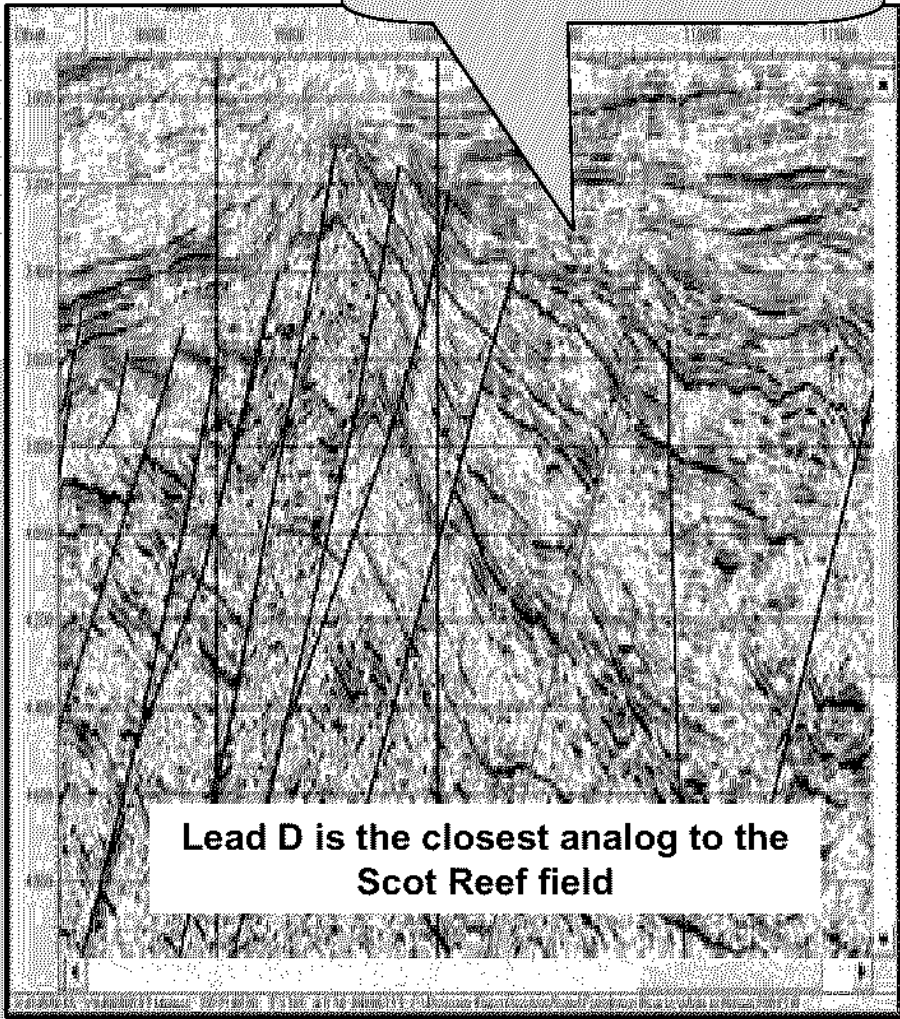


### KAROON'S LEAD D

### SCOTT REEF FIELD Nth Scott Reef-1

Top Callovian reservoir  
seismic horizon

Top Callovian reservoir  
seismic horizon

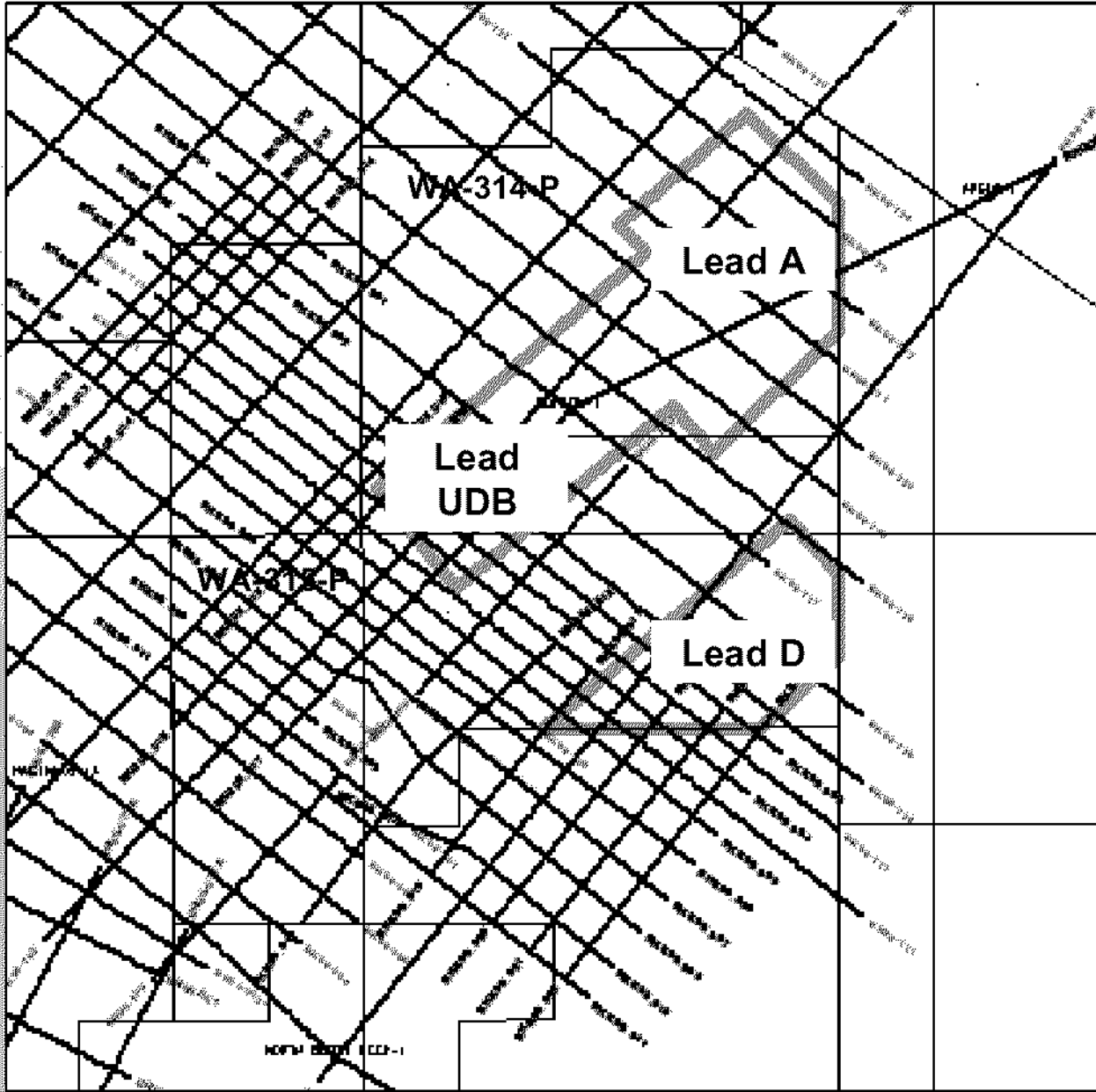


Lead D is the closest analog to the  
Scot Reef field

Old seismic data

Lead D mapping and comparison with Scott Reef

# Proposed Seismic Survey –WA-314-P &WA-315-P – 2D & 3D



Final locations and extent of the 2D and 3D seismic surveys are yet to be finalised.

The seismic program is designed to provide a range of options for the planned 2 well drilling program in 2006.

High graded Leads to date are;

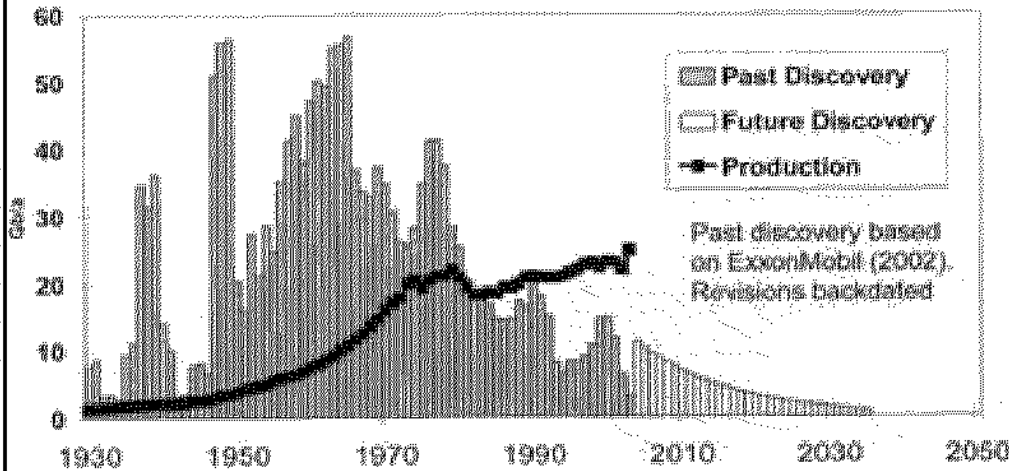
- Lead-A
- Updip Buffon and
- Lead-D

Contracts are signed with PGS and Karoon is in discussions with other operators to complete the survey.

Government approvals process is underway



**THE GROWING GAP**  
Regular Oil

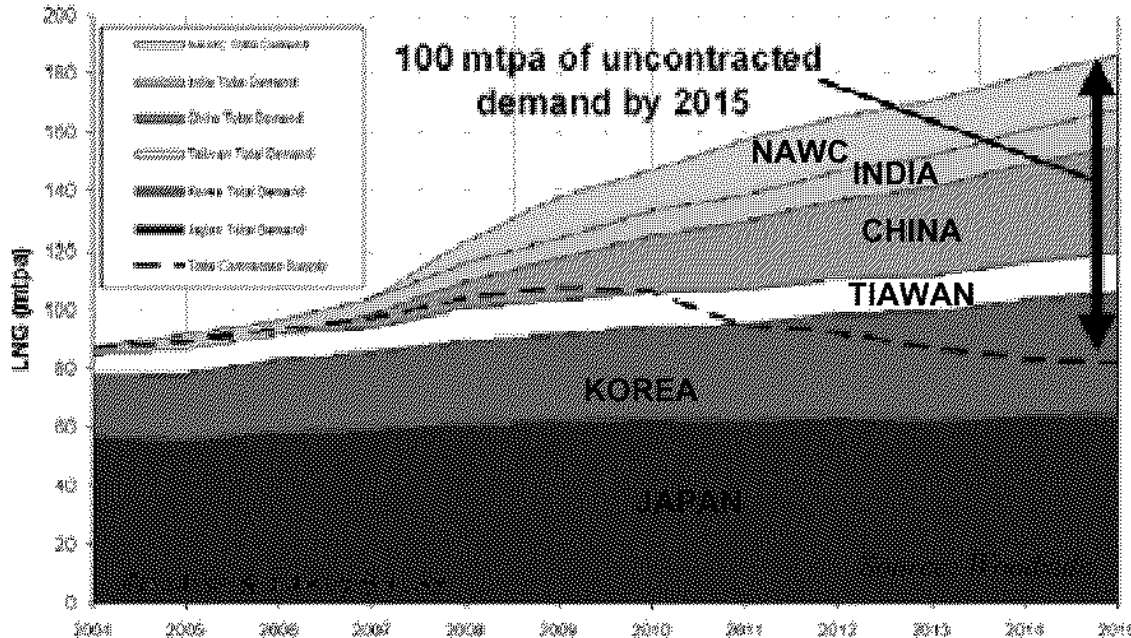


## Supply and Demand

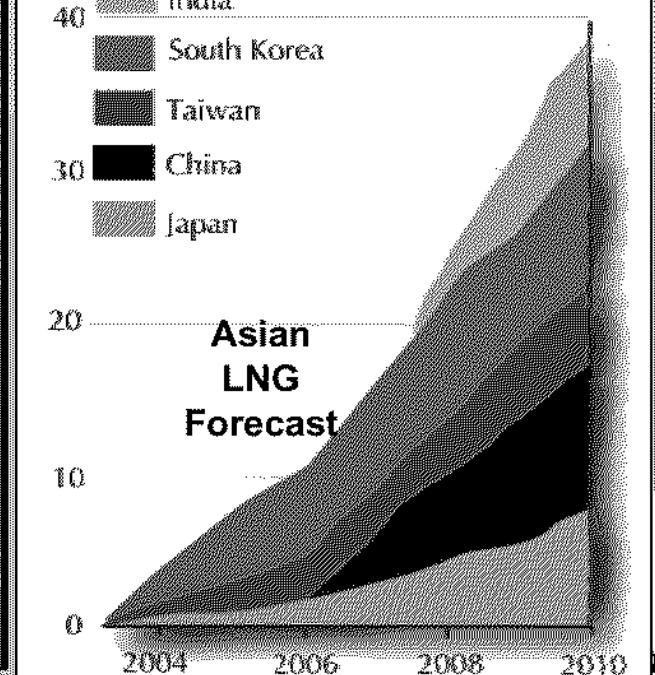
Reducing discovery sizes and increasing world demand.

Companies currently positioned to take advantage of this situation will benefit greatly.

**Asia Pacific Demand Forecasts to 2015**



Mt/a *Source: WA DOIR projections*



## LNG economics and market summary

For minimum case economics we are assuming a reserve of 4TCF and annual production of 4 million tonnes LNG and 3.8 million bbls of condensate.

Total minimum case project value here is between A\$6.8 and A\$8.5 billion.

## Economic statistics

- Australia uses approx 1 TCF per year with approx wholesale value of A\$3 billion per TCF.
- USA uses approx 23 TCF per year with approx wholesale value of A\$6-7 billion per TCF.
- USA current LNG import capacity is approx 1TCF per year with anticipated LNG import capacity and demand increasing to 3TCF per year in 2010.
- Significant importing countries of LNG from 2006 onward are USA, India, China, South Korea, EEC and UK.

**Karoon's 100% share equates to a share price many times current levels.**



# WA-314-P & WA-315-P Analog economic cases

## Philips et. al. Undan Bayu Gas-Condensate field –Darwin LNG Plant.

Estimated reserve is 3.4 TCF.

Report an export deal to Japan of 3 mill. tonnes. (150 BCF) per year for 17 years (2.55TCF total) @ \$250 USD per tonne. This equates to an annual sales value of approx US \$750 mill or AD\$1 billion C&F Japan.

This is approx AD \$ 6 Billion per TCF C&F Japan (wholesale gas in Australia is currently approx AD\$3 bill per TCF) . The gas deal is worth approx AD \$17 Billion.

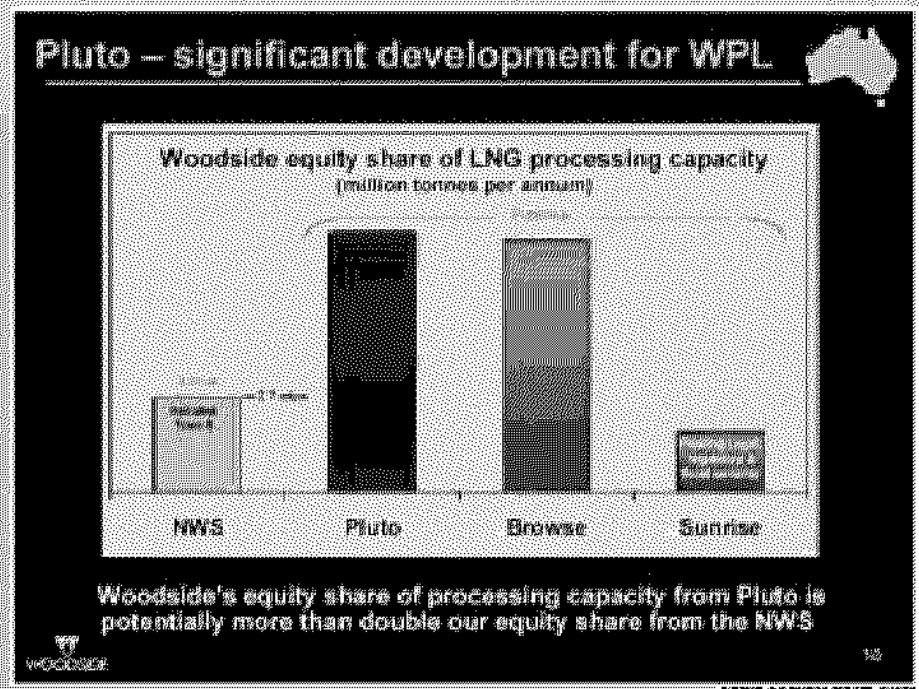
In addition to the sale of LNG, Bayu –Undan is estimated to contain reserves of 400 million barrels of petroleum. The Petroleum sale @\$50 AD is worth approx AD\$20 billion.

Flexibility in sales destination suggest the Japanese may be considering trading opportunities in long term contracts and/or spot cargoes.

### Woodside Pluto and Browse projects

Woodside's 100% share of Pluto and 50% share in their Browse Scott Reef / Brecknock fields dominate Woodside's resource base.

Woodside's net 10 TCF at Scott Reef/Brecknock has a sales value around AD \$ 60 billion dollars (based on Philips deal)





**Gippsland Basin**

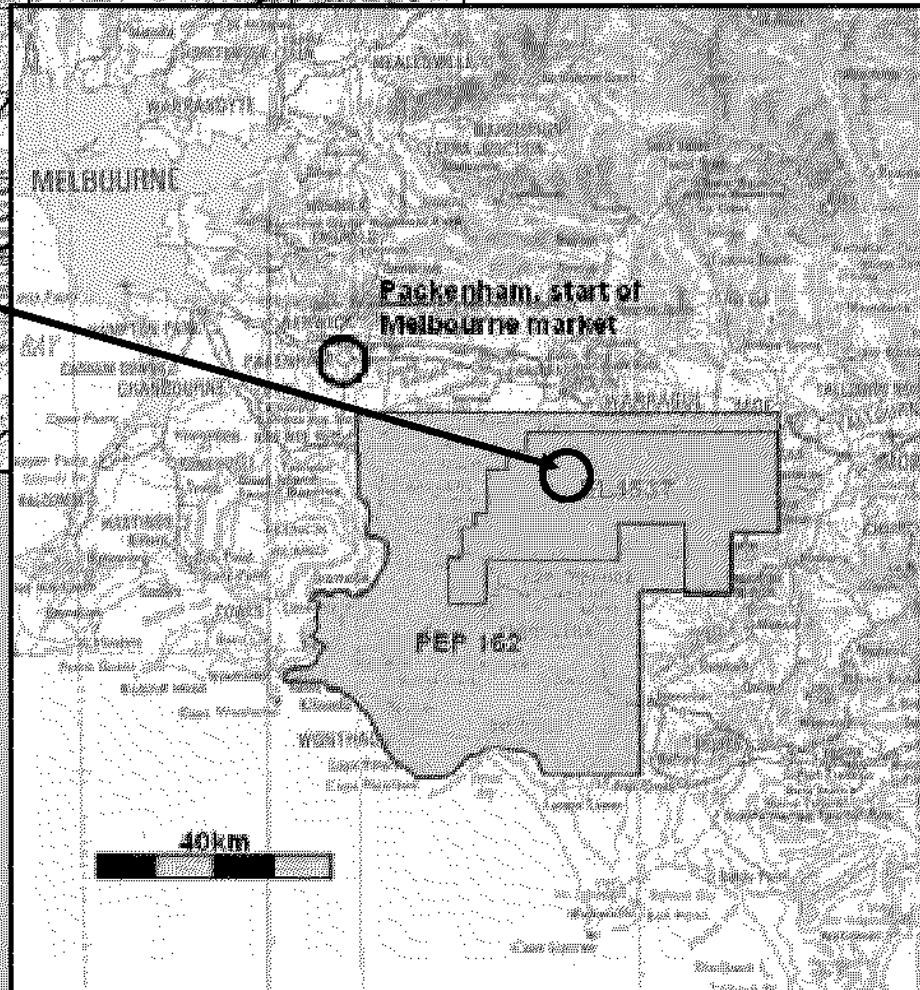
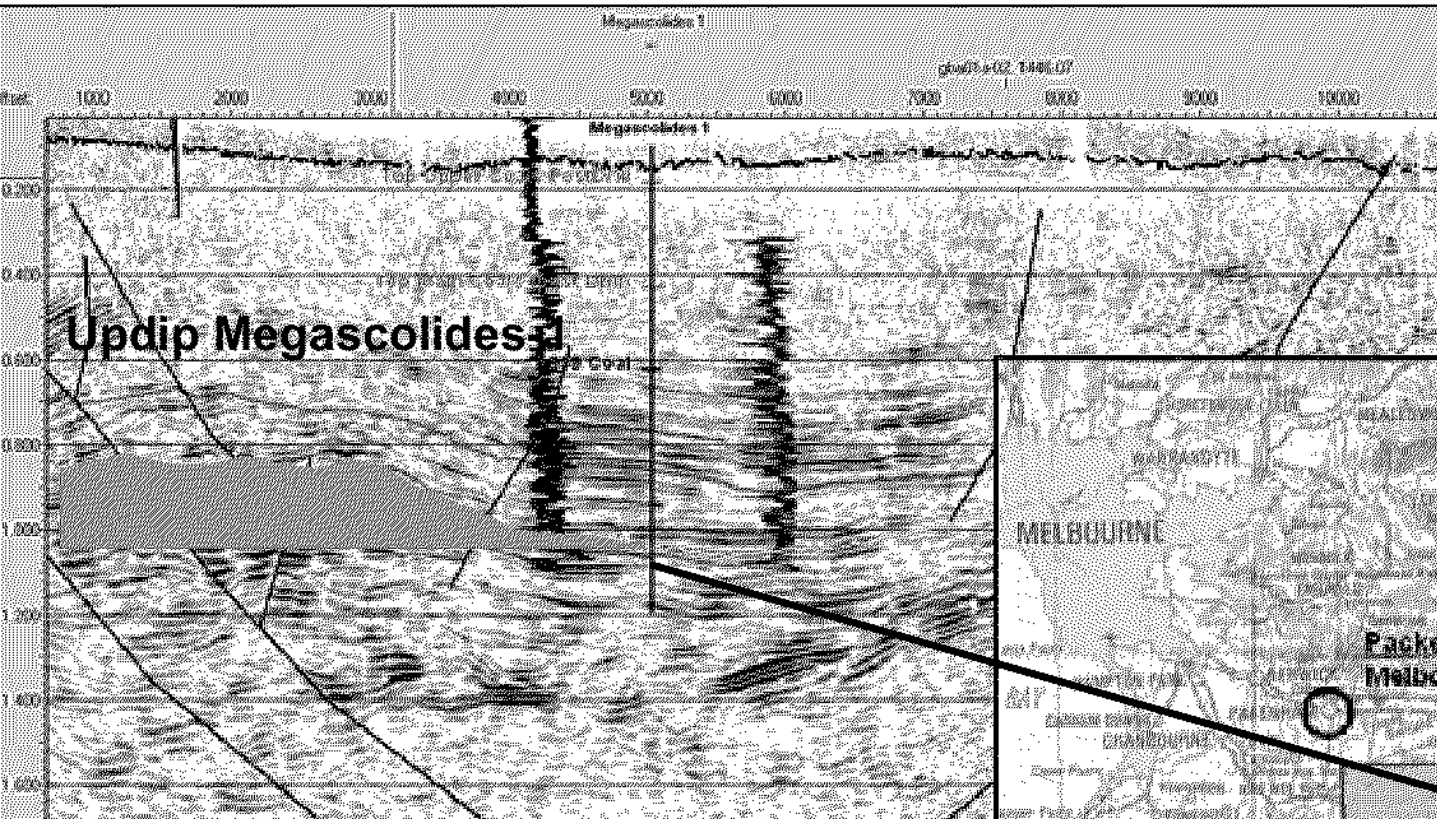
**Oil**

**CBM**

**Brown Coal**



# Gippsland Basin EL 4537 & PEP162



## Megascolides-1 drilling program

- ❑ Discovered oil bearing porous and permeable rocks at the Crayfish Gp equivalent level.
- ❑ Proved presence of gas bearing black coal across the Narracan Trough.

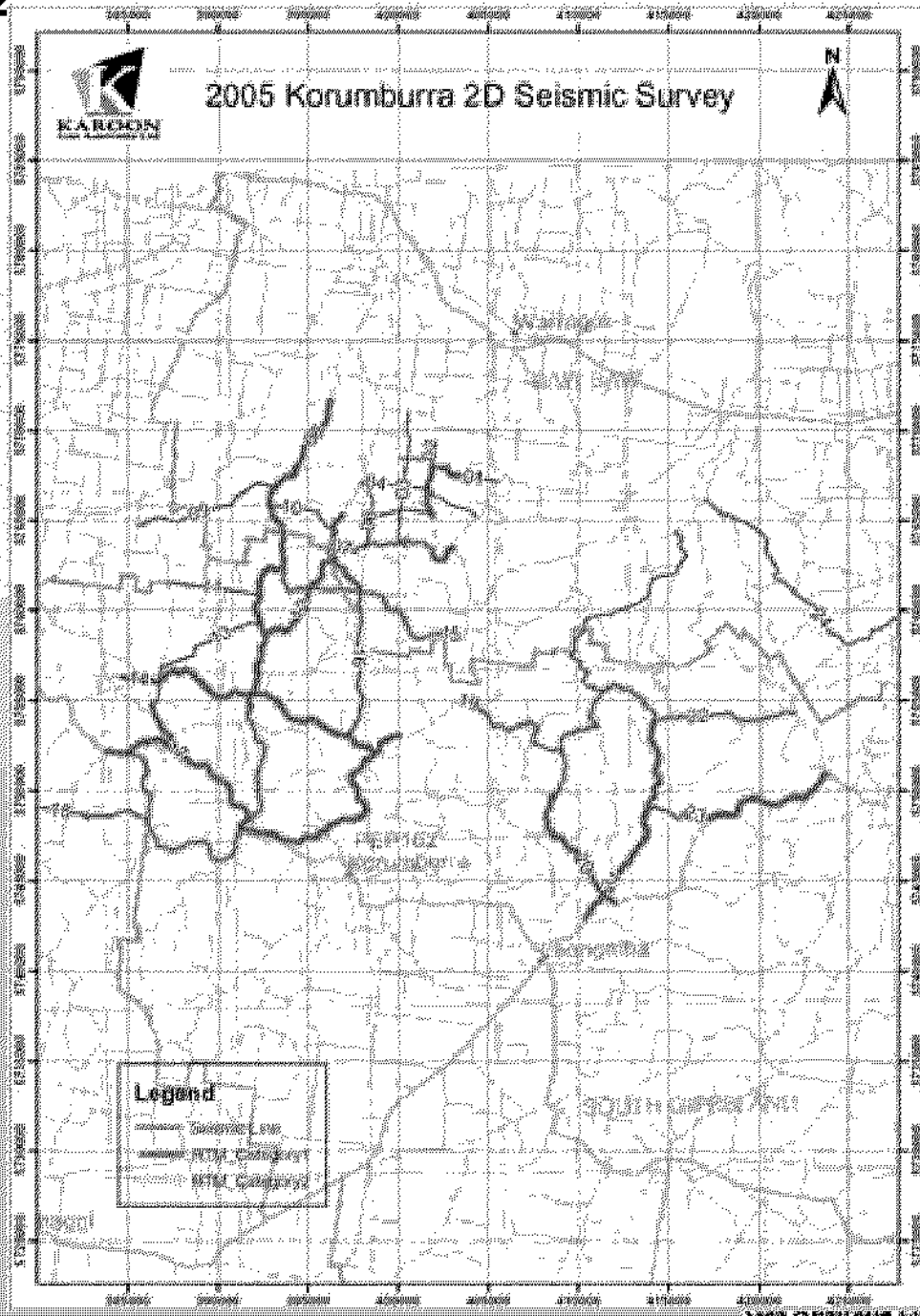
# Gippsland Basin EL 4537 & PEP162

## Current Activity

A new 250km seismic program is being acquired, now 25% complete.

Objectives are to;

- Map Leads for the Crayfish Gp. equivalent oil play and
- to locate thicker and shallower coals over EL4537

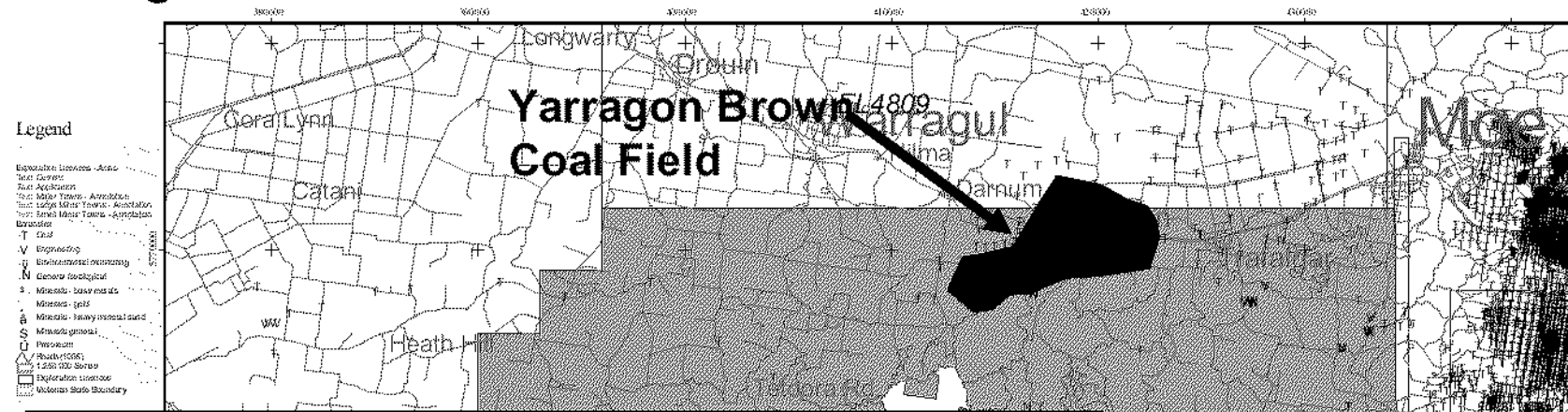


# Gippsland Basin EL 4537 & PEP162 field operations



# Gippsland Basin EL 4537 & PEP162

## Yarragon Brown Coal Resource



**Table 3 Coal In Situ - Resources**

Category	Coal In Situ Resources Estimate*
Measured	50 million tonnes
Indicated	210 million tonnes
Inferred	80 million tonnes
<b>Total</b>	<b>340 million tonnes</b>

\* The coal in situ resource includes lithologically logged coal and inferior coal. 55% of the recorded depths in the borehole logs refer to coal (<10% ash/wt % dry basis) and 45% to inferior coal (between 10 and 30% ash). As there is little coal quality testing available, the bore lithological records have been relied upon for the distinction between coal and inferior coal. In reality, field assessment of coal and inferior coal is subjective, particularly around the cut-off values of 10% and 30%.

Source: Independent GHD Report, JORC code standard

**Karoon is evaluating development options**

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 Department of Primary Industries  
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# Karoon Resource Potential

<b>Karoon Gas Australia Ltd</b>					
<b>Resource Base Summary</b>					
<b>Area</b>	<b>Cases</b>	<b>Gas (Tcf)</b>	<b>Oil/Cond. (mmbbls)</b>	<b>Coal (Million Tonnes)</b>	<b>Comments</b>
<b>Browse Basin</b>					
<b>WA-314-P &amp; WA-315-P Gas and condensate (Tcf / mmbbls)</b>	Low	5	50		Carries exploration risk Risk is moderate to low on trend with proven fields
	Mid	66	1000		
	High	127	2800		
<b>Gippsland basin</b>					
<b>PEP162 Oil (mmbbls)</b>	Low		1		Carries exploration risk One lead identified to date Green fields area
	Mid		2.5		
	High		25		
<b>EL4537 CBM (tcf)</b>	Low	1			Carries exploration risk Green fields area
	Mid	3			
	High	7			
<b>EL4537 Brown Coal (Millions Tonnes)</b>	Low			100	No Exploration risk 40 wells and seismic define resource (Esso 1981)
	Mid			200	
	High			340	

**Karoon is well positioned with its acreage, timing and partners and is looking forward to a period of rapid growth in the near future.**



# Karoon

An aerial, black and white photograph of the Karoon Bridge under construction. The bridge's long, narrow structure extends from the bottom left towards the top right of the frame. The bridge deck is partially completed, with visible concrete and steel structures. The surrounding area is a mix of water and land, with some smaller structures and roads visible near the bridge's base. The overall image has a grainy, high-contrast appearance.

**“Sailing toward a brighter future”**