

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Karooon Gas Australia Ltd

ABN

53 107 001 338

Quarter ended ("current quarter")

December 2007

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(4,044)	(5,350)
1.3 Dividends received	(1,219)	(3,859)
1.4 Interest and other items of a similar nature received	1,402	2,522
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other - GST refunds	633	1,195
<b>Net Operating Cash Flows</b>	<b>(3,228)</b>	<b>(5,492)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(38)	(110)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	2	12
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(36)</b>	<b>(98)</b>
1.13 Total operating and investing cash flows (carried forward)	(3,264)	(5,590)

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1.13	Total operating and investing cash flows (brought forward)	(3,264)	(5,590)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	54,103	54,103
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
<b>Net financing cash flows</b>			
<b>Net increase (decrease) in cash held</b>		<b>50,839</b>	<b>48,513</b>
1.20	Cash at beginning of quarter/year to date	73,176	76,412
1.21	Exchange rate adjustments to item 1.20	321	(589)
1.22	<b>Cash at end of quarter</b>	<b>124,336</b>	<b>124,336</b>

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	169
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors Fees included in 1.23 : \$ 44
Consulting Fees included in 1.23 : \$ 125

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	45,177
4.2 Development	Nil
<b>Total</b>	

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	22,501	82
5.2 Deposits at call (see note 6)	101,835	73,094
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>124,336</b>	<b>73,176</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	<b>AC/P8</b>	0%	66.67%
	<b>Brazil;</b>		0%	100%
	1037,		0%	100%
	1101,		0%	100%
	1102,		0%	100%
	1165,		0%	100%
	1166,		0%	100%
	<b>Peru Z38</b>		0%	20%

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	129,757,897	129,757,897		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs (c) Shares out of escrow	14,800,000 1,500,000 750,000 500,000	14,800,000 1,500,000 750,000 500,000	345 cents	175 cents 200 cents 165 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	<i>Amount</i> 750,000 1,500,000 100,000 645,000 1,195,000		<i>Exercise price</i> 200 cents 235 cents 160 cents 203 cents 295 cents	<i>Expiry date</i> 30 Sept 2008 30 Sept 2008 1 Aug 2008 31 Oct 2008 31 Oct 2008
7.8 Issued during quarter	100,000 1,195,000		203 cents 295 cents	31 Oct 2008 31 Oct 2010
7.9 Exercised during quarter	1,500,000 750,000 500,000		175 cents 200 cents 165 cents	30 Sept 2008 30 Sept 2008 31 Oct 2007
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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**Compliance statement**

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 January 2008  
(Company secretary)

Print name: ..Scott Hosking.....

**Notes**

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

6 **Deposits at Call** Included in the deposits at call is a US dollar term deposit for U\$35,450,705.00 which has been converted to Australian dollars for recording purposes only at a rate of .8816 (the USD/AUD exchange rate on the last day of the period).

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**Note 1**

**Schedule of Exploration Permits**

**Held by the Consolidated Entity**

**At 31<sup>st</sup> December 2007**

<u>Exploration Permits</u>	<u>Basin</u>	<u>Interest %</u>
EL 4537	Gippsland	100
WA-314-P	Browse	49
WA-315-P	Browse	49
WA-398 P	Browse	40
AC/P8	Bonaparte	66.67
Brazil Permit 1037	Santos	100
Brazil Permit 1101	Santos	100
Brazil Permit 1102	Santos	100
Brazil Permit 1165	Santos	100
Brazil Permit 1166	Santos	100
Peru Permit Z 38	Tumbes	20