

An aerial photograph of a large, curling ocean wave. The water is a deep blue, and the white foam of the wave is prominent. At the top of the image, there is a dark blue horizontal bar with a rainbow-like spectrum of vertical lines in red, yellow, green, purple, orange, and blue. The text 'KAROON GAS AUSTRALIA LTD' is overlaid in a large, blue, sans-serif font.

KAROON GAS AUSTRALIA LTD

**September 2008
Review**

Disclaimer

This presentation contains statements that are subject to risk factors associated with oil and gas businesses.

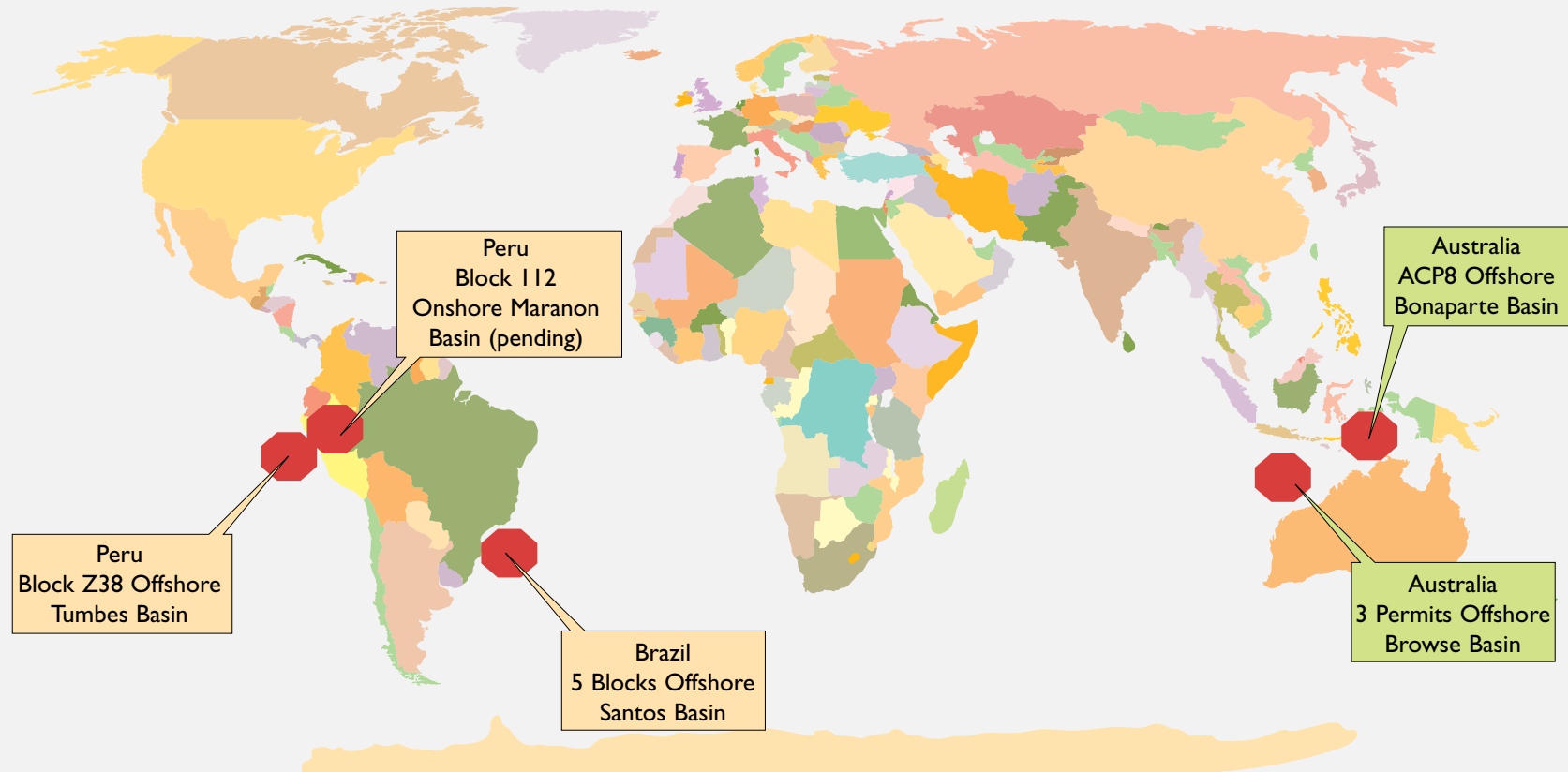
It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results or trends to differ materially. These include but are not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

NB. With respect to Karoon's Browse Basin Joint Venture, the disclosures presented in this review do not necessarily reflect the views of ConocoPhillips.



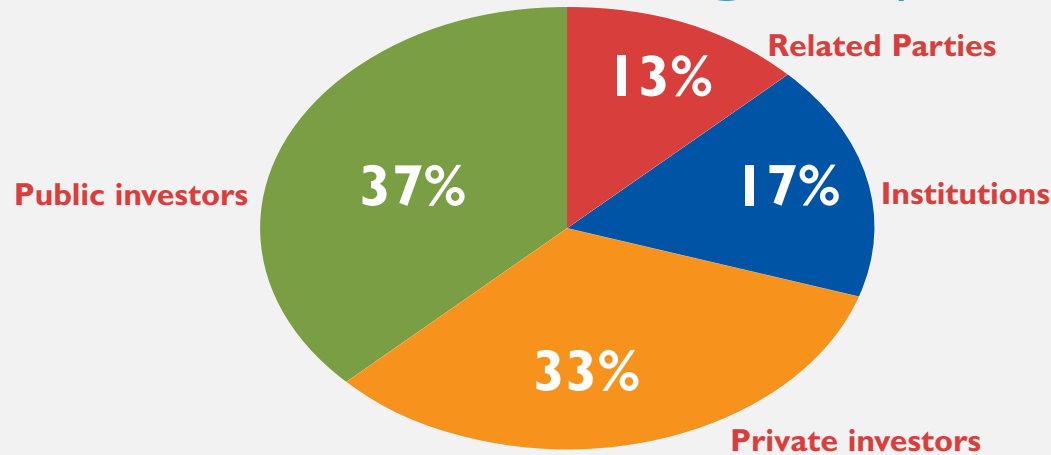
Karoon Gas snapshot

- Approximately 146 million shares and 8 million options.
- Market capitalization approximately A\$640 million @\$4.40.
- Cash in the bank is A\$112 million.

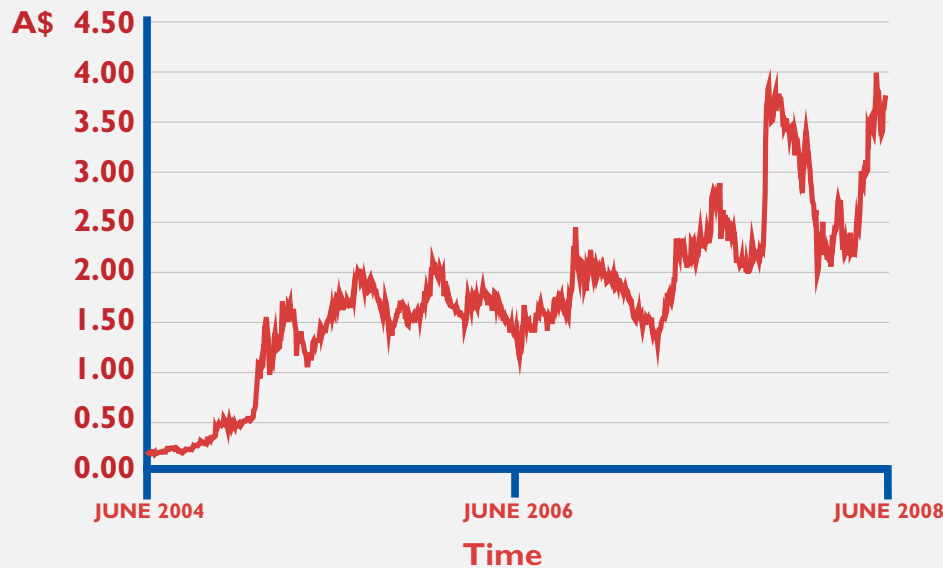


- Karoon has a diverse portfolio of high value exploration acreage in its Australian and South American focus areas

Karoon investor groups



Karoon share price (2004 - 2008)



Karoon Gas Australia's key personnel

Board

ROBERT HOSKING EXECUTIVE CHAIRMAN

Founding Director of Karoon Gas with 30 years of commercial experience. Involved in the oil and gas industry for 15 years. Founding director of Nexus Energy.

MARK SMITH EXECUTIVE DIRECTOR AND EXPLORATION MANAGER

28 years' experience as a geologist and exploration manager in petroleum exploration and development, mainly with BHPB in Australia, Southeast Asia and North America.

GEOFF ATKINS DIRECTOR

35 years' experience as a marine engineer with involvement with design and construction of LNG facilities.

STEPHEN POWER DIRECTOR

25 years as a commercial lawyer providing advice to participants in the resources industry in Australia and overseas.

SCOTT HOSKING COMPANY SECRETARY

International financial and commercial management background with expertise in equity capital raising.

Technical

LINO BARRO ENGINEERING MANAGER

28 years' experience in reservoir and development engineering with Delhi, BHPB & Kufpec

JORG BEIN GEOPHYSICS MANAGER

36 years' experience as a geophysicist and manager with Exxon and BHPB.

DAVID ORMEROD NEW VENTURES MANAGER

20 years' experience as a geophysicist and manager with Petrofina, BHPB, Woodside, Stirling and Tap Oil.

MICHELLE GROSSER GEOSCIENTIST AND IT MANAGER

10 years' experience with a range of resource companies worldwide including BHPB, Exxon Mobil and Shell.

JIM BOYD TECHNICAL OFFICER

23 years' experience in geoscience, data management and technical software support with a range of resource companies world wide including Shell, BP and BHPB.

Consultants

RALPH SPINKS DRILLING CONSULTANT

30 years in the industry with Phillips Petroleum worldwide.

Karoon Gas has an extensive network of consultants in a range of disciplines, who are brought in as required.

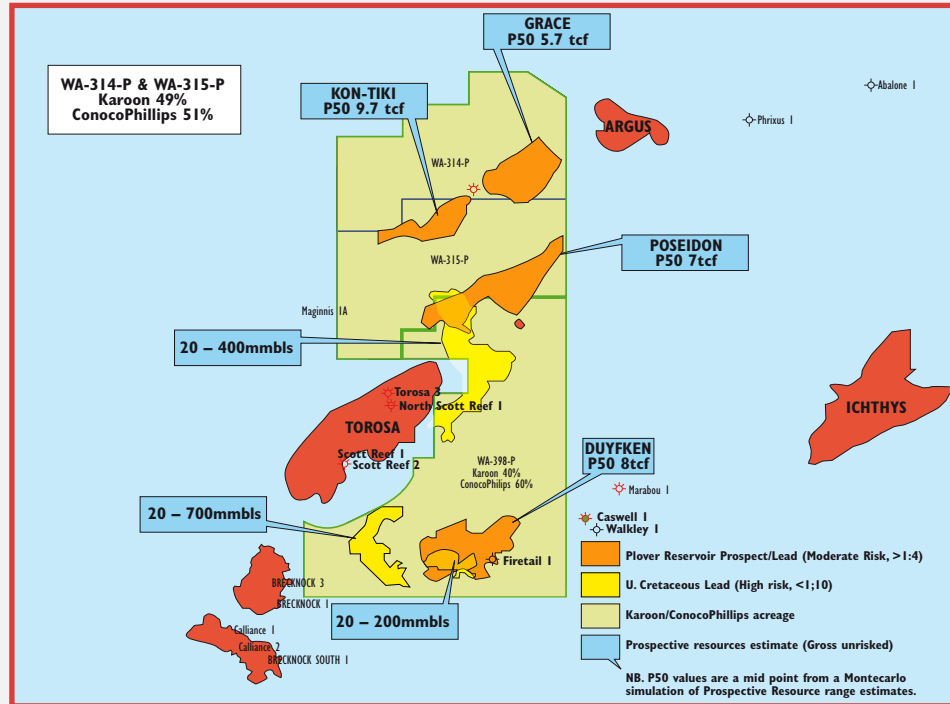
Browse Basin



Argus Gas/condensate field 2tcf ?

Woodside plans to spend US\$20 billion on LNG development
(WOODSIDE PUBLIC DOMAIN DATA)

Torosa / Brecknock giant Gas/condensate fields 21tcf P50 reserves 300mmbls condensate
(WOODSIDE PUBLIC DOMAIN DATA)



Inpex plans to spend US\$6 billion on LNG development
(INPEX PUBLIC DOMAIN DATA)

Ichthys Gas/condensate field 12.5tcf + 500mmbls condensate
(INPEX PUBLIC DOMAIN DATA)

Geological

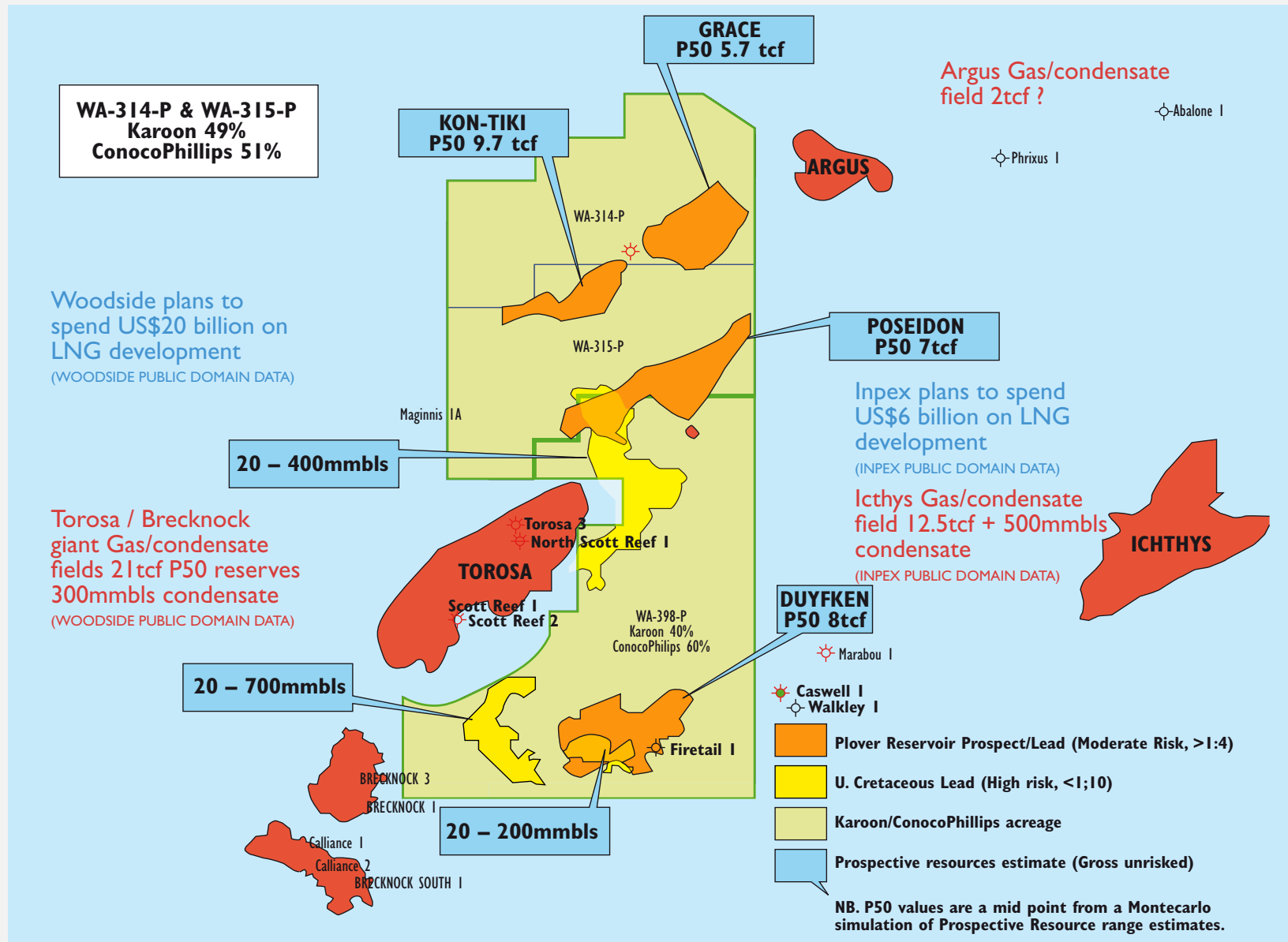
The acreage is immediately on trend with the giant Scott Reef/Brecknock gas fields discovered in the 1970s, which are currently being appraised and developed.

The same play type as Scott Reef/Brecknock with a number of large structures having been mapped in Karoon's permits immediately to the north and east of Scott Reef.

Political

Karoon's Australian Browse Basin permits are in a politically safe environment administered under a stable and tested legislative system. This equates to low commercial and sovereign risk, critical factors in large development projects.

KAROON GAS AUSTRALIA LIMITED



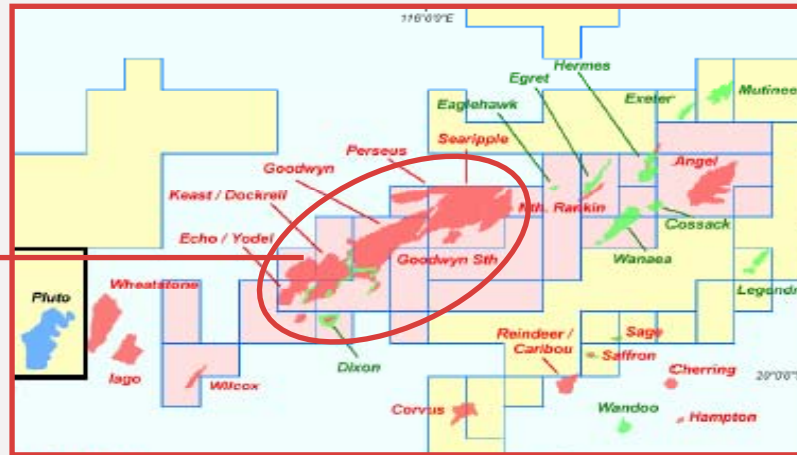
- Planned Karoon and ConocoPhillips JV expenditure in the Browse Basin for 2008-09 is approximately A\$250 million.

Comparisons

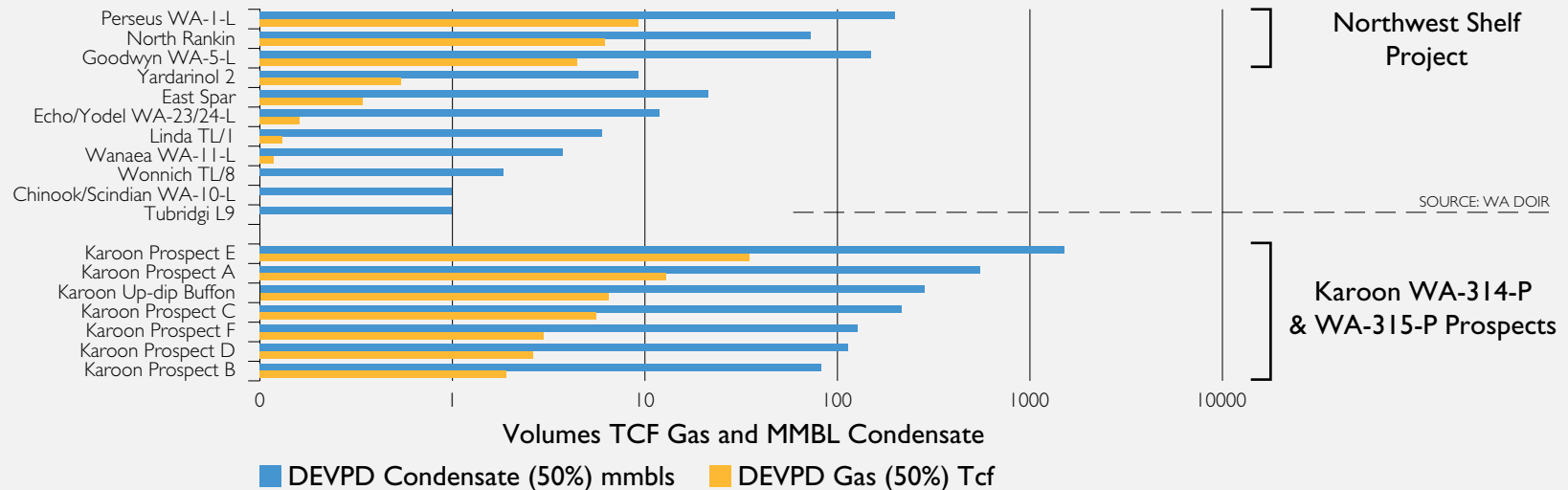
WA Fields Reserves v. Karoon's Exploration Prospects



WOODSIDE'S
NORTHWEST
SHELF
PROJECT



Allowing for some exploration failure, there is potential in the Karoon acreage for the discovery of reserves of similar magnitude to that of the NWS project.



Farm-out

Karoon Gas Australia Ltd has entered into agreements to farm out up to a 60% interest in its Browse Basin permits, WA-314-P and WA-315-P, to the ConocoPhillips.

ACQUISITION OF 51% INTEREST

ConocoPhillips will acquire a 51% interest in the permits by:

Seismic back costs US\$9.6 million

1 Paying Karoon US\$9.6 million in reimbursement of approximately 80% of the costs incurred in carrying out the second year work programme for the permits. This involved the acquisition, processing and interpretation of seismic surveys completed throughout 2006, comprising approximately 1200 sq kms of 3D Seismic and 800 kms of 2D seismic.

Fund 80% of two wells including testing

2 Funding 80% of the costs of the third year work programme for the permits, which will require the drilling of one exploration well in each permit, including testing. The cost of the third year work programme, which is subject to the 80% funding arrangement is estimated to be US\$60–80 million.

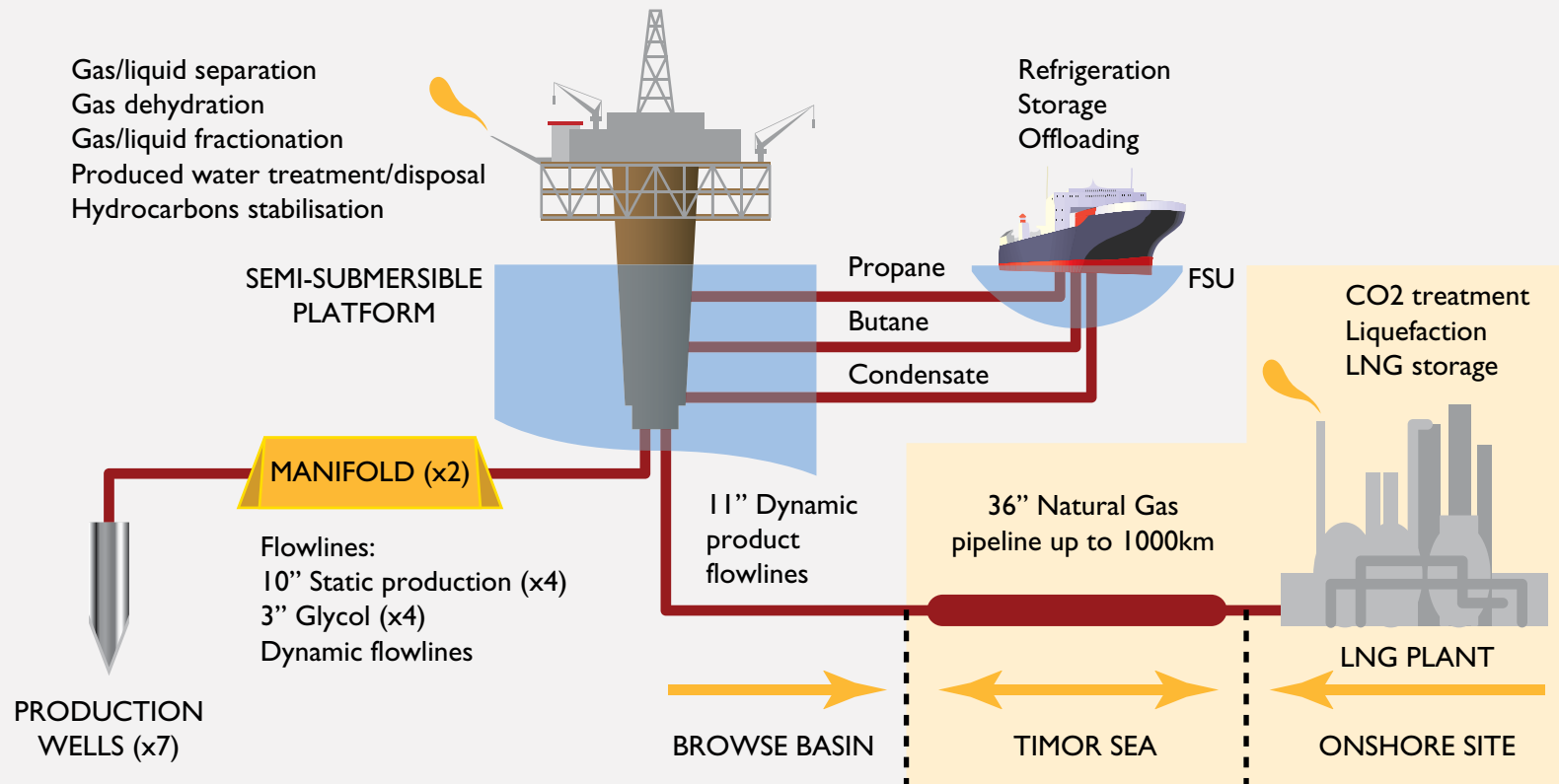
OPTION TO INCREASE INTEREST TO 60%

Fund 80% of next US\$125 million of expenditure

Pursuant to the agreements, ConocoPhillips has an option, upon completing its obligations relating to the acquisition of its 51% interest, to acquire a further 9% interest in the permits by paying 80% of the next US\$125 million of joint venture expenditure.

Schematic

KAROON LNG/CONDENSATE/LPG DEVELOPMENT MODEL ECONOMICS (7 TCF RESERVE CASES)
 Field development, pipeline and LNG facilities schematic (onshore LNG option)



LIQUID PRODUCTS (BASED ON BUFFON-I DATA)

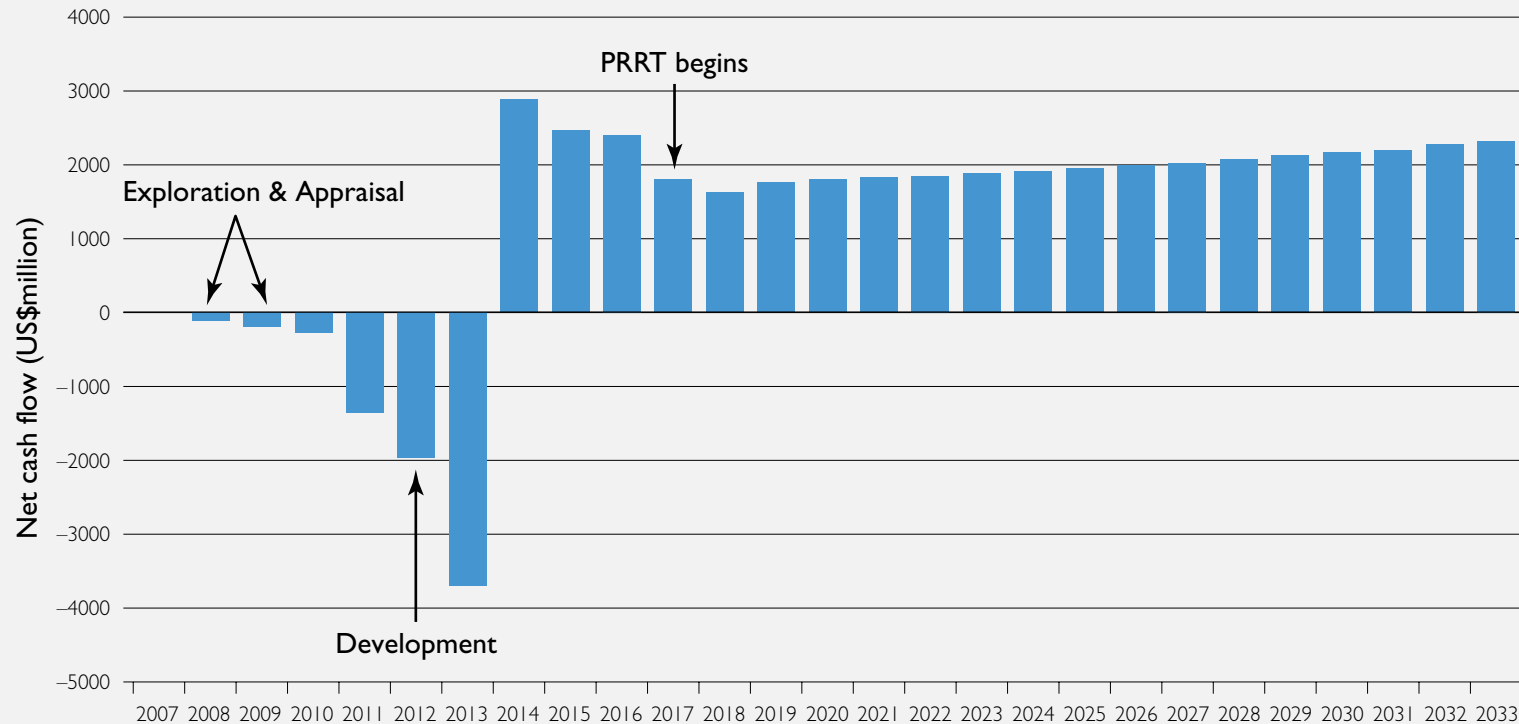
Condensate 33bbls/million cubic feet

Liquified petroleum gas (LPG) 68bbls/million cubic feet

Combined net cash flow

KAROON LNG/CONDENSATE/LPG DEVELOPMENT MODEL ECONOMICS

Estimated net cash flow for combined offshore liquids removal and onshore LNG – 100% Share



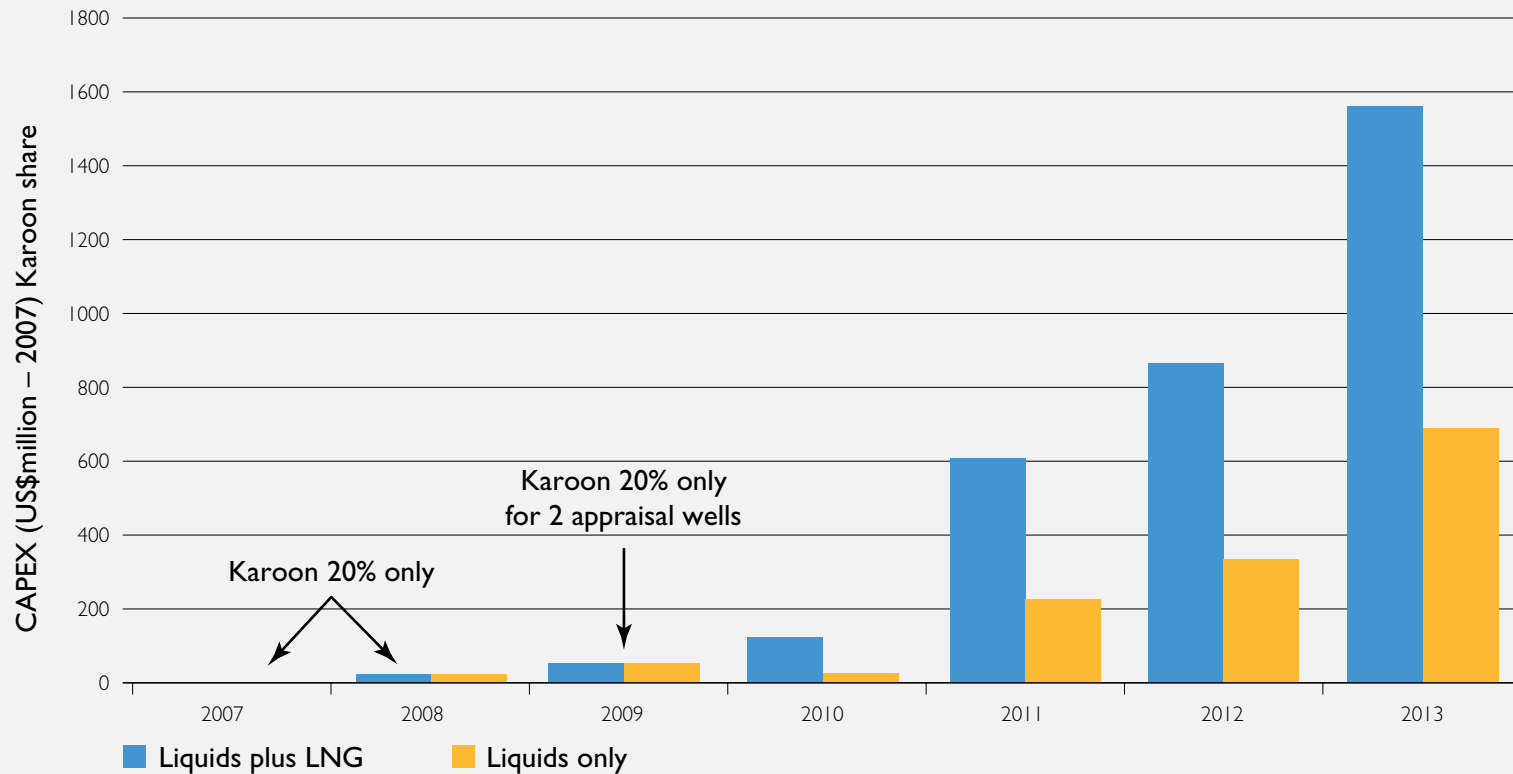
Project NPV US\$5.0 Billion, IRR 22%.

Assumptions: Condensate US\$50/bbl, LPG US\$40/bbl, LNG US\$5/MMbtu.

Capex profile

KAROON LNG/CONDENSATE/LPG DEVELOPMENT MODEL ECONOMICS

Karoon 40% share – 2007 US dollars

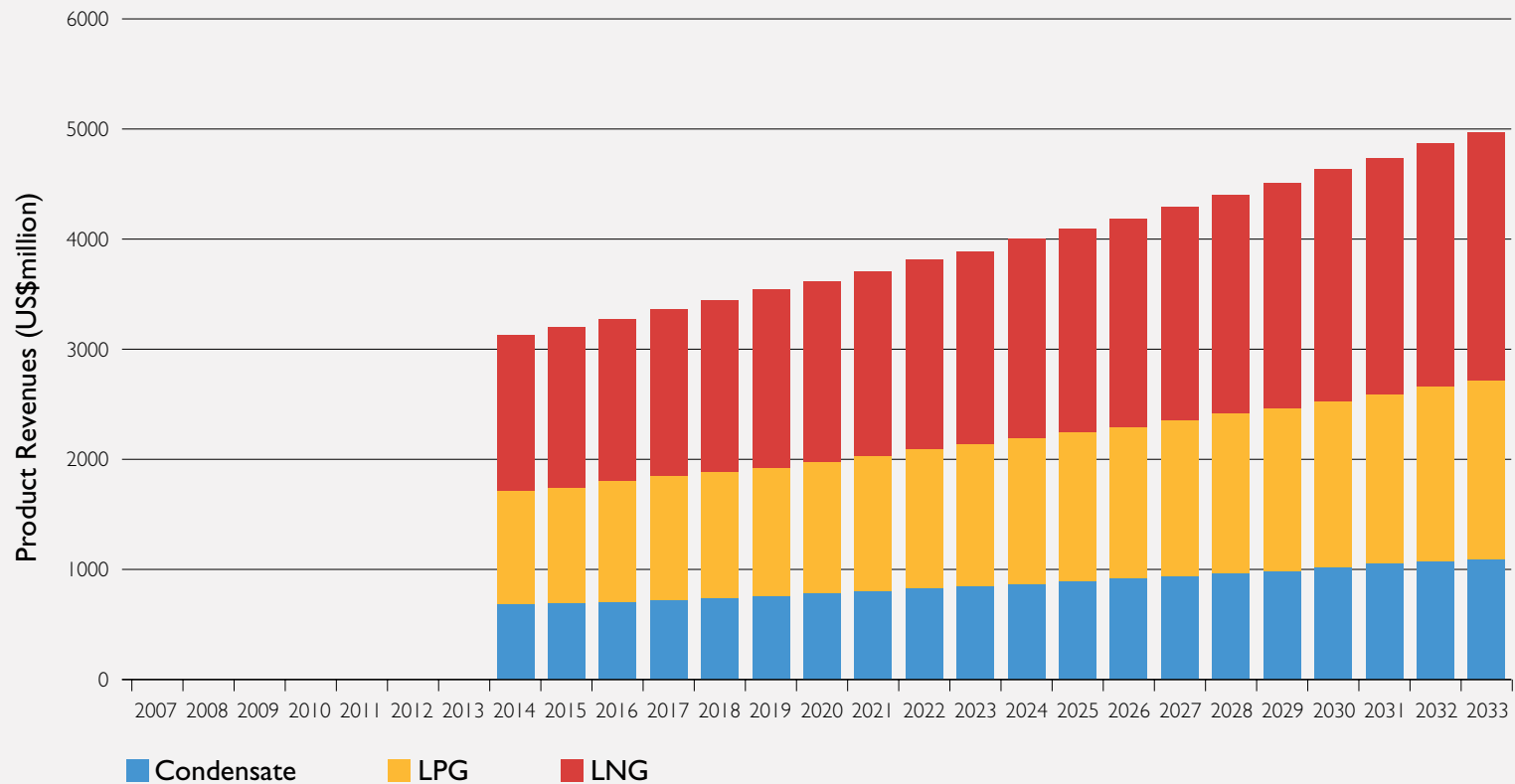


Total Capex liquids plus LNG = US\$3.2 billion

Total Capex liquids only = US\$1.4 billion

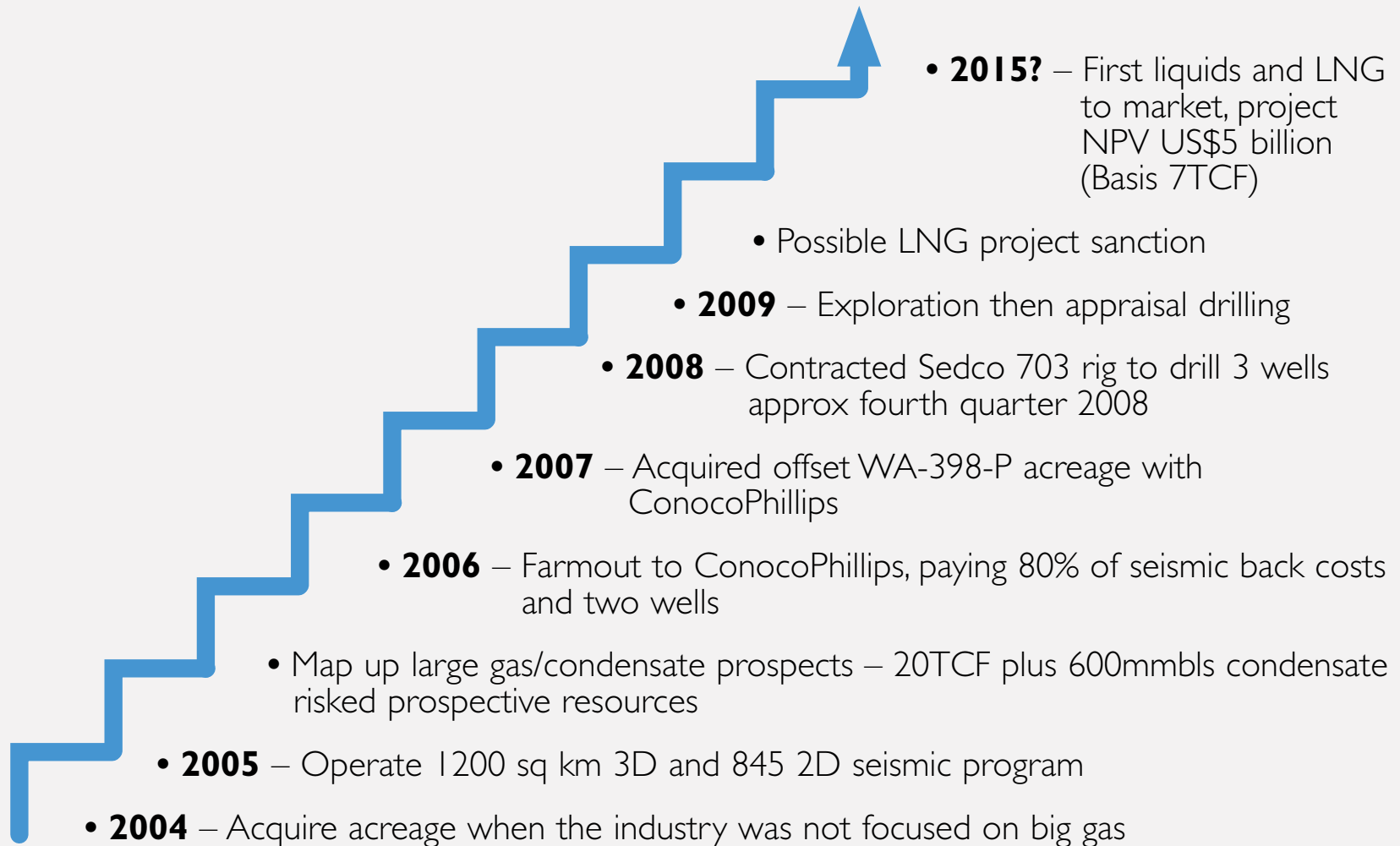
Product revenues

KAROON LNG/CONDENSATE/LPG DEVELOPMENT MODEL ECONOMICS
 Product revenues for combined offshore liquids removal and onshore LNG – 100% Share

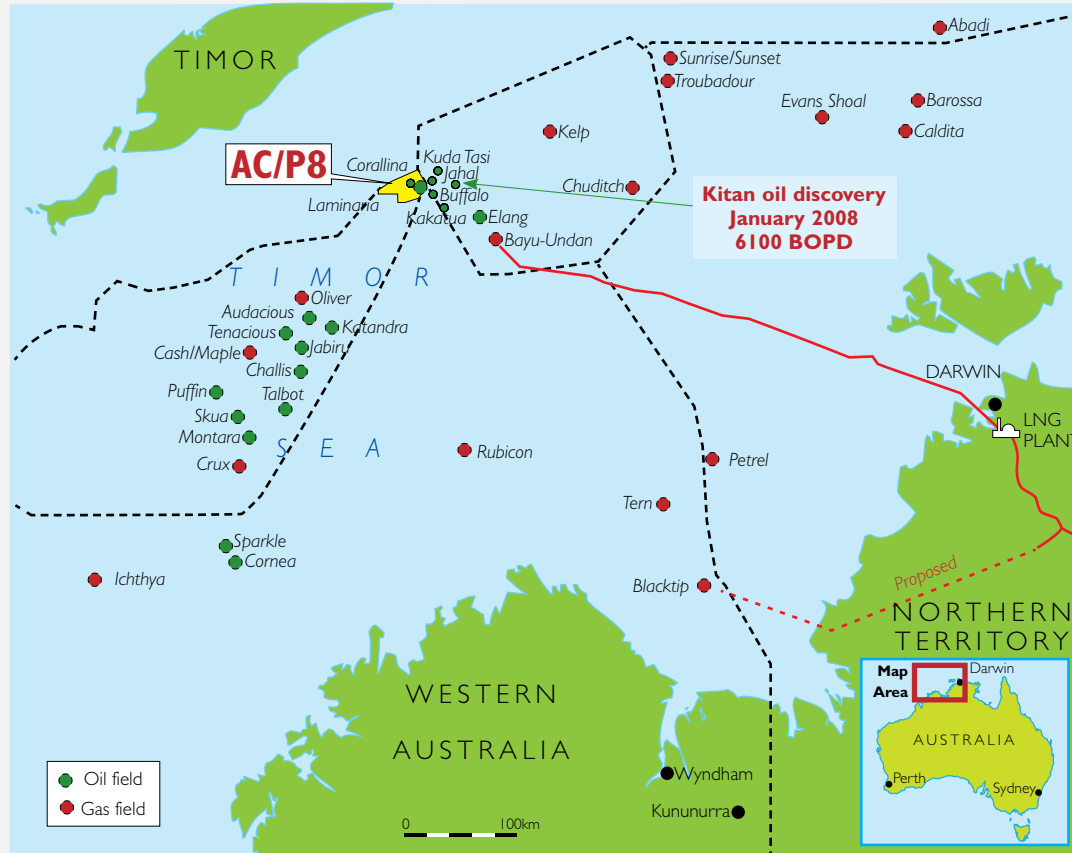


Liquids revenue similar to LNG

The journey – taking the steps



AC/P8



Location: Close to the Laminaria/ Corallina production facility with production tie in potential.

Potential: Main prospect 'Jania' with up to 20mml potential prospective resources (NPV A\$79 million).

5 additional leads with similar size potential.

Interest: 66% equity purchased from Woodside Petroleum.

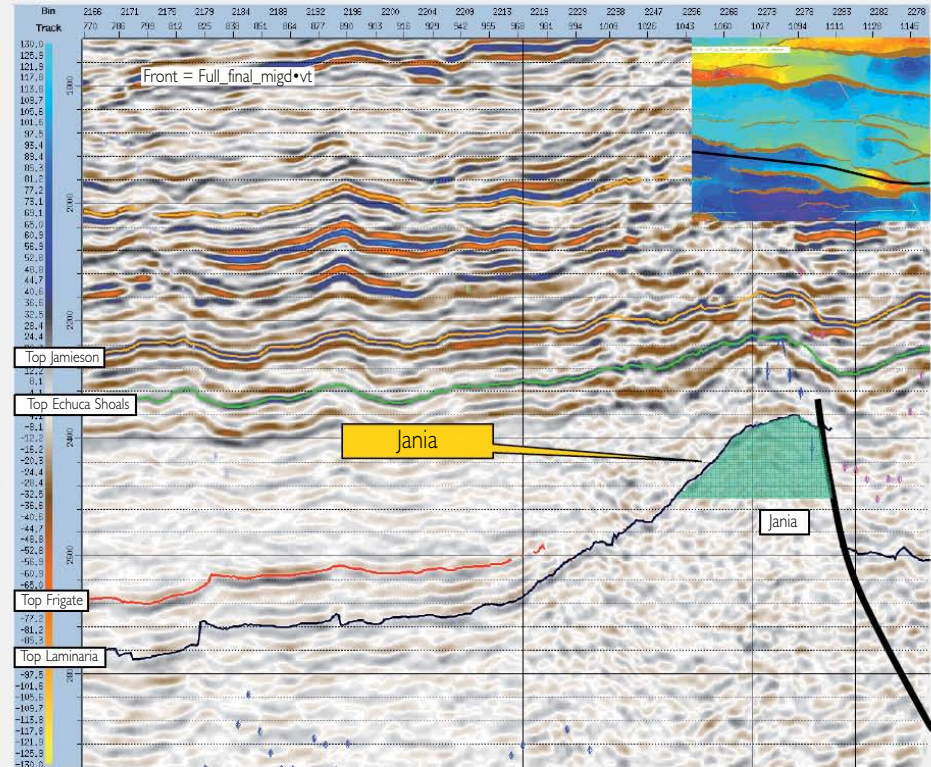
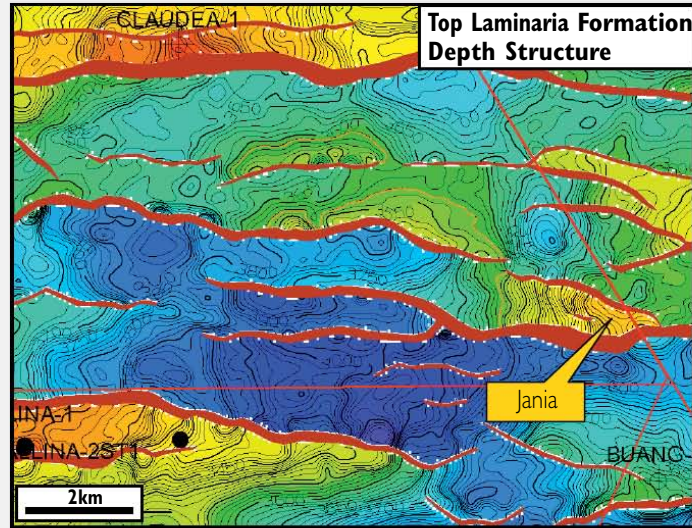
JV and work program:

Negotiated with the Government and awaiting final approval.

Talisman Energy 33%

Requires more geological and geophysical studies to identify high fill targets for drilling

AC/P8 Jania Prospect

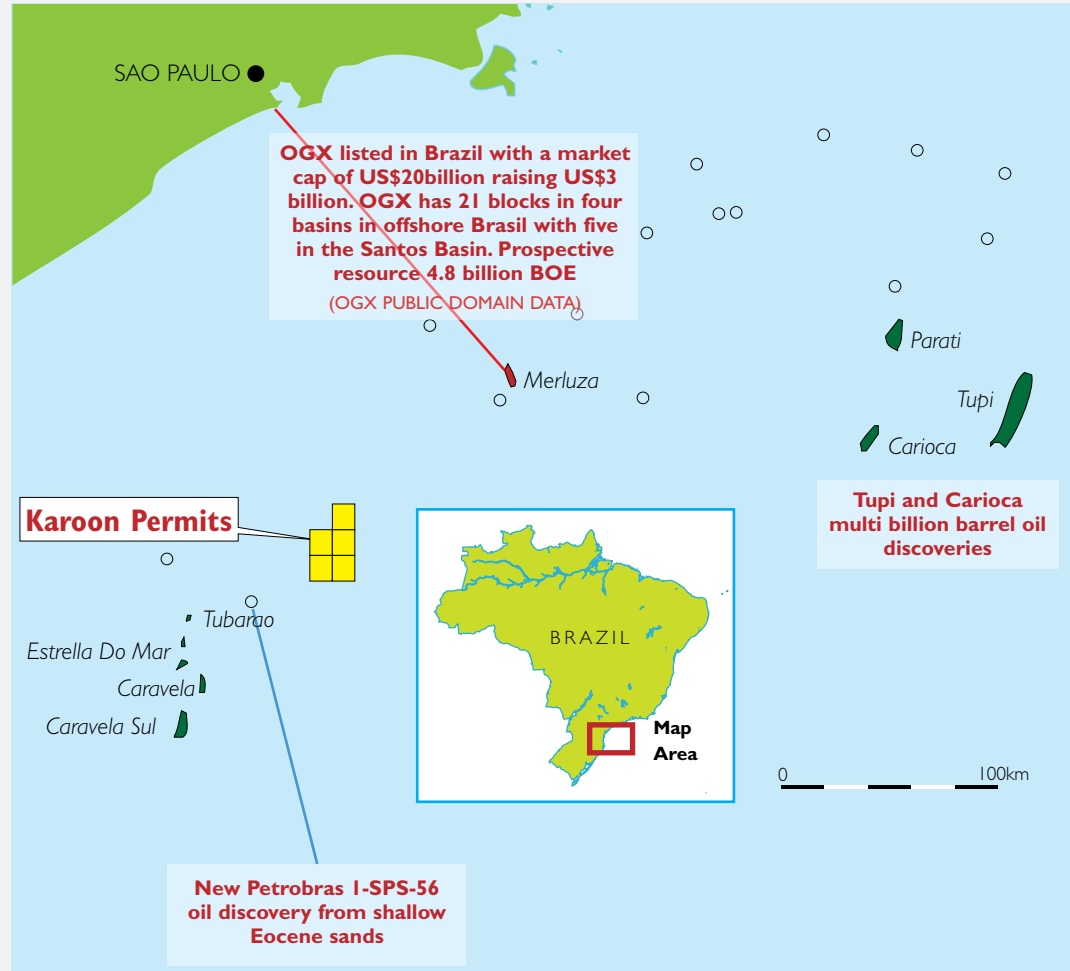


Laminaria and Plover Formation reservoir sealed by Frigate, Flamingo and Echuca Shoals Formations in horst block on trend with Jahal oil discovery. Potential prospective resource volumes: up to 20 mmbbl

South American Assets

- Karoon is securing high quality assets in South America in basins that by world standards are relatively under explored and have had limited exposure to the latest industry exploration technology.
- Increasing political stability has reduced sovereign and commercial risk in a number of South American nations.
- Technically and commercially this situation has created a favourable environment for Karoon to pursue high value exploration assets.
- At a minimum, assets being considered by Karoon are better than those currently available in Australia.

Brasil Santos Basin



Location: On trend with Caravela / Merluza fields.

Potential: 3 main leads with 100 to 200mml oil and/or multi TCF of gas prospective resources.

Additional leads potential recognised but yet to be defined.

Interest: Karoon 100% equity from bid round

JV and work program:

3 year Work Program

Purchased 3D seismic for PSDM

Acquire 510 sq. km. 3D over three blocks.

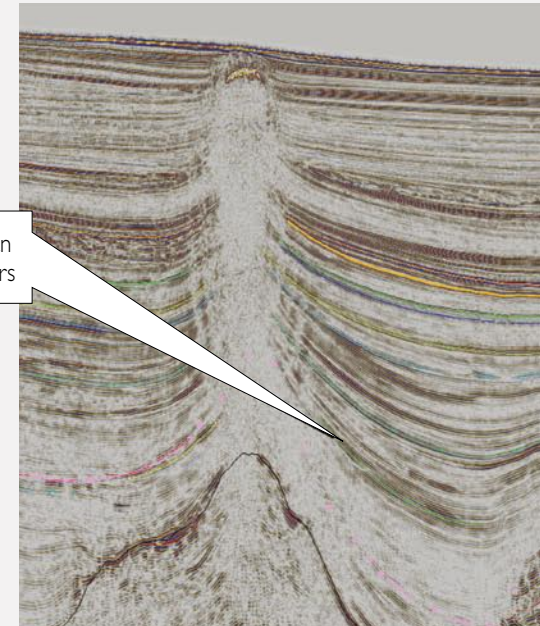
Karoon Santos acreage

SANTONIAN PLAY SUMMARY.

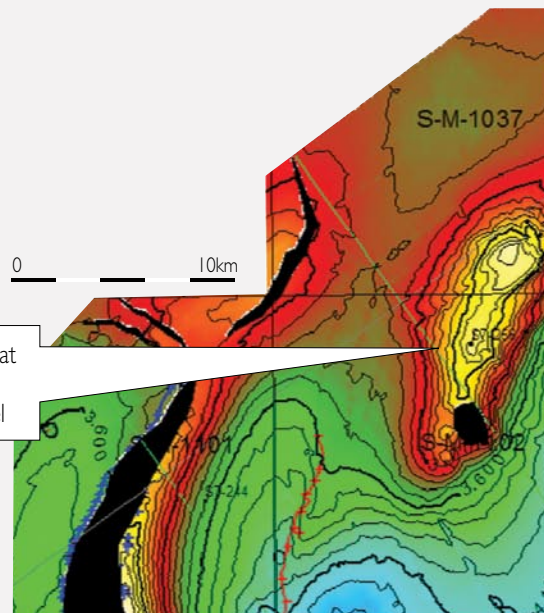
The salt related structural style in the Santos Basin creates large scale structures in Karoon's acreage where high quality Santonian reservoirs are interpreted to be present.

The oil and gas charge from both the pre salt (Tupi style) source rocks and the post salt source rocks is modeled to be sourcing the mapped structures providing sizeable prospective resources.

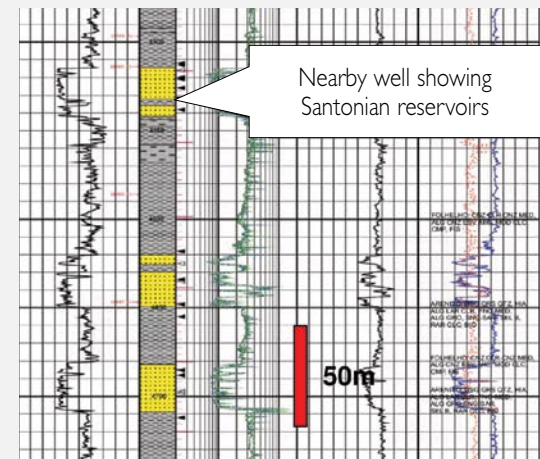
This Merluza field is in a similar play type in the Southern Santos Basin.



Santonian Reservoirs



Structural Lead at Santonian Reservoir Level



Nearby well showing Santonian reservoirs

Karoon Santos acreage

EOCENE PLAY SUMMARY.

I-SPS-56 Eocene discovery

Preliminary analyses; Oil's specific gravity is 36 °API (light).

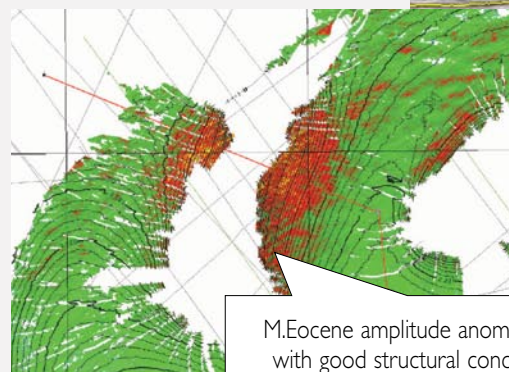
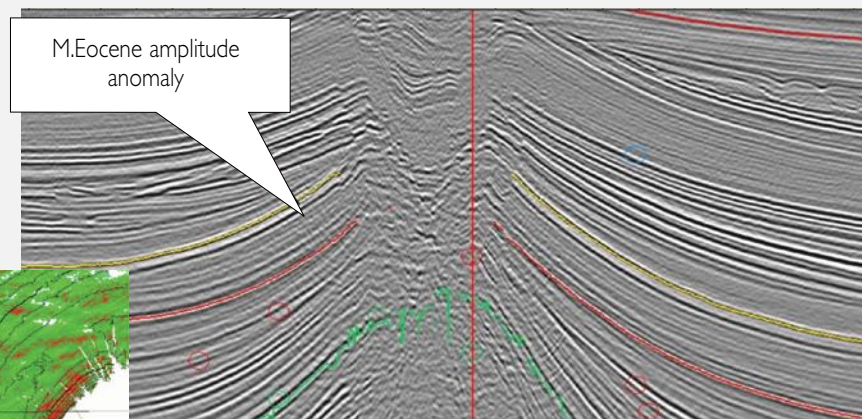
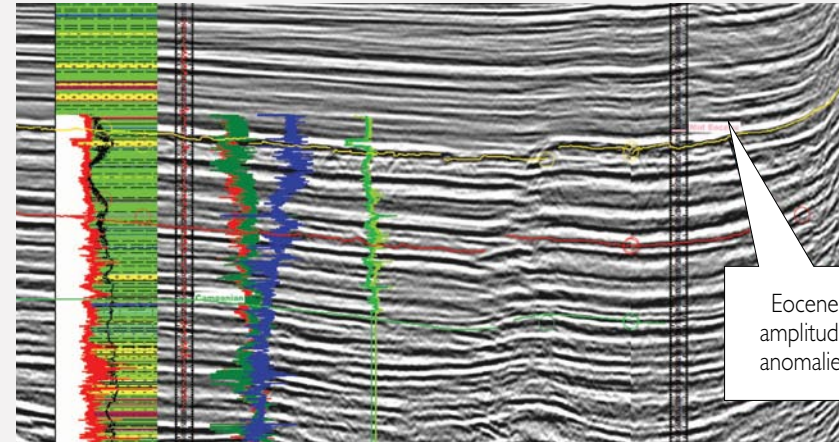
Lined well production test at 2080m proved high flows with potential production, per well, estimated at more than 12,000 barrels per day.

(SOURCE PETROBRAS)

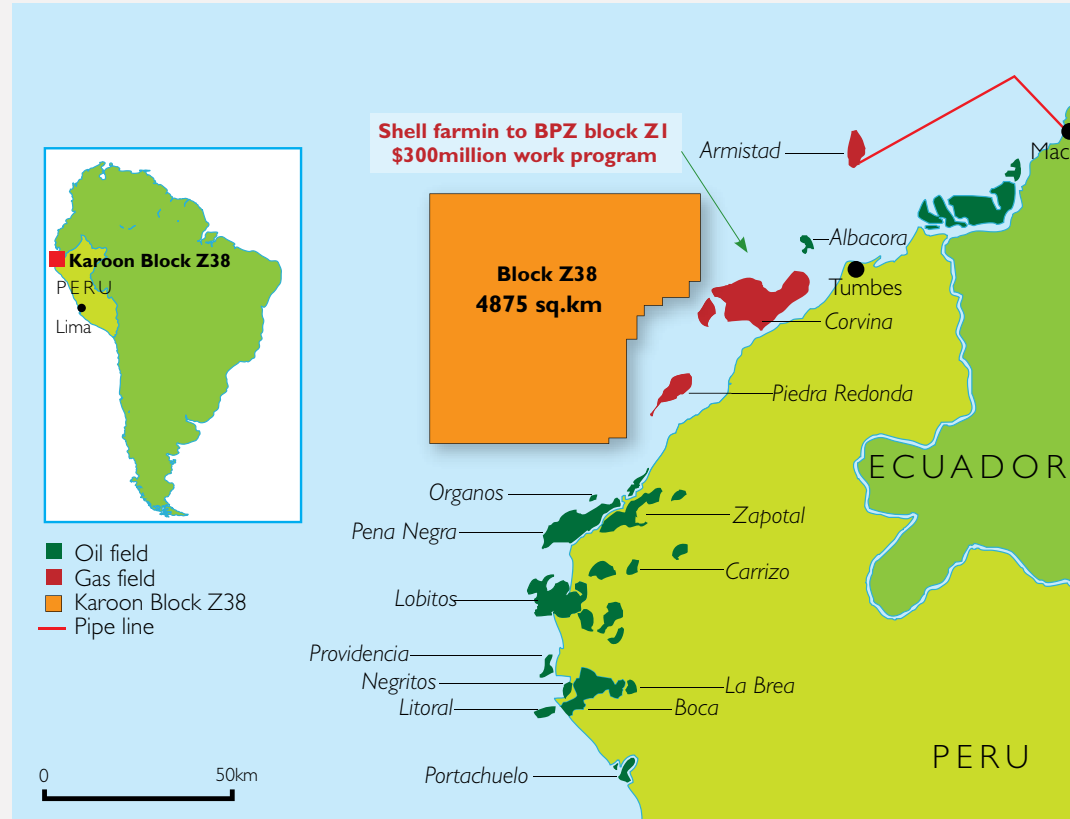
Log character suggests porosity – 35% from sheet lobe turbidite sands of Eocene age.

This discovery opens up a new play type in the Southern Santos Basin in which

Karoon is well positioned.



Peru Tumbes Basin Z38



Location: Offshore Peru close to producing fields and discoveries.

Potential: 2 main leads with 100 to 200mml oil or multi Tcf gas prospective resources potential

Additional leads potential recognised but yet to be defined.

Interest: Karoon earning up to 60% equity from funding of 2D and 3D seismic

JV and work program:

Vamex farm down to 40%

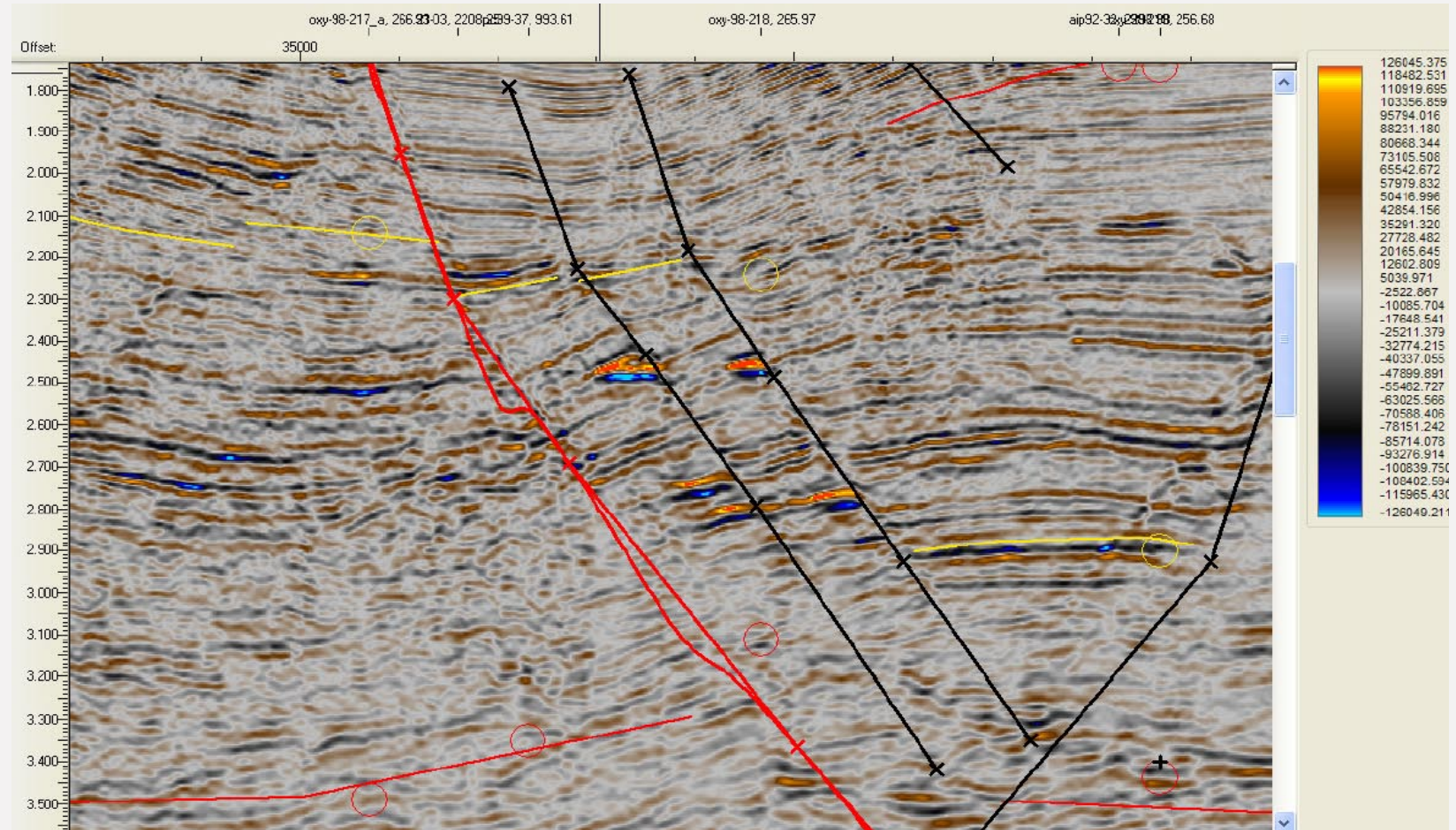
First phase (1.5 year) Work Program

Fund 2000km 2D seismic

Second Phase Acquire 600 sq. km. 3D

Peru Tumbes Basin Z38

SEISMIC LINE EXAMPLE.



Clear gas DHI's with flatspot and structural fit with amplitude ratio updip to downdip of around 5 to 10 times.

Conclusions

Australia

- Karoon has grown rapidly in the last four years, evolving into a company with a world class acreage position in the Browse Basin with a world class LNG operator in ConocoPhillips, already established with LNG production facilities in Darwin.
- The Browse Basin JV has embarked on an aggressive A\$250 million exploration campaign of 3D seismic and the drilling of at least one well in each of the three Browse Basin permits from the fourth quarter 2008 in a 200-225 day drilling campaign.
- The prospects are large with Karoon estimates for each in the 7 to 15 TCF range and rich in condensate and LPG.

South America

Karoon's South American focus area work has resulted in Karoon acquiring good acreage in:

- Brazil's Santos Basin with leads in the 200 to 300mmbbl prospective resources range;
- Peru's Tumbes Basin with leads in the 100 to 200mmbbl prospective resources range.

These new assets will underpin Karoon's growth into the future providing a high value, diverse and risk balanced portfolio.