



KAROON

Gas Australia Ltd

ASX QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2010

Appendix 5B (Unaudited)

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Karooon Gas Australia Ltd

ABN

53 107 001 338

Quarter ended ("Current Quarter")

30 June 2010

Consolidated statement of cash flows

	Current Quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(64,529)	(157,485)
(b) development	-	-
(c) production	-	-
(d) administration	(3,003)	(7,034)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	660	4,954
1.5 Interest and other costs of finance paid	(65)	(244)
1.6 Income taxes paid	-	-
1.7 Other - GST refunds	121	572
Net operating cash flows	(66,816)	(159,237)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) security deposits (net)	(394)	(1,768)
(c) other fixed assets	(106)	(520)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(500)	(2,288)
1.13 Total operating and investing cash flows (carried forward)	(67,316)	(161,525)

	Current Quarter \$A'000	Year to date (12 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(67,316)	(161,525)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	29,592
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 – Equity raising costs	-	(801)
Net financing cash flows	-	28,791
Net increase (decrease) in cash held		
1.20 Cash as at beginning of Current Quarter/ year to date	(67,316) 152,008	(132,734) 228,238
1.21 Exchange rate adjustments to item 1.20	2,430	(8,382)
1.22 Cash as at end of Current Quarter	87,122	87,122

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	316
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: \$32,700
Consulting fees included in 1.23: \$283,710

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

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

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 the next quarter

	\$A'000
4.1 Exploration and evaluation expenditure	8,800
4.2 Development expenditure	Nil
4.3 Production expenditure	Nil
4.4 Administration expenditure	3,600
Total	12,400

Reconciliation of cash

Reconciliation of cash as 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 at banks and on hand	25,951	67,008
5.2	Short term bank deposits	61,171	85,000
5.3	Bank overdraft	-	-
5.4	Other	-	-
	Total: Cash as at end of Current Quarter (item 1.22)	87,122	152,008

Changes in interests in tenements

	Tenement reference	Nature of interest (note (2))	Interest as at beginning of Current Quarter	Interest as at end of Current Quarter
6.1	Interests in tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in tenements acquired or increased	-	-	-

Issued and quoted securities as 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 Preference + securities <i>(description)</i>				
7.2 Changes during Current Quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary shares (fully paid)	177,546,198	177,546,198		
7.4 Changes during Current Quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Shares out of escrow				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during Current Quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	1,205,000		295 cents	31 October 2010
	90,000		400 cents	30 October 2010
	250,000		400 cents	30 April 2011
	1,500,000		450 cents	30 April 2011
	2,505,000		500 cents	30 April 2011
	200,000		684 cents	30 October 2011
	1,800,000		1150 cents	18 November 2013
	1,530,000		1407 cents	12 November 2013
7.8 Issued during Current Quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.9 Exercised during Current Quarter			<i>Exercise price</i>	
7.10 Expired during Current Quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- A. 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 4).
- B. This statement does give a true and fair view of the matters disclosed.



Signed:

Date: 4 August 2010

(Company Secretary)

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 6 *'Exploration for and Evaluation of Mineral Resources'* and AASB 107 *'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.

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Appendix 1

Schedule of Interests

Held by the Karoon Gas Australia Ltd Group

As at 30 June 2010

<u>Exploration permit</u>	<u>Basin</u>	<u>Operator</u>	<u>% interest held</u>
AC/P8	Bonaparte, Australia	Karoon	66.67
WA-314-P	Browse, Australia	ConocoPhillips	40.00 ⁽¹⁾
WA-315-P	Browse, Australia	ConocoPhillips	40.00 ⁽¹⁾
WA-398-P	Browse, Australia	ConocoPhillips	40.00
Block 1037	Santos, Brazil	Karoon	100.00
Block 1101	Santos, Brazil	Karoon	100.00
Block 1102	Santos, Brazil	Karoon	100.00
Block 1165	Santos, Brazil	Karoon	100.00
Block 1166	Santos, Brazil	Karoon	100.00
Block 144	Maranon, Peru	Karoon	100.00
Block Z-38	Tumbes, Peru	Karoon	75.00 ⁽²⁾

(1) 1.5% over-riding royalty for first five years, going to 2% thereafter.

(2) Subject to regulatory approvals and completion of second and third year work commitments.