



ASX RELEASE

2nd September 2005

Victorian West Gippsland Basin acreage activity update.

Victorian Gippsland Assets

Karoon wishes to advise that the planned 2D seismic program for the onshore Western Gippsland Basin has been bought forward and is to commence late September early October 2005.

The program is designed to follow through on encouraging results from Megascoides-1. The 2D seismic program comprises of approximately 290km and shall allow Karoon to high grade the oil prospects and coal bed methane (cbm) potential.

As a result of the early seismic program it is anticipated that the planned drilling program may commence second quarter 2006, dependent on seismic results, number of wells and drilling rig availability.

Browse Basin Western Australia 3D seismic program

The 3D seismic survey is anticipated to commence late October early November 2005.

For further information please contact:

Robert Hosking
Executive Director
Phone: 03 5974 1044
Fax: 03 5974 1644
Email: rhosking@karoongas.com.au