



Allens Arthur Robinson

Date 2 March 2007

ABN 47 702 595 753

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From David Wenger / Harry Theodore

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To **Company Announcements**, Australian Stock
Exchange, Sydney NSW

Fax 1900 999 279

Correspondence
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Sydney NSW 2001
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DX 105 Sydney

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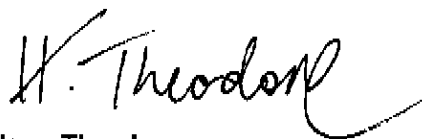
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Dear Sir/Madam

**Karoon Gas Australia Limited – Notice of ceasing to be a
substantial shareholder**

We act for Rubicon Master Fund and attach a Form 605 "Notice of ceasing to be a substantial
shareholder" executed by our client.

Regards



David Wenger
Partner

David.Wenger@aar.com.au
Tel 61 2 9230 4680

Harry Theodore
Lawyer

Harry.Theodore@aar.com.au
Tel 61 2 9230 4507

Our Ref DWWS:HATS:205644448

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Form 605
Corporations Act 2001
Section 671B

Notice of ceasing to be a substantial holder

To: Company Name/Scheme KAROON GAS AUSTRALIA LIMITED

ACN/ARSN 107 001 338

1. Details of substantial holder (1)

Name Rubicon Master Fund, Rubicon Fund Management Ltd, Rubicon Fund Management LLP (together, the Rubicon Entities) and Paul Anthony Brewer, Jeffrey Eugene Brummette, William Francis Callahan, Vlas Gaskari, Robert Michael Greenshields and Horace Joseph Leitch (the Principals)

ACN/ARSN (if applicable) _____

The holder ceased to be a substantial holder on _____

The previous notice was given to the company on 23/01/2007

The previous notice was dated 29/03/2005

2. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation to change (5)	Class (6) and number of securities affected	Person's votes affected
23/01/2007	The Rubicon Entities and the Principals	Sale of securities	\$683,705 AUD	380,597 ordinary shares	380,597

3. Changes in association

The persons who have become associates (3) of, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

4. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Rubicon Master Fund	P.O. Box 309, Upland House, George Town, Cayman Islands
Rubicon Fund Management LLP	103 Mount Street, London, W1K2TJ, U.K.
Rubicon Fund Management Ltd	c/- Rubicon Fund Management LLP, 103 Mount Street, London W1K2TJ, U.K.
The Principals	c/- Rubicon Fund Management LLP, 103 Mount Street, London W1K2TJ, U.K.

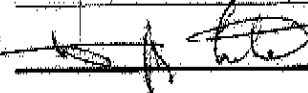
Signature

print name

H. Joseph Leitch, Partner
Rubicon Fund Management LLP
Investment Manager to Rubicon Master Fund

capacity

sign here



date 29 10 2006