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**Australian Stock Exchange  
Electronic Lodgment**

**DRILLING REPORT FOR KIANA-1, PEL 107  
SOUTH AUSTRALIAN COOPER BASIN**

Great Artesian Oil and Gas Limited ("Great Artesian") wishes to announce the following status of the Kiana-1 oil exploration well, as at 0900 hours CST 6 September 2005, currently being drilled by Beach Petroleum Limited ("Beach") on behalf of the PEL 107 Joint Venture.

|           |                                |
|-----------|--------------------------------|
| Depth     | 1948 m                         |
| Operation | Conducting Drill Stem Test # 4 |

DST #4 is currently being conducted over the interval 1939 to 1948m within the Patchawarra Formation. DST #4 has flowed gas to surface after 2 minutes into the pre-flow, and oil to surface after 9 minutes into the main flow, periods. The full results of DST #4 will be communicated to the market once they become available later in the day.

Participants in the Kiana-1 well are

|                                      |      |
|--------------------------------------|------|
| Beach (Operator)                     | 40%  |
| Great Artesian                       | 30%* |
| Magellan Petroleum Australia Limited | 30%* |

\* Magellan's interest is subject to a farmin with Great Artesian and conditional upon a commercial discovery.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R. Shaw', is written over a horizontal line.

Dr Raymond D. Shaw