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6 September 2005

Stock Exchange Release/Media Announcement

Kiana-1 : Great Artesian's First Oil Discovery

Great Artesian Oil and Gas Limited ("Great Artesian") announce that the Kiana-1 well has resulted in oil discovery. Drill Stem Test #4, completed earlier today over the interval 1939 to 1948 m, flowed gas at 2.98 million cubic feet per day with 1100 BOPD of 52 degree API oil, with no water, at a stabilized rate through a ½" choke.

This is the first oil discovery for Great Artesian since listing on the ASX in August 2003. The Kiana prospect is located in PEL 107 and is traversed by an existing oil pipeline, connected to the adjacent Spencer Oil Field. The nearest gas pipeline is located approximately 6 km to the southeast.

"This is an excellent result and with such close proximity to infra-structure we look forward to completion and production within a relatively short timeframe" the Chairman of Great Artesian, Mr Norm Zillman said.

"This discovery, together with our previous Paranta and Smegsy gas-condensate discoveries, establishes Great Artesian's position as a future significant player in the South Australian Cooper Basin", Mr Zillman continued.

Participants in the Kiana-1 well are Beach (Operator) 40%, Great Artesian 30%* and Magellan Petroleum Australia Limited 30%*.

Kiana-1 is the first of a 10-11 well exploration drilling program undertaken by Great Artesian following its successful capital raisings in June and July 2005. Immediately following Kiana-1 the rig will move approximately 12km to the southwest where it will drill the Tyinga Prospect, also located in PEL 107.

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