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KIANA-1 PRODUCTION TESTING : FIRST OIL TO MARKET

Great Artesian Oil and Gas Limited (ASX: GOG), wishes to advise that testing of the Kiana-1 oil and gas discovery well has resulted in production of Great Artesian's first crude oil. The first shipment of 64,700 litres of crude oil (approximately 407 barrels) was up-loaded into tanker trucks and sent to Moomba for refining and transportation to market on 14 November 2005. This crude is being produced during testing undertaken by Beach Petroleum Limited ("beach") as operator for the joint venture which comprises Beach (40%), Great Artesian (30%) and Magellan Petroleum Australia Limited (30%).

Production testing of Kiana-1 over the zone across which DST #4 was conducted in the Patchawarra Formation commenced on 12 November 2005 and is expected to take between one and two weeks to complete. Subject to operations a deeper zone may also be tested at the conclusion of this current program. The deeper zone recovered oil in a formation testing tool during the recent drilling of the Kiana-1 well, but hole conditions prevented open hole drill stem testing of this interval.

As announced to the ASX on 6 September 2005, Kiana 1 well has resulted in an oil and gas discovery. Drill Stem Test #4, conducted over the interval 1939 to 1948 m, flowed gas at 2.8 million cubic feet per day with 1100 BOPD of 52 degree API oil, and no water, at a stabilized rate through a ½" choke. Initial clean up flow through cased hole suggested flow rates of more than 500 BOPD.

"This marks the first oil production for Great Artesian and coupled with the recent announcement that pipeline construction for connection of the Smegsy gas condensate field was soon going to start, this brings a fitting end to a successful year for shareholders", Great Artesian's Chairman Mr Norman Zillman, said.

Subject to the results of this production testing facilities will be upgraded to allow for permanent or semi-permanent storage and truck on-loading facilities. Consideration will also be given to drilling a Kiana-2 well once the testing results have been fully evaluated by the Joint Venture.

Currently two, 880 barrel storage tanks, a gas liquids separator and various well head equipment has been installed at the Kiana-1 site (see photographs).

Further information can be obtained from Dr Ray Shaw, Managing Director, Great Artesian Oil and Gas Limited and the GOG Web-site, www.greatoil.com.au.

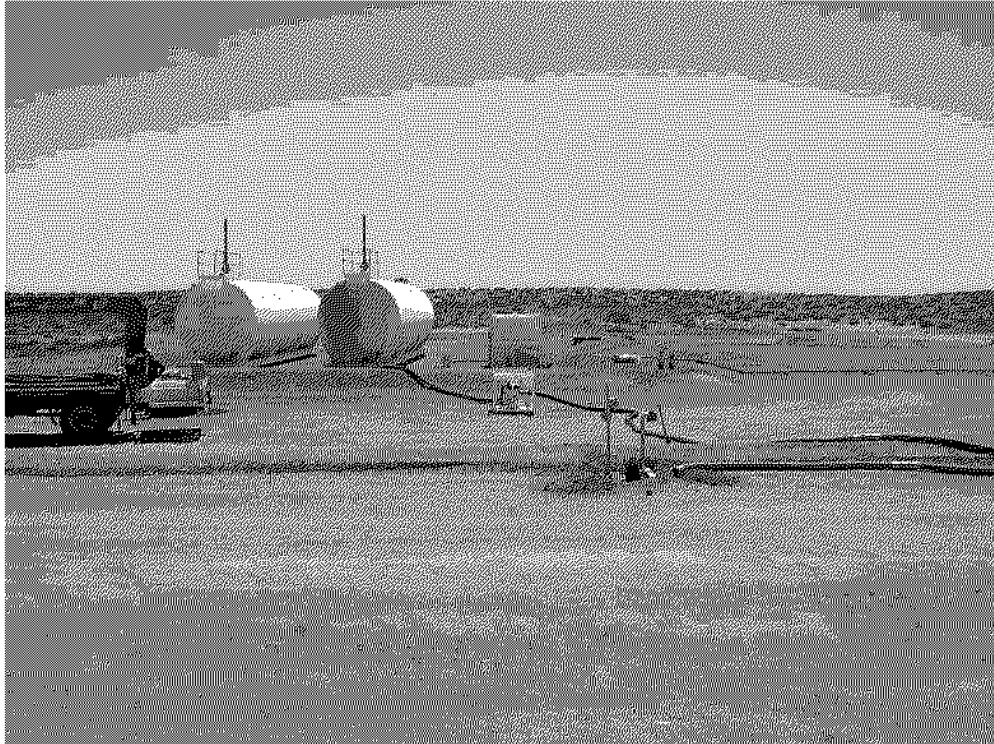


Photo 1 ; Storage tanks at the Kiana-1 location.

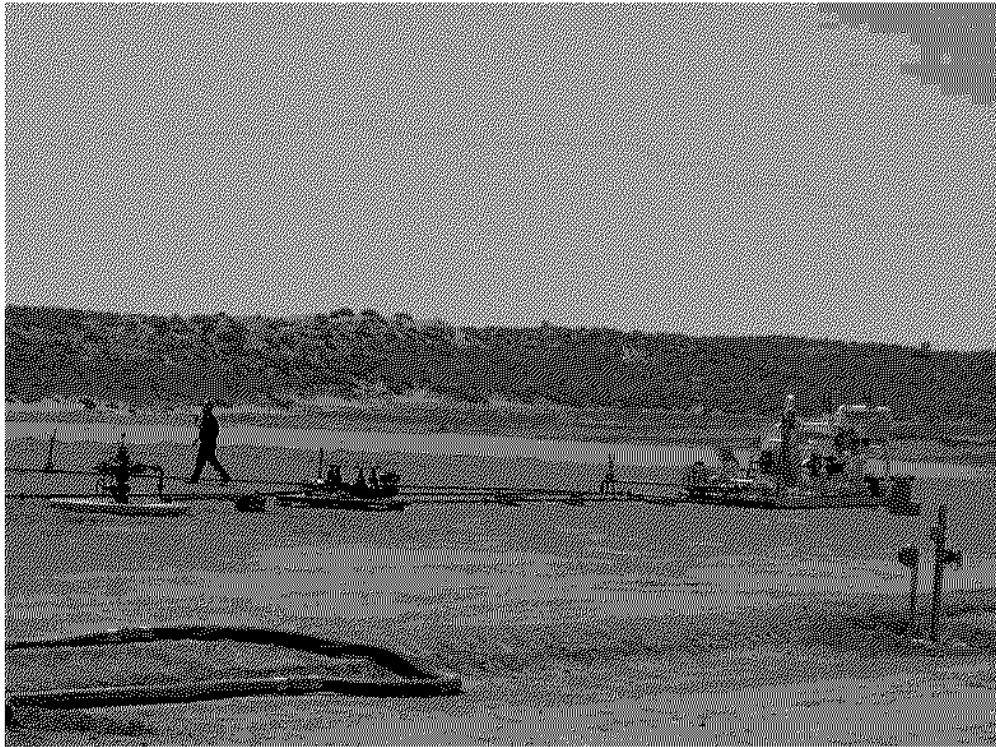


Photo 2 : Separator, well head and flow line connection at Kiana-1.