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FOR IMMEDIATE RELEASE
Monday 5 June, 2006

BEACH PETROLEUM BOOSTS COOPER BASIN INTERESTS WITH

ACQUISITION OF 19.9% INVESTMENT IN GREAT ARTESIAN

Beach Petroleum Limited today announced that it had acquired a significant strategic shareholding in ASX-listed Cooper Basin producer, Great Artesian Oil and Gas Limited, in a $14.5 million off market transaction.

Beach – one of Australia's Top 10 petroleum producers and explorers – said today the investment in Great Artesian would add to its already considerable Cooper Basin interests and build a strong alliance at a time of increasing independent gas development and marketing potential for the province.

The investment, fully funded internally, is the latest in a string of diversified expansions by Beach Petroleum which has recently included moving to 50% ownership of the Basker, Manta and Gummy oil and gas fields offshore Victoria, and the Company's first foray into coal seam gas through funding the A$35 million first stage development of the Tipton West project in Queensland.

Adelaide-based Beach said today it had paid A$0.50 cents a share to acquire 29 million shares in Great Artesian, in a parcel offered for sale by that company's three founding directors, Messrs Norman Zillman, Michael Callahan and Managing Director, Dr Ray Shaw.

Each of the founders continues to hold shares and/or options in Great Artesian.

The acquisition price represents a 35% premium to Great Artesian's ASX closing price of A$0.37 cents on Friday June 2, 2006.

Messrs Zillman and Callahan have agreed to step down from the Great Artesian Board to make way for three Beach Petroleum nominees. Beach has endorsed Dr Shaw continuing to oversee the management of Great Artesian in the role of Managing Director of Great Artesian.

The two companies have been successful joint venture partners in the Cooper Basin and only a week ago, enhanced their partnership on a farmin block in a corner of PEL 106, southwest of Moomba, and host to the recent Middleton-1 high flow rate gas discovery.

“Taking a direct stake in Great Artesian is a strategic investment opportunity. We have a successful track record of picking such opportunities where value can be added with Beach’s strong financial position,” Beach Petroleum’s Managing Director, Mr Reg Nelson, said today.

“Our recent discoveries on the Cooper Western Flank with Great Artesian and in other joint ventures have confirmed our view that this has become a highly prospective region for both oil and gas.

We know the Cooper Basin well, we have respect for the potential of Great Artesian’s Cooper Basin interests, as well as its other assets, and we expect that this larger alliance will provide greater independence of action in oil and gas development and marketing opportunities,” Mr Nelson said.

“Beach brings additional exploration, field development and production experience to Great Artesian and this will prove to the benefit of both Beach and Great Artesian shareholders.

“It also enhances competition in the marketplace, particularly now that we are seeking to maximize the value of recent gas discoveries and pursue a multitude of prospects and leads along the prospective Cooper Western Flank.”

Beach has achieved significant success within its permits along the Cooper Western Flank, starting with its first drilling of Sellicks-1 in 2001 up to a new oil pool discovery in Sellicks-2 within the past two weeks. New field discoveries within the region include Sellicks, Christies, Kiana, Silver Sands, Udacha and Middleton.

Beach has also recently acquired the rights to operate and to move to a 50% interest in VIC P/46 tenement in the offshore Otway Basin of Victoria, which is adjacent to Great Artesian’s tenement in the Basin in offshore South Australia.

”We believe that today’s transaction has cemented an alliance that will benefit both companies in discovering, developing and marketing oil and gas, with a sustainable independence, in regions that are key to eastern Australian markets.” Mr Nelson said

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