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Up-date on Activities

Great Artesian Oil and Gas Limited ("Great Artesian" ASX Code : GOG) wishes to advise on the following activities.

1. Cased Hole Production Testing of Udacha-1 and Middleton-1.

Field work for conducting the cased hole production testing at Udacha-1 and Middleton-1 is continuing. Middleton-1 is currently flowing at a stabilized rate of 12 million cubic feet per day through a 52/64" choke. To-date approximately 100 million cubic feet of gas and 1000 barrels of condensate have been produced on test. Once approximately 200 million cubic feet of gas has been produced the well will be shut-in for approximately 20 days for pressure buildup tests. Udacha-1 is now shut-in for 20 days in order to ascertain pressure build-up after flowing at a stabilized flow rate of approximately 1 million cubic feet per day. Testing entails a series of controlled gas flows and shut-ins for pressure build up. Following completion of the pressure buildups, and retrieval of pressure data, the test results will then be analysed to determine Gas In Place.

2. Forward Drilling Program

Beach Petroleum Limited, operator of PPL 212 and PEL 107, has advised that Century Rig #3 will probably move onto the Kiana-2 site next week. Drilling of the proposed five well back-to-back program is expected to commence on October 4, 2006. The five well program in PEL 107 and PPL 212, is focused on oil targets. The first well, Kiana-2, is an appraisal well of the Kiana Oil field (GOG 30%) which will test the potential of a separate sub-culmination located approximately 750m to the SW of Kiana-1. This will be immediately followed by Keeley-1, Talia-1, Appadare-1 and subject to confirmation by recently acquired seismic, Cabbots-1. Great Artesian's interests in these exploration wells are subject to pre-existing farmout arrangements, however, the company will retain a minimum 30% in each well. A location map of the proposed wells is attached.

Further information can be obtained from Dr Ray Shaw, Managing Director, Great Artesian Oil and Gas Limited (Telephone 02- 9929 3383) or from the Great Artesian web-site, www.greatoil.com.au.

Yours faithfully,

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

Dr Ray Shaw,
Managing Director.

