

31 May 2007

Media/News Release

Australian Stock Exchange Ltd
Companies Announcement Office
Electronic Lodgement System

Red Sky commits \$1 million to Great Artesian's drilling program

Red Sky Energy Limited (ASX:ROG) has committed to fund up to three exploration wells in Great Artesian Oil and Gas Limited's (ASX:GOG) areas in the Cooper Basin, South Australia, with drilling expected to take place in the second half of 2007.

Red Sky, which listed on the ASX last week, has deposited \$1 million to satisfy the final condition of Red Sky's existing farmin agreement with Great Artesian.

Red Sky will fund up to 100% of an exploration well in Great Artesian's PEL 106 area to earn up to a 50% interest in any discovery. Red Sky also has the option to drill two more wells within the Red Sky Block in PEL 91 by funding Great Artesian's 60% interest to earn a 30% interest in any discovery. If all three wells are drilled Red Sky will earn a 20% interest in the Red Sky Farmin Block in PEL 91.

The farmin commitment follows Red Sky's completion of an airborne geochemical survey over a large section of PEL 91 and almost half of PEL 106, using its Sky Hunter airborne geochemical microseep survey technology. The company has exclusive rights to the Canadian-developed and tested technology, which detects minute traces of hydrocarbons which naturally seep from underground accumulations into the atmosphere.

"Red Sky's commitment is further confirmation of the prospectivity of our licences. Together with the interpretation of the recent seismic surveys, this will enable us to firm up our Cooper Basin drilling program, with these and other wells to be drilled in PELs 106 and 91 later this year," Great Artesian Managing Director Andy Carroll said, adding that a drilling rig and other equipment is now being arranged.

"This drilling program is particularly exciting, as it will further explore the flank oil province at the western edge of the Cooper Basin, demonstrated by oil fields at Christies and Sellicks, and discoveries at Growler and Wirraway".

Red Sky managing director Klaus Zahnd said "The airborne geochemical survey, combined with our geological knowledge and seismic has enabled us to high grade potential targets".

Meanwhile, Blue Energy Limited (ASX:BLU) which fully funded a 360sq km 3D seismic survey over the Spinel Block within Great Artesian's PEL 106, has farmed out an interest to Odin Energy Limited.

Under that agreement, Odin will reimburse 100% of Blue Energy's \$4.6 million expenditure on the survey, dependant on Odin listing on the ASX, which is expected in June. Odin and Blue

Energy will each have the option to earn up to 25% interest in the highly prospective Spinel Block by drilling four wells in the area.

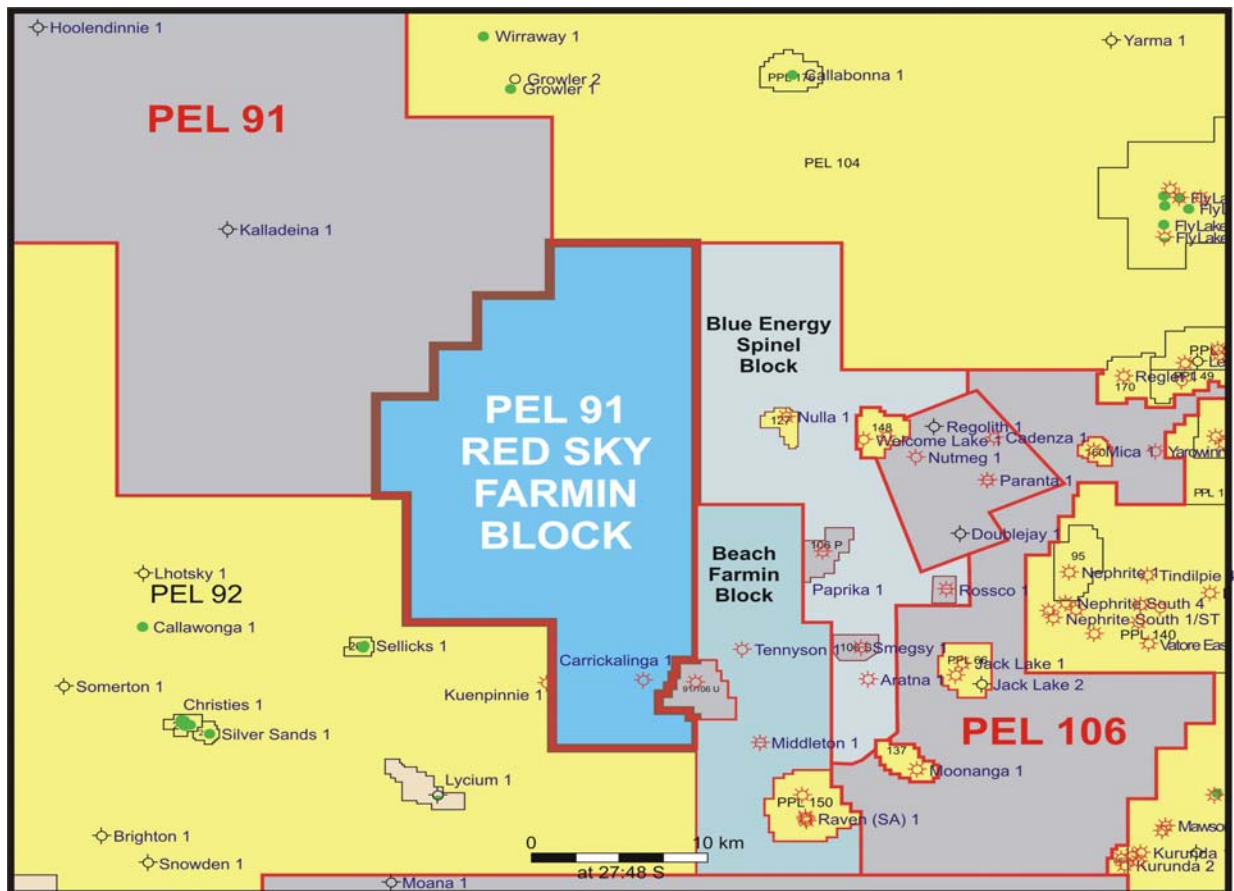


Figure 1 – Outline of Red Sky Farmin Block within PEL91

“The continuing investment by multiple parties in our areas underscores the value of Great Artesian’s Cooper Basin tenements,” Mr Carroll commented.

Contact: for further information please phone **Andy Carroll**, Managing Director of Great Artesian Oil and Gas Limited on **(02) 9929 3383** or www.greatoil.com.au

Released through FCR; Brian Mahoney 0413 437 627