



ASX Announcement / Media release

28 August 2006

NON-RENOUNCEABLE RIGHTS ISSUE AND HOGUE ESTATE WELL

Pryme Oil and Gas Limited (ASX Code: PYM), a fast-growing Australian oil and natural gas producer and explorer operating in the U.S., would like to confirm that the Offer under Pryme's Rights Issue Prospectus dated 28 July 2006 closed on 25 August 2006. As the minimum subscription for the Offer was not met, Pryme will return all application funds received from applicants under the Offer.

Hogue Estate "GT" No.4 well

The Hogue Estate "GT" No. 4 well reached a total depth of 6,218 feet. Schlumberger ran a log from 6,268 feet to the base of the surface casing at 506 feet. Thirty (30) sidewall cores were shot in the interval 3,946 feet to 6,212 feet. All were recovered and analysed and it was determined that the test would not make a commercial well.

Oil shows were in three sands. The Tew Lake sand (6,058 feet to 6,060 feet) was the major objective of this test and revealed excellent oil shows. However the structure was only part of what was necessary for a completion attempt. The GT No. 1 which we offset had four feet of cored oil show and we felt that a minimum of three feet of cored oil show with greater than 1 ohm resistivity between shale would justify running production casing. The two and a half feet with 0.7 to 0.9 ohm resistivity in the newly drilled GT No. 4 fell below that threshold.

The oil show in the E-2 sand (6,196 feet to 6,211 feet) didn't have adequate permeability (greater than 100 millidarcys) except at 6,210 feet to 6,211 feet, which was too close to the oil/water contact. Additionally the E-2 had cored oil show in other wells in the area, none of which were commercially productive.

In summary, the Hogue Estate GT No. 4 had what may have been a marginally commercial oil show in the Tew Lake sand but also provided evidence that the reservoir is lacking the size to cover the cost of drilling and completion. The log and core analysis from the GT No.4 and the previous tests will be used to revise the maps and determine if another test is warranted. Our leases were extended for another year as a result of this test well.

The Directors of Pryme are prudent about suitable diversification and mitigation of risk and have achieved considerable success in drilling exploration wells in the Wilcox Basin. They have participated in the drilling of more than eighty (80) wells in the Wilcox Basin extending from central Louisiana through to western Mississippi since early 2001 with 50% (40 wells) proving successful, which is double the success ratio for this trend. Pryme had a 20% working interest (15% net revenue interest) in the GT No.4 test costing US\$54,400.

Pryme Oil and Gas Limited is a fast-growing Australian oil and natural gas producer and explorer with interests in the U.S., the world's biggest oil market. The company has an exceptional suite of exploration



projects focused on Louisiana, the fifth-largest oil-producing state in the U.S. These projects are funded in part by existing cash flow. Pryme's management team has a total of almost 50 years of energy industry experience and has uniquely focused local knowledge, underscored by the proven track records of its managers and directors. Directors of the company are John Dickinson (Non Executive Chairman), Justin Pettett (Managing Director), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non Executive Director).

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