



3rd May 2006

Pryme Signs Agreement for Large 3D Seismic Project and Initiates Development Drilling Program

Pryme Oil and Gas Limited (ASX: PYM) (Pryme) and its wholly-owned subsidiary, Pryme Oil and Gas Inc. a Delaware, USA corporation (Pryme Inc.) collectively (the Company), is pleased to provide an update on current activities involving our projects in the United States.

Pryme signs agreement for large 3D seismic project in south central Louisiana ("Louisiana Prairie")

The Company has just signed an agreement with Big Pine Petroleum, Inc., of Downsville, Louisiana and Jennings Resource LLC, of Mandeville, Louisiana giving it the right to a 40% working interest in an onshore trend area in south central Louisiana that is highly prospective for oil and gas at several intervals between 2,000ft and 15,000ft. This seismic project is planned to cover territory up to 90 square miles within an area of mutual interest of some 200 square miles. Our objective is to test and develop zones that may be indicated as prospective via the forthcoming 3-D seismic program which may include the "WEA" (wavelet energy absorption) attribute.

The group that is driving this initiative is composed of Louisiana geologists, geophysicists and petroleum engineer, all of who hold a stake in the Company and have successful track records in exploration in the region. Two out of three of Pryme's executive management, both living in the United States, are members of this project team.

LaSalle Parish Project development drilling targets for 2006

The Company plans to participate in the drilling of nine development wells within the LaSalle Parish Project. Five wells have already been staked and are currently being permitted with the Louisiana Office of Conservation. The Directors expect to spud the first well within 60-90 days. The five-well program should only take 30 days to complete once commenced.

Cash flow from "day one" of listing on ASX

The LaSalle Parish Project produces a regular, systematic monthly income from oil sold, with first revenue to be received by the end of May. This will allow the Company to participate in further drilling and development of wells within the Project, without the need for raising additional capital. In addition, the income from this Project will cover all Company administrative expenses, provided that market prices for oil remain above US\$35/Bbl.

The directors continue to review potential exploration plays in the region in line with its benchmark criteria.

For further information please contact Pryme Managing Director Justin Pettett on 07 3371 1103 or visit Pryme's website at www.prymeoilandgas.com