



ASX Announcement / Media release

15 September 2006

3D Shoot set to begin at Turner Bayou and Placement Completed

Pryme Oil and Gas Limited (ASX Code: PYM), a fast-growing Australian oil and natural gas producer and explorer operating in the U.S., is pleased to announce that it has selected and signed contracts with a geophysical contractor to start work on a Phase II, 3D seismic survey at the Turner Bayou Project in south central Louisiana.

The 80 square-mile (51,200 contiguous acres) project covers an onshore trend area that is highly prospective for oil and gas at several intervals between 2,000 feet and 16,000 feet and is on trend with major producing fields, including BP Plc's Port Hudson and Judge Digby fields, which combined have produced almost 1.5 trillion cubic feet of natural gas.

Work on the project will begin with topographic surveying and is set to start before the end of September. The shoot is on schedule from when the company began the project in April 2006. Pryme is the major shareholder in Turner Bayou with a 52% working interest.

"Based on what our geologists are seeing via 2-D seismic and log analysis, we're excited about the prospects of Turner Bayou and its potential to transform the company's production profile," Pryme Chief Executive Justin Pettett said. "We expect to have our data from the area early in 2007 in order to drill our first wells in the second quarter of 2007."

Weems Geophysical of Houston, Texas has been contracted to implement the survey and recover the 3D seismic data. 2D seismic lines were purchased and worked to confirm the Turner Bayou location.

The main oil and gas objectives at different depths are: the MioceneFrio sands; the Cockfield/Yegua and Sparta sands; Wilcox sands; Austin Chalk and the Tuscaloosa sands. Prospective reserves are in the vicinity of 150-180 billion cubic feet ("Bcf") of natural gas from all intervals.

Additional Advisory Board Member Appointed

Pryme's directors are also pleased to announce the appointment of a third member to the company's advisory board. The expertise of this panel is in addition to the existing management team's 50 years of energy industry experience, which includes uniquely focused local knowledge in Louisiana, Pryme's key area of operation.

Craig J. Sceroler has been named to the board as Pryme's Advisory Director for Exploration. He holds a B.S. degree in Geology from the College of Engineering, Louisiana Tech University.

Over the past eighteen years, Craig has generated prospects in the south Louisiana Miocene trend as well as in the central Louisiana Eocene Wilcox trend. In south Louisiana he holds an 80% success rate with oil and gas completions at Coquille Bay, Bastian Bay, Vermillion Block 14 and LaPlace Fields. In central Louisiana, his success rate has been 65%, with oil and gas completions at Nebo-Hemphill, Routh Point, West Catahoula Lake, Catahoula Lake, Trout Creek, Little Creek, Summerville and Lake Curry Fields as well as new field discoveries that include: Bayou Funny Louis, Mack Branch, Big Branch and Routh Point Fields.



Sceroler's use of subsurface geology (defined as the correlating and mapping of formations identified by logging previous wells) integrated with the geophysics of 2-D and 3-D seismic data, makes it possible for Pryme to reduce its exploration risk and enhances its efforts in seeking more reserves.

"We are delighted to welcome Craig to the team. His exploration and development success rates in LaSalle Parish in central Louisiana are second to none," Pryme Chief Executive Justin Pettett said. "He is a very well respected and highly regarded explorer in this area and we are excited to have him as part of the team."

"We expect over time that further individuals from different energy sector disciplines will be added to the advisory board to assist in the growth and development of the company," Mr Pettett said.

Placement Completed

Pryme Oil and Gas is also pleased to announce the successful completion of a placement of 14,000,000 fully paid ordinary shares to local and overseas sophisticated and professional investors.

The placement was organised by First Capital Corporate at a subscription price of \$0.40 per share with two free attaching options for every three shares subscribed exercisable at \$0.40 on or before the 30 June 2008 to raise gross funds of \$5.6 million ("Placement Shares"). The Placement Shares are being issued under the shareholder approval obtained at the General Meeting of Pryme held on 20 July 2006 and under the excluded investor exemptions in Section 708 of the Corporations Act.

The Placement Shares are part of a class of securities quoted on the ASX and are subject to trading restrictions for a period of the earlier of 12 months from the date of issue, or from the date of issue to the date a prospectus is issued by Pryme in relation to securities in the same class as the Placement Shares.

About Pryme

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 in 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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