



ASX Announcement/Media Release

19 October 2006

Drill Rigs Secured to Aid Future Growth

Pryme Oil and Gas Limited (ASX Code: PYM), an Australian oil and natural gas producer and explorer operating in the U.S., announces that it signed an agreement to secure the drilling rig services of Golden West Drilling (GWD), of Vidalia, Louisiana. The drill rigs will be for use in Louisiana and Mississippi at Pryme's discretion.

"This is an important development for Pryme to help the company avoid the problems caused by the worldwide rig shortage", Pryme Chief Executive Justin Pettett said.

"If our 3-D seismic shoot in central Louisiana's Turner Bayou is successful, we hope to be drilling in the order of thirty Frio formation wells from March 2007 onwards. The GWD agreement means that one of these rigs can remain working as long as Frio drilling targets are made available on an uninterrupted basis," Mr Pettett said.

GWD is a newly formed Louisiana company. Its supervisory management has a combined drilling industry experience and time-in-grade of 100+ years. GWD is currently refurbishing two rigs for Pryme's use that will have a working range of 3,000 feet (914 metres) - 9,500 feet (2895 metres) in depth. The first rig is expected to be completed in mid-November and available for use by Pryme with the second rig to follow. The agreement with GWD is for a term of five (5) years and under its terms, GWD agrees to provide preferential drilling services to Pryme.

The agreement between Pryme and GWD is subject to shareholder approval, as GWD is a related party. Further details of the agreement will be provided in the Company's next notice of meeting which is expected to be prepared and released in the following month.

For further information please contact:

Dudley White

Savage & Partners

Telephone: +61 02 8281 3235

Email: dudley@sandp.com.au

Pryme Oil and Gas Limited is an 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), Ananda Kathiravelu (Non Executive Director) and Philip Judge (Non Executive Director).

ABN 75 117 387 354

Tel: +61 7 3371 1103 Fax: +61 7 3371 1105

Level 7 320 Adelaide Street GPO Box 111 Brisbane Queensland 4001

ATLANTA - BRISBANE - HOUSTON