



ASX Announcement / Media release

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Pryme rolls out second JV exploration project with Wave

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 its second joint venture project with Wave Exploration Group. The Raven Prospect, upon which the JV is based, covers exploration ground in the prolific Cotton Valley and Hosston natural gas trends in Lincoln Parish, Louisiana.

Pryme and Wave have a combined working interest of 100% in the prospect with Pryme's participating working interest expected to be as high as 65%, depending upon the ultimate negotiated trade for the capitalisation of the Prospect. There are several credible, successful players in the area that have expressed interest in participating. In addition Pryme, under its joint venture agreement with Wave, will earn 45% of all promotes including overrides, carried working interests and cash fees, which further bolsters the company's revenue stream and gas reserves.

Prospective gas reserves within the Raven Prospect could be in the order of 43.2 billion cubic feet (BCF), according to Wave. Leasing of the prospect acreage has begun and is expected to be finalised in the coming months, with the drilling of the first well scheduled to begin in the second quarter of 2007.

The Raven Prospect exists along a very prolific gas fairway of Cotton Valley marine bars in the Lincoln Parish. The prospect is targeting 10,000 foot Cotton Valley sands and is located on 4000 consolidated acres. Pryme anticipates that six to 10 wells should be sufficient to effectively drain this objective if permeabilities are encountered that are analogous to consolidated sandstones found in the Cotton Valley area.

Pryme Managing Director, Justin Pettett, said the Cotton Valley and Hosston trends have been prolific producers of gas for many years.

"Recent gas prices have initiated a significant increase in drilling activity across the area, including down-dip discoveries, new reservoir fracture techniques, and infill drilling," Mr Pettett said.

"The results from all three areas have been very positive. The Raven Prospect is located in a low-risk 'engineering play' environment and has all of the attributes of consolidating Pryme as a leading ASX-listed oil and natural gas producer and explorer.

"Through securing a majority interest in Raven, Pryme not only controls the project, but could add in excess of 22 BCF in proven gas reserves to our balance sheet, if successful," Mr Pettett concluded.

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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