



**ASX Announcement / Media release
31 May 2006**

Step-out well spudded in LaSalle Parish Project, Louisiana

The operator, Belle Exploration Inc, has advised that the SU118 No.2 step-out well has been spudded. Surface hole and surface casing has been run and cemented into place with drilling continuing today at 850 feet (259 metres).

The well will be drilled to a depth of 4,400 feet (1,341 metres) in an effort to establish production in a northern G-1 reservoir in the Shirley/State Lease area of Catahoula Lake Field. The G-1 sand is currently producing from a southern reservoir through the WX D RC SU 117 Shirley – State No.1 well at a rate of +/- 75 barrels of oil a day and has cumulative production that exceeds 56,000 barrels from December 2003.

Pryme has a 10% working interest (7.5% net revenue interest) in this well with results from the drilling expected within 7-10 days.

Pryme Oil and Gas Limited (PYM) is an emerging Queensland, ASX-listed Company that is focused on seeking out and evaluating investment opportunities in oil, natural gas and coal bed methane projects in the United States. Directors of the company include John Dickinson (Non Executive Chairman), Justin Pettett (Managing Director), Ryan Messer (Non Executive Director) and Ananda Kathiravelu (Non Executive Director).

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The geological information included in this announcement is based on information provided by Mr Craig Sceroler, a qualified geologist retained as a technical consultant to the Company. Mr Sceroler has practised as a geologist in the petroleum industry in Louisiana for over 20 years. Mr Sceroler has consented to the inclusion of the geological information in this announcement in the form and context in which it appears.