



ASX Announcement / Media release

6 July 2006

Pryme Increases Stake in Producing Oil Project in Louisiana

Pryme Oil and Gas Limited, a fast-growing Australian oil and natural gas producer and explorer operating in the U.S., has increased its working interest in the producing LaSalle Parish Project in Louisiana, boosting its projected cash flow before an extensive exploration program later this year.

The additional stake was purchased from Miami-based Anglo Energy Company Inc. on 5 July 2006. The consideration paid was 2,667,000 fully paid shares in Pryme.

The LaSalle Parish Project comprises 22 producing oil wells that produce positive cash flow for Pryme. It includes several wells with "stacked" oil formations that have been undeveloped, six formation water disposal wells and associated facilities. The project is spread across six separate fields with leases covering an area of approximately 1,125 acres.

"This additional interest in the LaSalle Parish Project should increase Pryme's current net cash flows by approximately 50% and is a significant complement to our exploration projects," Chief Executive Justin Pettett said. "The fact that we have been able to establish Pryme in a solid cash flow-positive project prior to drilling our exploration projects is an extremely prudent strategy we believe, and one which we consider sets us apart from our peers."

The LaSalle Parish Project is approximately 20 miles northeast of Alexandria, Louisiana. The area is geologically known as the "LaSalle Arch", which is oil productive from Wilcox sands that are Eocene Age. The Wilcox sands in this area are characterized by prolific, long-life oil production.

The transaction increases Pryme's interest by the following:

Field Name	Existing Interest	Additional Interest	Total Interest	Oil wells
Routh Point Field	10.00%	3.00%	13.00%	7
Northwest Rogers Area	10.00%	11.50%	21.50%	6
Petro Hunt et al Boot Hill Lease	5.00%	15.20%	20.20%	3
Shirley State Area	10.00%	2.40%	12.40%	2
Ward Lease	8.25%	0.00%	8.25%	2
LA Pacific SU65 Ray 2-6SU 56	8.00%	0.00%	8.00%	2

Pryme Oil and Gas Limited (PYM) 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 (Non Executive Director) and Ananda Kathiravelu (Non Executive Director).

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