

5 January 2010

Future Corporation joins Pryme in Catahoula Lake project

Pryme Oil and Gas Limited (ASX: PYM) (Pryme) is pleased to announce that it has entered into an investment agreement with Future Corporation Australia Limited (ASX: FUT) (Future Corp) under which Future Corp has agreed to join Pryme in the exploration and development of the Catahoula Lake project by contributing US\$700,000 in new capital to Pryme's subsidiary company Pryme Lake Exploration LLC (PLX.) for a 50% membership interest in PLX.



Catahoula Lake is located in LaSalle, Rapides, and Grant parishes, Louisiana.

PLX owns a 50% working interest (36.5% net revenue interest) in 7,676 mineral acres throughout Catahoula Lake and a 50% ownership interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on the Lake.

The objective of the Catahoula Lake project is to explore the same Middle-Wilcox sands that host Pryme's existing oil production from the LaSalle Parish and Four Rivers projects. However, the Catahoula Lake project presents an opportunity to test these formations in a much less drilled environment. The project is targeting reservoirs estimated collectively to contain in excess of 10 million barrels of oil in the Catahoula Lake and South Catahoula Lake fields which have produced 24 million and 4 million barrels of oil respectively to date.

"We are delighted to admit Future Corp to the Catahoula Lake project," said Justin Pettett, Pryme's Managing Director. "Farming out an interest in the project enables us to spread our risk whilst preserving capital for the deep, high impact targets in Turner Bayou which we are planning to drill in 2010."

The first well in the Catahoula Lake project has been drilled and is being completed as a potential producing well, Future Corp will participate in this well via its interest in PLX. The investment agreement entitles Pryme to reimbursement of costs plus a modest cash fee and a continuing royalty interest as outlined below:

Material terms of the agreement

- Future Corp will make a capital contribution of US\$700,000 to PLX
- PLX will repay a US\$700,000 loan from Pryme representing 50% of the Catahoula Lake project acquisition costs;



- Future Corp will pay to Pryme a minimum of US\$350,000 through a revenue sharing agreement over a portion of its interest in PLX production;
- Pryme will retain a 2% overriding royalty interest in any production in which PLX participates throughout a 30,000 acre Area of Mutual Interest (AMI);
- Future Corp will pay its 50% share of all drilling, development and acquisition costs moving forward.

Project Description

Pryme holds a 50% ownership interest in Pryme Lake Exploration, LLC (PLX) which in turn owns a 50% Working Interest (36.5% Net Revenue Interest (NRI)) in 7,676 mineral acres within Catahoula Lake and its surrounds and a 50% ownership interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on Catahoula Lake. Pryme is also entitled to a 2% overriding royalty interest in any production in which PLX participates throughout a 30,000 acre Area of Mutual Interest (AMI).

The project is located on Catahoula Lake in LaSalle, Rapides, and Grant parishes, Louisiana. It will test the same multiple “stacked” oil zones throughout the Middle-Wilcox formation as the Company’s existing oil production in the LaSalle Parish and Four Rivers projects. However, in a much less drilled environment. Wells drilled in the Middle-Wilcox exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established. Ultimate oil recoveries are expected to range from 50,000 through to 200,000 barrels for each successful well.

For further information please contact:

Justin Pettett
Managing Director
Pryme Oil and Gas Limited
Telephone: +61 7 3371 1103
Email: justin@prymeoilandgas.com

Ryan Messer
Chief Operating Officer
Pryme Oil and Gas Limited
Telephone: +1 713 401 9806
Email: ryan@prymeoilandgas.com

Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the Gulf States of the U.S. The company has oil and gas 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 over 75 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 George Lloyd (Non Executive Chairman), Justin Pettett (Managing Director) and Ryan Messer (Executive Director).

The information in this announcement has been reviewed by James A. Stewart (a registered professional Petroleum Geologist in the State of Louisiana and Mississippi in the United States of America) who has over 20 years experience in petroleum geology, drilling, well completions and production operations. Mr Stewart reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbons in place or flow rates in the form and context in which they appear. Any resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at spe.org.