



ASX Announcement

12 October 2006

Shirley SU118 No.2 Producing Oil and Appointment of Director

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 began producing oil from the Shirley SU118 No.2 well drilled in late August and the appointment of Mr. Philip Judge to the board of Directors of the company .

Shirley SU118 No.2

The Shirley SU118 No.2 well was successfully completed in the G-1 sand in the Wilcox formation. Production from the well has been increasing since it was brought online and the well is progressing towards a stabilized flow rate. Starting on October 1, daily oil production was as follows: 21 barrels, 18 barrels, 17 barrels, 18 barrels, 15 barrels, 16 barrels, 19 barrels, 23 barrels, 22 barrels and 23 barrels on October 10. The well is using a pumping unit that is running at approximately 4 strokes per minute.

The well continues to produce an unusually high level of associated gas, which is inhibiting its fluid-production capability. This occurs from time to time in the region and sometimes requires weeks or months for the gas to "blow down" and bring the oil production to its optimum level. Once this gas cap has been vented, we expect the well to level out at a higher production rate per day, which is more typical for Wilcox production in this area.

"The Shirley well is another step in increasing Pryme's production and revenue from the LaSalle Parish project," Pryme Managing Director Justin Pettett said.

Appointment of Director

The board of Pryme is also pleased to announce that Mr. Philip Judge has been appointed as a non-executive director of the company. Mr. Judge has been involved in international business for more than 20 years. He is third generation of a family that has had substantial involvement in the commodities and precious metals markets. Mr. Judge has extensive experience having worked, researched, written and lectured on the base and precious metals and commodities markets for more than a decade.

Mr. Judge is a founding director of The Anglo Far-East Company, an international gold and silver trading and custodial company. He has worked as a trustee, investment strategy advisor and researcher with numerous qualified sophisticated investors and private venture capitalists worldwide.

Mr. Judge became involved in the oil and gas industry in 2004 in his capacity as director of the Anglo Energy Company. The Anglo Energy Company is an investment company that specialises in the upstream U.S. oil and gas sector and is comprised of sophisticated professional investors domiciled globally. It owns several strategic oil and gas assets in Oklahoma and Louisiana outside of Pryme and is



the single largest shareholder of Pryme, holding 4,928,013 shares, or 7.032% of the company when fully diluted.

"Pryme Oil and Gas' management team and basket of projects fit perfectly into our long-term business strategy. Anglo plans to continue to increase its stake in Pryme to satisfy our investment strategy moving forward," Mr Judge said this week.

Mr. Judge brings more than 23 years of business management and promotion skills to the board of Pryme as we venture into the U.S. market. He has personally been involved in the U.S. oil and gas industry for the past four years.

"We are excited to have Philip join the board of Pryme. His experience and knowledge base in international business and the broader commodities sector will certainly be an asset to the company," Pryme Managing Director Justin Pettett said.

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Pryme Oil and Gas Limited is a 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 in 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).