



11 June 2010

The Company Announcements Platform
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SYDNEY NSW 2000

Drilling Underway in Catahoula Lake

Please find enclosed a copy of an announcement from Pryme Lake Exploration LLC (PLX) regarding its project located on Catahoula Lake, Louisiana. PLX is 50% owned by Pryme Oil and Gas Limited (ASX:PYM) and 50% owned by Future Corporation Australia Limited (ASX:FUT).

A copy of this announcement is available at the ASX and can be viewed on the Company's website www.prymeoilandgas.com.

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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 board of directors and management team has over 100 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) and Greg Short (Non Executive Director).



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On 3 June, 2010, Pryme Lake Exploration LLC (PLX) announced that exploration within Catahoula Lake could be delayed as a result of the filing for Chapter 11 bankruptcy by Tridimension Energy LP and its operating affiliates, including Axis Onshore LP, ('Tridimension') the joint owner with PLX of certain exploration acreage and exploration equipment on Catahoula Lake, Louisiana.

PLX is pleased to announce that as a result of the Bankruptcy Court entering an order regarding use of the co-owned equipment, drilling of PLX' first well, the State Lease 502 No.1, within the area of Catahoula Lake in Louisiana has commenced.

PLX has a 100% working interest (75% net revenue interest) in the State Lease 502 No.1 well. The well is contained within the recently acquired Lamar Property and will be drilled to a depth of 4,500 feet using the refurbished barge-mounted drilling rig in which the Company has a 50% interest. The depth of water at the drill site is approximately 16 feet. Drilling and logging are expected to be completed within the next two weeks.

The objective in drilling the State Lease 502 No.1 well is to intersect oil bearing Middle Wilcox sands at a structurally higher level to a well that has produced over 650,000 barrels of oil over the 24 years since first production in 1986.

"If successful the State Lease 502 No.1 well will be completed and tied into the 100% PLX owned production facilities, flow lines and salt water disposal facilities," said Ryan Messer, PLX's Managing Member and Pryme's Executive Director/COO.

Pryme Energy LLC, the wholly owned subsidiary and operating arm of Pryme Oil and Gas Inc., is the operator of the State Lease 502 No.1 well.

Project Description

Pryme Oil and Gas Limited and Future Corporation Australia Limited each own 50% of Pryme Lake Exploration ('PLX') which in turn owns a 50% Working Interest (36.5% NRI) in 7,676 mineral acres within Catahoula Lake and its surrounds and a 100% Working Interest (75% NRI) in 320 mineral acres within Catahoula Lake with associated oil production and facilities. PLX also owns a 50% interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on Catahoula Lake.

The Catahoula Lake project is located in LaSalle, Rapides, and Grant parishes, Louisiana and is targeting multiple "stacked" oil zones throughout the Middle-Wilcox formation at depths ranging from 4,500 to 5,500 feet. 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 drilled from land locations and in excess of 250,000 barrels for each successful well drilled from lake locations.

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Ownership of the only equipment available to drill and service wells on Catahoula Lake provides PLX with a significant competitive advantage over other explorers throughout the entire 30,000 acre area of the lake, almost all of which is prospective.

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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.

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