



12 July 2010

The Company Announcements Platform
Australian Securities Exchange
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20 Bond Street
SYDNEY NSW 2000

Increased Oil Production 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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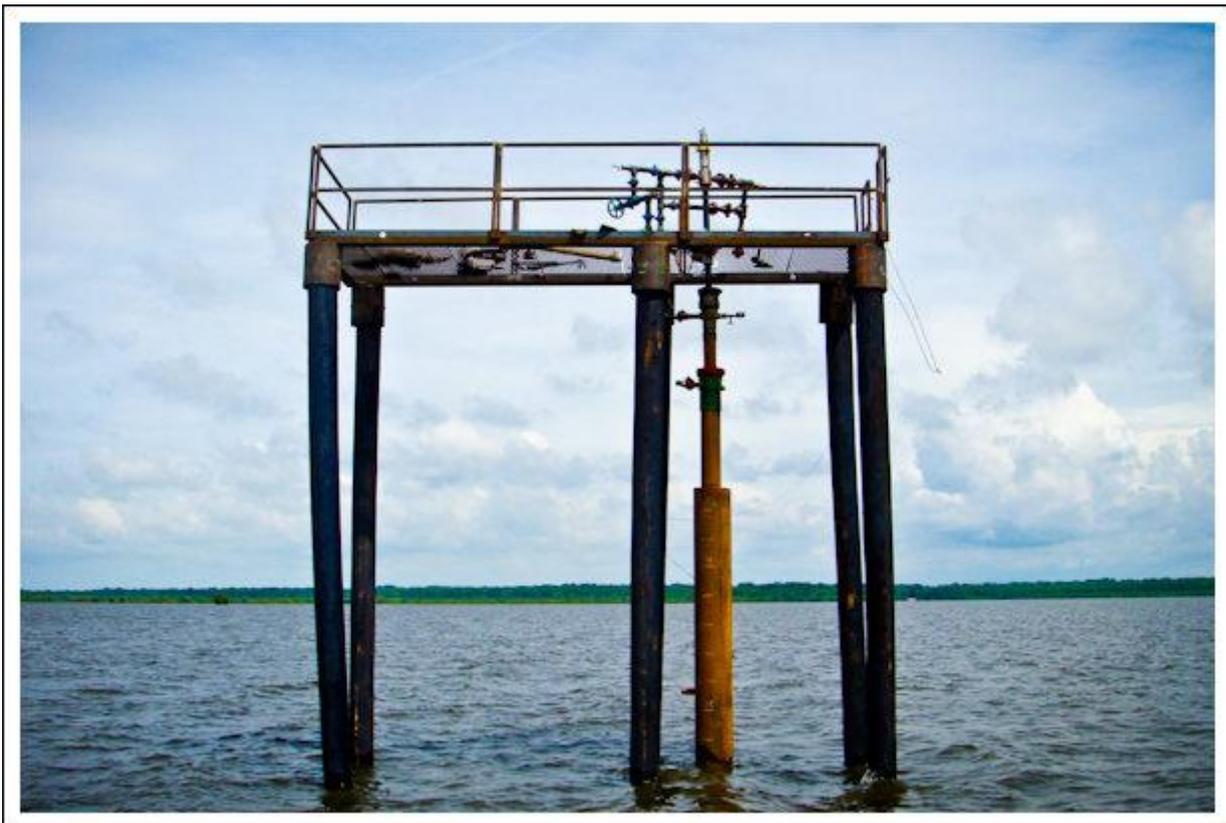
Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the Gulf States of the U.S. The company has oil and gas exploration projects focused on Louisiana, the fifth-largest oil-producing state in the U.S. These projects are funded in part by existing cash 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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The first well to be drilled from PLX's barge rig in the Catahoula Lake Project has now been tied into production facilities. The State Lease 502 No.1 well was drilled to a total depth of 4,280 feet and intersected approximately 35 feet of net oil pay across multiple Middle Wilcox sands. The well initially flowed in excess of 100 barrels of oil per day (bopd) and is expected to produce at a long term stabilized rate around 50 bopd bringing current PLX production on Catahoula Lake up to approximately 100 bopd.

"We are very pleased with the flow rate. The crews in the field worked tirelessly to bring the well into production in record time under the efficient operatorship of Pryme Energy," said Barnaby Egerton-Warburton, PLX' Managing Member and Future Corporation Australia Managing Director. "The value that the Lamar acquisition adds to the Catahoula Lake project was made very apparent with the well being tied into production facilities in under a fortnight. Production facilities and, more importantly, flow and return lines one mile out to a header system in Catahoula Lake made completing the state lease 502 No.1 well a very efficient operation."



Production platform of the SL 502 No.1 in Catahoula Lake, Louisiana

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CATAHOULA LAKE - LOUISIANA



The US Army Corps of Engineers has commenced the scheduled draining of Catahoula Lake. Drilling in the area of the lake with a land-based rig is planned to commence in September at the rate of one well per month through to the end of the year. Drilling from the barge-mounted rig is planned to resume in February 2011.

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. PLX Net Revenue Interest (NRI) in the State Lease 502 No.1 well is 75% (100% Working Interest).

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.

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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