

Pryme Project Summary and Progress Update

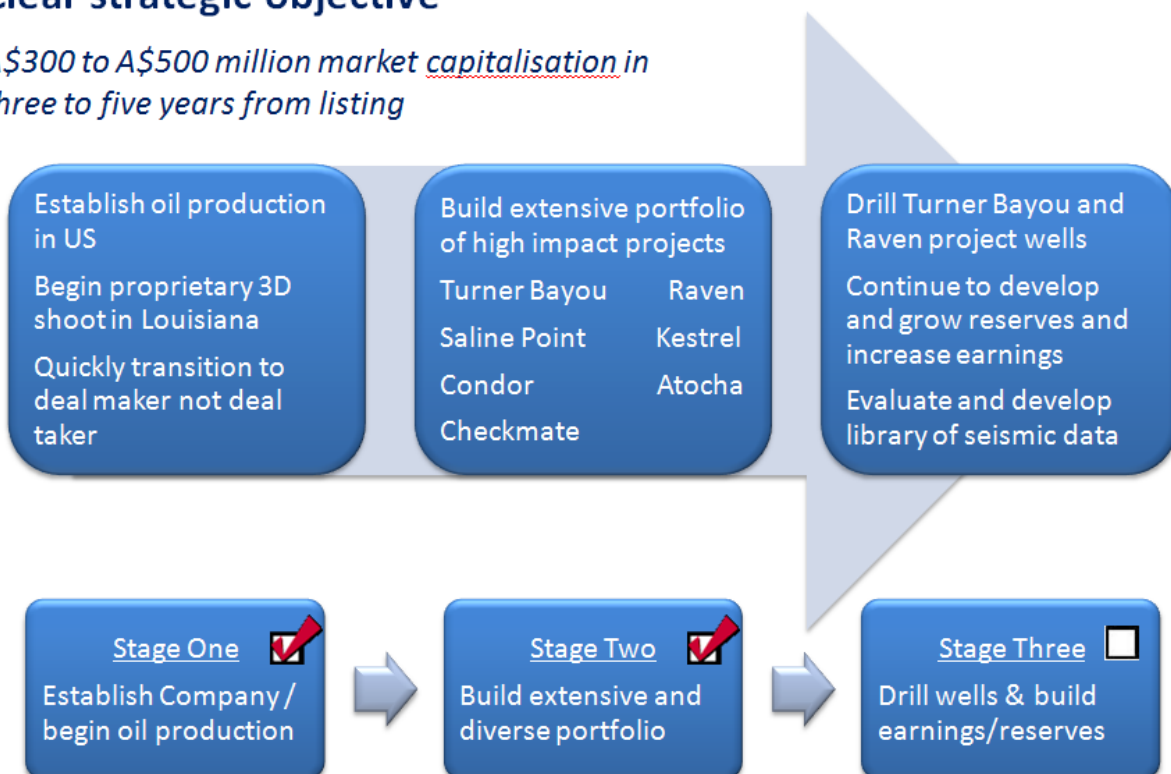
Present and Upcoming Highlights

- Drilling to continue in Frio/Miocene formation objectives in Turner Bayou Project
- Increased revenues in LaSalle Parish Project
- Flow test and sale of first oil and gas from second Raven Project well
- Continued development of Saline Point project
- Farm out of Atocha Project finalized and first 17,000 foot test to be drilled in second quarter

We would like to take this opportunity to acquaint investors with Pryme's planned, systematic approach to management and development of oil and natural gas projects in the Gulf Coast United States. We are strictly adhering to the methodology of building Pryme's exploration portfolio while executing on our current projects, building earnings through production and reserves with the drill bit.

Clear strategic objective

A\$300 to A\$500 million market capitalisation in three to five years from listing





Shareholders can expect to see further growth as we select higher impact projects located throughout the Gulf Coast area bolstering Pryme's reputation as a deal maker not a deal taker. This strategy will be measured through the company's future quarterly cash flow reports.

LaSalle Parish Project (8% - 21.5% Interest)

Current oil production remains stable with revenues from this project increasing considerably with higher oil prices. Several undeveloped locations remain to be drilled, opening the door for further reservoir delineation possibilities. We will keep you informed in this respect.

Turner Bayou 3D Seismic Project (52% Interest)

The first two wells targeting the Frio formation have been drilled resulting in one successful well and one dry hole. Drilling of wells three through five were temporarily postponed so that our geology and geophysics team could review the information obtained from these first two tests and calibrate the information with the seismic data. Due to the number of bright spots/leads from the seismic data at the Frio formation depth, continuous evaluation and calibration is required as wells are drilled and information is tied to the seismic data itself.

Reordering of which prospects to drill next within the drilling line-up was made and drilling is expected to recommence soon. Pryme has a 52% interest (39% NRI) in this project, which covers approximately 80 square miles (50,000 acres) of proprietary 3D seismic. Primary targets consist of six prospective formations ranging from the Frio formation at 3,000 feet through to the Tuscaloosa at 16,000 feet.

Raven Project (40% Interest)

The second well (Grable 15#1) in the Raven exploration project reached planned total depth of 11,000 feet and as a result of the log analysis, the decision was made to set production casing. As forecasted, the two primary objective zones the "C" sand and the "Price" sand were encountered correlating with strong gas shows from the mud log during the drilling phase.

A natural gas discharge pipeline is currently being run and surface facilities installed in preparation for the fracture stimulation procedure which is scheduled to begin mid February. The well will be flow tested directly into the sales line to preserve the integrity of the formations. The sale of first products, is planned for some time commencing in March 2008.

The next well in this project is scheduled to be drilled in March. Upon the completion of drilling this third well and establishing production histories of all three, we will have triangulated a position in this project to enable a reservoir engineer to effectively generate a reserve report showing the net reserve position for Pryme.

The Raven project covers mineral leases in the prolific Cotton Valley and Hosston natural gas trends in Lincoln Parish, Louisiana. Raven exists along a natural gas fairway of Cotton Valley marine bars which



are the target of the Raven project. Approximately ten drilling locations have been identified in the project with the leasing of acreage continuing. Pryme has a 40% working interest (30% Net Revenue Interest) ownership in the project.

Saline Point Project (26.96% Interest)

The second test (State Lease 19234 No.2) in the Saline Point oil exploration project reached its target depth of 5,100 feet resulting in the discovery of our primary oil objective in the Middle-Wilcox sequence. The election was made to run production casing and complete the well, which should have resulted in first oil being sold by year's end. Unfortunately the operator had some difficulties in completing the well which resulted in delays in the face of the anticipated rise in the lake within which the well was drilled. Normally the lake is dry two thirds of the year. Recompletion of this well, or the drilling of its offset twin has been postponed until mid-year when the lake will be drained and accessible by vehicles and completion equipment.

Stock tanks and an oil pipeline to transport oil from the wells have been installed. Additional development locations have been mapped and a drilling plan will be implemented once the well sites are accessible.

This project is located in the Catahoula Lake area in LaSalle Parish, Louisiana. The project is targeting oil from the upper sands of the Wilcox formation. These tests are on trend with the Catahoula Lake and South Catahoula Lake Fields which are prolific oil producing areas.

Atocha Project (100% Interest)

In excess of 6,000 acres have been leased in this prospect-rich project to date. We are currently finalising a farm out agreement with an Australian company that wishes to purchase 100% of this project. Under the terms of the agreement, Pryme will recover its costs along with a carried working interest through to production, plus a royalty interest. The farm out agreement covers an area of mutual interest of 700 square miles resulting in a carry for Pryme in up to six wells covering three project areas. Further details of Atocha and the potential value for Pryme will be announced once the transaction has been consummated.

Kestrel Project (Farm out*)

Kestrel has been fully leased and is currently being marketed to third parties. Processing of Kestrel's seismic data in defining the "AVO" attribute has been completed and is currently being presented to several interested parties. We expect with this additional information that the degree of interest in Kestrel will be enhanced.

Condor Project (Farm out*)

The project is currently being reviewed by a select group of deep Tuscaloosa formation operators.



Checkmate (100% Interest)

Keeping in line with the expansion of our exploration plan, work has begun on the Checkmate area with our joint venture partner Amelia Resources. Initial seismic data reconnaissance indicates three main areas with many prospect leads that we intend to focus on. Evaluation of further seismic data that we own should further identify each prospect area. We will provide additional details on these projects as they transpire.

** Proposed farm out terms net to Pryme is 1%-2.5% override and 8% carried interest. These are yet to be finalised.*

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Pryme Oil and Gas Limited is an 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 (Executive Director), Ananda Kathiravelu (Non Executive Director) and Philip Judge (Non Executive Director).