



20 June 2007

Drilling Progress Report

Pryme Oil and Gas Limited (ASX: PYM / OTC: POGLY), an oil and natural gas producer and explorer operating on shore in the U.S. with interests and focus in the Gulf States and Texas, is pleased to announce that its first Raven Project well the Spinks-Middlebrooks #11-1 is currently drilling at 8,035 feet and is ahead of schedule.

Third Cotton Valley Sand interval to be evaluated

The initial target depth of the Spinks-Middlebrooks #11-1 was approximately 10,000 feet and was originally designed to test two primary Cotton Valley formations the "C" and "Price" sands at these depths. Since drilling began on 8 June 2007 we have information pertaining to a newly drilled well located approximately three miles southeast of our Spinks-Middlebrooks #11-1 test. Our location is 400 feet up-dip from this well and we plan to drill an additional 900 feet (10,900 feet total depth) to test the added Cotton Valley Sand.

This additional target has the potential to increase any prospective reserves by a range of 0.5 – 2.0Bcf if successful. The cost to drill the additional 900 feet is negligible, taking only an additional two days to drill. This takes the total prospective reserves magnitude for this test into a range of 5.5 – 7.0Bcf based on trend analogue well production data and known permeabilities in the immediate area.

Target depth to be reached next week

We expect to reach the 10,900 feet target depth next Tuesday night 26 June 2007 US Central Time when we will test all three Cotton Valley Formations for hydrocarbons. Pryme is developing a strong lease acreage position to accommodate the expansion and subsequent development drilling opportunities on the back of a successful test.

Project Description

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. The project has been classed as an "engineering play" to the extent that more emphasis is given to the drilling and completion techniques and production of the well, as generally most wells in the area will produce natural gas and condensate. Approximately ten drilling locations have been identified in the project with the leasing of acreage continuing. Prospective gas reserves to the 100% working interest within the Raven Prospect could be on the order of 50Bcf (20Bcf



net to Pryme) according to Wave, based on 5Bcf per well. Pryme has a 40% working interest (30% Net Revenue Interest) ownership in the project.

For further information please contact:

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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).