

29 July 2008

Third Raven Well Completion Update

The fracture stimulation in the Cotton Valley Price formation (the first of two discovered zones) of the Patterson 16 No.1 well in the Raven project was completed over the weekend. Most of the fracture treatment fluid has now been recovered from the formation and the well has been shut in pending fracture stimulation of the primary zone, the C Sand formation, later this week. Following this, production from both zones will be comingled to assist in the recovery of the balance of the fracture treatment fluid and production of natural gas and condensate from both formations.

The well will be connected directly to the gas gathering line and gas and condensate sales should commence late next week. We will monitor the well's performance during this time as the fractured formations continue to clean up and reliable flows of natural gas and condensate are established. We will provide an update at that time.



Completion of the Patterson 16 No.1 well in the Raven Project



Also in the Raven project, the Grable 15 No. 1 well's production has remained relatively steady at above 840 Mcf per day of gas and 20 barrels per day of condensate. The stable production rate is indicative of a reservoir with a large aerial extent and good porosity.

The Grable 15 No. 1 currently produces from both the Price and the C sands. However, two other zones that may also be productive have been identified; these zones remain behind pipe for future testing. Pryme is now receiving regular income, currently exceeding US\$80,000 per month, from the Grable oil and gas production. This well alone has increased Pryme's monthly income by 50%, exceeding management's initial forecast, and illustrates the potentially significant contribution to growth from each successful Raven well.

The fourth well to be drilled in the Raven project is scheduled for the fourth quarter of the year. The route of the gas gathering line for this well is currently being investigated. Resolution of the route will determine the timing for drilling the well.

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. 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 over 75 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), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non Executive Director).