



16 May 2008

Drilling Begins on Third Raven Well

Drilling of the third well (Patterson 16#1) in the Raven exploration project in Northern Louisiana has commenced. The target depth of the well is 10,000 feet and it will test the project's two primary formations: the "C" and "Price" sands in the Cotton Valley formation. Drilling is expected to take approximately 21 days.

As previously announced, the second Raven well (Grable 15#1) was completed in March. Oil and gas production from this well have stabilised at around 850 Mcf per day of natural gas and 22 barrels per day of condensate flowing on a 22/64th choke.

Pryme's Managing Director, Justin Pettett, said "we are delighted with the progress in our Raven project and based on the relative location of the Patterson well, we are expecting similar results to those obtained from the Grable. We have a very good lease position in the project area, with approximately 4200 acres under lease, and a number of promising targets to drill. We expect drilling at Raven will continue into 2009."

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.

Natural gas and oil closed on the NYMEX at \$11.44 and \$124.40 respectively.

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 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), John Dickinson (Non Executive Vice-Chairman), Justin Pettett (Managing Director), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non Executive Director).

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