



8 November 2007

Oil Discovery Made in Saline Point Project

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. Core samples were taken and analysed to confirm the well log reading and presence of commercial quantities of oil between shale with no water contact evident. Several other oil shows were present, and will require additional drilling to test.

The election was made to run production casing and complete the well, which will begin immediately with first oil expected to be sold by year's end.

"We are very pleased with the result from this test, specifically the possibility of additional oil sands. Using the information obtained from this test the subsurface geology will be remapped and additional locations derived to test the extent of the reservoir," said Justin Pettett Pryme's Managing Director. "This well adds valuable oil reserves to Pryme's balance sheet and demonstrates the board's execution of its growth strategy. As stated in the past shareholders will be able to gauge this success through an increase in revenues in the cash flow reports each quarter."

This project is located in the southern portion of Catahoula Lake in LaSalle Parish, Louisiana. The project is targeting in excess of 2 million barrels of oil from the upper sands of the Wilcox formation and is located near Catahoula Lake and South Catahoula Lake fields which are prolific oil producing regions.

Pryme has a 26.96% working interest (20.22% net revenue interest) in this project.

Drilling of the first group of Frio objective wells in the Turner Bayou 3D seismic project and second Raven project well is expected to begin later this month as planned and outlined in the drilling timetable enclosed in this announcement.

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).



Drilling Program in Place to Achieve Objectives

Project Name	2007		2008			
	Q3	Q4	Q1	Q2	Q3	Q4
LaSalle Parish	Stable Oil Production					
Turner Bayou	3D shoot results†	Drill 5 Frio wells	Production			
			Drill 5 Frio wells	Production		
				Drill 5 Frio wells	Production	
					Drill Wilcox well	Production
						Drill 5 Frio wells
Raven	Drill CV well†	Production				
		Drill CV well	Production			
			Drill CV well	Production		
				Drill CV well	Production	
					Drill CV well	Production
						Drill CV well
Saline Point*	Drill Wilcox well†					
		Drill Wilcox well†	Production			
					Drill Wilcox well	
						Drill Wilcox well
Kestrel^		Farm out project	Hackberry well drilled			
Condor^			Farm out project	Tuscaloosa well drilled		
Atocha^		Farm out project		Tuscaloosa well		

†This task has been completed.

*This project has a 3 month window each year when the lake is drained to drill with a land rig.

^Assumes these projects are farmed out as shown in the drilling program. The proposed farm out agreements state that a well must be drilled within 6 months of the project being farmed out.