



4 January 2010

First Success in Catahoula Lake

The first well to be drilled in the Catahoula Lake Project, the State Lease No. 19857 well in the Hawg Pen Prospect, has reached target depth of 5,200 feet and intersected the primary target in the Wilcox formation and an additional sand. Core sampling and logging indicate that the intersected sands are oil bearing and one being between shale. Production casing is being run and the well is being prepared for completion.

"The well was drilled to test several Middle Wilcox sands which were identified from offset production," said Justin Pettett, Pryme's Managing Director. "Production from sands between shale is typically ideal for strong, long life production throughout the Wilcox Trend."

Project Description

Pryme has a 50% Working Interest (39.75% Net Revenue Interest (NRI)) in 7,676 mineral acres and a 50% ownership interest in a drilling barge, service barges, crew boats and associated equipment necessary to drill and operate on the Lake. The project is located on Catahoula Lake in LaSalle, Rapides, and Grant parishes, Louisiana. The Catahoula Lake project will test the same multiple "stacked" oil zones throughout the Middle-Wilcox formation as the Company's existing production in the LaSalle Parish and Four Rivers projects at depths ranging from approximately 4,500 to 5,500 feet. However, in a less drilled environment. Wells drilled in the Middle-Wilcox exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established. They are relatively inexpensive to drill and typically have low operating and on-going maintenance costs. The water depth of the lake is up to 18 feet and varies through the year as the US Army Corps of Engineers regulates the flow of water into and out of the lake. Ultimate oil recoveries are expected to range from 50,000 through to 200,000 barrels for each successful well.

For further information please contact:

Justin Pettett
Managing Director
Pryme Oil and Gas Limited
Telephone: +61 7 3371 1103
Email: justin@prymeoilandgas.com

Ryan Messer
Chief Operating Officer
Pryme Oil and Gas Limited
Telephone: +1 713 401 9806
Email: ryan@prymeoilandgas.com

Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the Gulf States of the U.S. The company has oil and gas 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) and Ryan Messer (Executive Director).

The information in this announcement has been reviewed by James A. Stewart (a registered professional Petroleum Geologist in the State of Louisiana and Mississippi in the United States of America) who has over 20 years experience in petroleum geology, drilling, well completions and production operations. Mr Stewart reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and



any estimated hydrocarbons in place or flow rates in the form and context in which they appear. Any resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at spe.org.