pryme OIL AND GAS

pryme times
Quarterly Shareholder Newsletter

Issue: 4 March 2007

Welcome Message

Welcome to the forth edition of our popular Pryme Times quarterly newsletter. Pryme Times is a publication of articles and news compiled by the directors of Pryme to keep shareholders and investors up to date on the progress of their company and the industry in general.

The past quarter saw the completion of our first annual report for 2006. This report gives a detailed account from the chairman of the company, John Dickinson and myself on the progress of the company since listing in April 2006 and explains the bright future ahead. The report discusses each of our five projects currently being worked on by the Pryme team and gives a glimpse of the future direction of the company which is also detailed in this edition of Pryme Times and titled "The Future – High Impact Deep Exploration Projects."

I am happy to report that we successfully added two more oil wells to our LaSalle Parish Project this quarter with the completion of the Northwest Rogers No.16 and No.17. Both of these wells are currently producing in excess of 40 barrels of oil per day each.

Our recovery of the geophysical data in our 3-D seismic shoot in Turner Bayou is over 60% complete. A subsequent drilling program is to be announced this coming quarter. In terms of size, this 3-D project has been large for Pryme as a company, covering some 50,000 acres of which your company holds a 52% working interest. This type of project usually characterizes larger companies. Securing such a prospective project like Turner Bayou harnesses some significant upside for the company and its shareholders. It serves to lock in long-term growth and drilling for Pryme, as we expect to be exploiting this area for many years to come.

Our three Wave Projects; Kestrel, Raven and Condor are progressing well with Kestrel still be marketed to third parties, Raven ready to drill our first 10,000 foot test mid June and Condor continuing to being leased.

The coming quarter is an exciting time for the company as we begin to execute and drill our first deep wells that will have real impact on the value of the company. A successful outcome from these wells should influence Pryme's share price in a positive way. We look forward to keeping you up to date.

Sincerely
Justin Pettett
CEO/Managing Director

Past Quarterly Highlights

- NWR No.16 and No.17 initially producing over 40 barrels of oil per day each
- Recording of 3-D Seismic data in Turner Bayou begins
- Pryme's inaugural 2006 Annual Report released
- First third party research report released by RM Research in Perth
- ADR's listed on the International OTCQX, a new electronic premium market tier in the U.S. for international exchange-listed companies

Upcoming Key Dates

March, April, May

- Coleman No.8 to be drilled in LaSalle Parish Project
- Turner Bayou 3-D shoot completed and evaluated
- First Raven well drilled
- First large high impact project secured
- Standard & Poor research report released

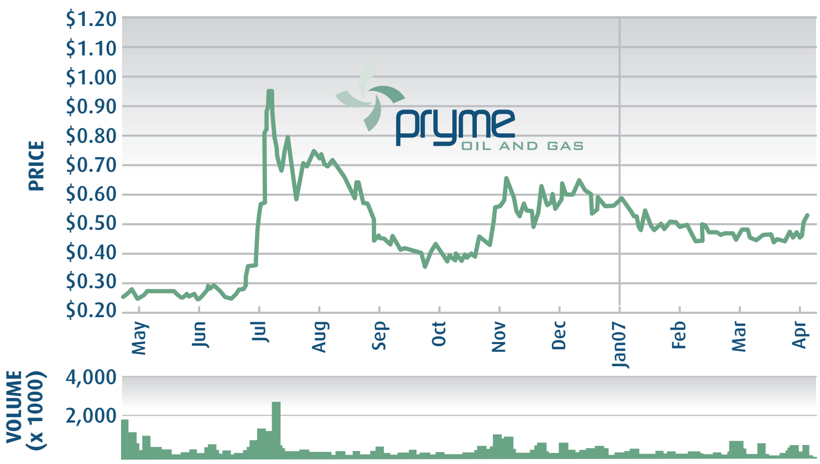
Increasing Liquidity and Exposure to Pryme Shares

Pryme's American Depositary Receipts (ADR) listing on the International OTCQX in the United States exposes Pryme to the largest pool of capital in the world by providing access to the ordinary Australian Securities Exchange (ASX) traded shares in Pryme to hundreds of thousands of brokers and institutional investors on an electronic trading platform. International OTCQX distinguishes the reputable international issuers from the almost 8,000 Over the Counter (OTC) securities that are electronically traded in the US, giving Pryme the exposure it needs to attract new networks of sophisticated and institutional investors.

This additional growth in the US through the purchase of ADRs, not only increases volume in the ADRs, but also increases the volume and liquidity in the ordinary shares that are traded on the ASX. This is extremely valuable to shareholders as it stabilizes the stock, allowing for higher gains when selling and creates less upward movement when buying.

One ADR is equivalent to twenty ordinary shares in Pryme; as each new ADR is purchased in the US; twenty shares in Pryme are bought on the ASX.

Pryme Share Price Movement Since Listing in April 06



Energy Fundamentals Never Lie

One can be relatively comfortable in believing that the supply-demand dynamics, coupled with more seasonable weather will likely lead to medium term price increases in oil and natural gas. The underlying fundamentally bullish pricing picture remains intact.

Demand

As long as the global economy continues to grow, then demand for oil will also continue to grow. Weather can have a transitory effect on demand as we saw with the warm spell in the US during January but there are very few countries that can grow their economies without increasing oil consumption.

Supply

On the supply side there are concerns that the supply will not be able to keep pace with demand growth. This is not currently an issue as demonstrated by OPEC cutting its output. Longer term supply shortages are a very real concern. The relatively high price of oil in the last couple of years has spurred massive investment in increasing production.

Unfortunately, this investment has flowed into a finite amount of labour and equipment. The effect of this has been to increase the cost and time to completion of projects and this has reduced or delayed the expected production growth.

The Future – High Impact Deep Exploration Projects

The future for Pryme is one of exploration through the mitigation of risk by adopting and using cutting edge 2-D and 3-D seismic technology and analog well mapping by some of the most successful geologists and geophysicists in our area.

Broadly, we will focus on building an inventory of very large reserve objective, high impact projects to be leased and secured by Pryme. We will then outsource (sell) these projects to third parties in return for a carried working interest and/or overriding royalty. By doing this we assume minor financial risk and we can lock in any upside in a particular project through our carried working interest. Typical project size will range from in excess of 10 million barrels and/or 200 Bcf of natural gas prospective reserves.

The gulf coast region will remain our focus, in particular the up-dip Tuscaloosa and lower cretaceous area within the parishes of West Feliciana, East Feliciana, Point Coupee, East Baton Rouge and West Baton Rouge. These parishes are notably the most prolific oil and natural gas provinces in Louisiana, if not the United States.

The category of projects that Pryme is targeting is deep natural gas or condensate, in excess of 15,000 feet in depth that possess the scope of prospective reserves set out above. Pryme will aggregate these projects with its Advisory Board and Partners, with Pryme as the funding partner. Therefore our business model is to outsource working interests in these projects to larger capitalized companies with commensurate risk profiles, helping Pryme insure against any financial loss or downside by having third parties fund the development.

What Sets Pryme Apart from Most Other "Juniors"

Pryme's focus is to develop conventional oil and natural gas resources from highly saturated, virgin-pressure reservoirs. We stay away from so-called "Resource Plays" such as "tight gas" "tight oil", and other formations that abound in the Rocky Mountains and other basins across the U.S. Consequently, our oil and gas wells will usually tolerate very low product prices before their economic limit is reached. For example, Pryme's natural gas objectives will make money until gas prices fall below US$2.00/MMBtu. Our oil reservoirs can tolerate approximately US$15/Bbl prices at the field level and still be "in the black".

One well drilled to a deeper Pryme objective in Louisiana will typically drain a square mile or more of reservoir. In many areas of the Rockies and elsewhere, it is necessary to drill ten to twenty wells to effectively drain the same deeper reservoir area. Studies show that such "tight" gas has an economic limit of approximately US$4/MMBtu. Rockies and other tight formation producers may beat their chest over the reserves that each well proves up, but it takes decades longer to produce the low-flow natural gas from tight reservoirs and so brings in to question the time value of money. It is no coincidence that last October, when natural gas prices in the U.S. dropped below US$5/MMBtu for that month and again in January of this year, there was a derailment of many drilling decisions in the Rockies and other tight gas provinces.


3D seismic shot holes being drilled in Turner Bayou Project

Why the USA?

Prices

The United States uses one quarter of the world's oil supply, yet holds less than 3% of the world's oil reserves. By operating in the U.S., Pryme can take advantage of the realities of today's very high global energy consumption and resulting high oil and gas prices. Pryme can provide the Australian investor with access to U.S. oil and natural gas prices that are equivalent to A$65/Bbl oil and A$8/GJ natural gas, based on US$50/Bbl oil and US$6/MMBtu gas. The oil price differential includes Pryme's much lower cost to produce each barrel and get it to market. The absolute natural gas price is in stark contrast to market prices in Australia for this same commodity.

Resources

Hydrocarbon resources that remain for development in the U.S. and Canada consist of two general categories. High permeability, virgin-pressured, high oil or gas saturated objectives that have somewhat higher delineation risk or could be "exploratory" or "wildcat" by their nature; and "engineering plays" with little reservoir risk in such categories as lower-permeability sandstones, coal bed methane, gassy organic shale's, and "dead" oil in place.

These resources are relatively widespread in North America, but they all require specialised knowledge in earth science, drilling, well completions and production operations. Pryme is fortunate to have extensive relationships within the community of U.S. oil and gas producers such that Pryme's "deal flow" consists of both of these risk categories.

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Key People:
Craig Sceroler

Craig graduated from the College of Engineering, Louisiana Tech University with Bachelor of Science in Geology and is Prymes Advisory Director for Exploration. Over the past eighteen years he has generated prospects in the south Louisiana Miocene trend as well as in the central Louisiana Eocene Wilcox trend. His use of subsurface geology (defined as the correlating and mapping of formations identified by logging previous wells) integrated with the geophysics of 2-D and 3-D seismic data, makes it possible for Pryme to reduce its exploration risk considerably. This combination of earth sciences provides the setting for the enhancement of our exploration efforts.

Craig's experience is extensive over all levels of geology including the environmental effects having been involved as a staff geologist with Ecotech Environmental, Inc., working on remediation projects associated with ground water contamination and with Pentagon Petroleum Company developing plays in the Eocene Wilcox trend.

In south Louisiana Craig holds an 80% success rate with oil and gas completions at Coquille Bay, Bastian Bay, Vermillion Block 14 and LaPlace Fields. In central Louisiana, his success rate has been 65%, with oil and gas completions at Nebo-Hemphill, Routh Point, West Catahoula Lake, Catahoula Lake, Trout Creek, Little Creek, Summerville and Lake Curry Fields as well as new field discoveries that include: Bayou Funny Louis, Mack Branch, Big Branch and Routh Point Fields.