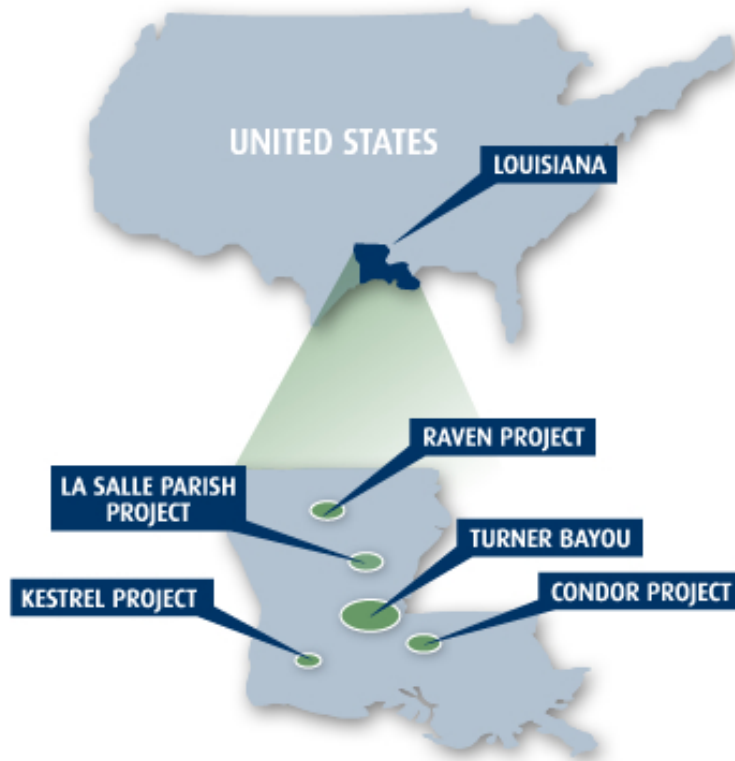


22 February 2007

Pryme Project Summary and Progress Update

Pryme Oil and Gas Limited (ASX: PYM / OTC: POGLY), an oil and natural gas producer and explorer operating on shore in the U.S. with interests and focus in the Gulf States and Texas, is pleased to announce a detailed summary and progress update on each of its current projects located throughout Louisiana.

We are setting the stage for quantum gains in shareholder value by the planned, systematic approach as described herein. We have an obsession with exponential growth and we are tenaciously working to attain it. In keeping with this, the Australian directors of Pryme recently visited the United States, joining the U.S. directors, and consequently would like to provide the following information:





LaSalle Parish Project

This project continues to be a very consistent and solid producer for Pryme with the drilling of four development/step-out oil wells in 2006. This takes the total number of producing wells in this project to 25 at the time of writing this report.

- The Shirley SU118 No.2 was drilled in May and is producing a consistent 23 Barrels of Oil per Day ("BOPD");
- The Coleman No.7, drilled in September 2006, is flowing at 65 BOPD;
- The Northwest Rogers No.16 and No.17 are currently being completed for production and are expected to produce 20 BOPD each when put online. These two wells bring the total number of NW Rogers Field wells to eight in this 40+ year producing life channel sand.

The Northwest Rogers No.18 was drilled on the 16th of February to a total depth of 1,700 feet. The 2nd Cockfield sand (field producer) was not present and the interval was very similar to the NWR No. 2 and No. 5. Due to the similarity of the log of the NWR No. 18 with these early dry holes, no sidewall cores were shot in the well. The test was plugged and abandoned.

Weather permitting; at least two more development/step-out wells are scheduled to be drilled over the coming weeks at either or both of Routh Point Field ("Coleman" wells) and NW Rogers Field.

Turner Bayou 3D Seismic Project

Weems Geophysical of Houston, Texas has been busy during the Christmas period in surveying and drilling shot holes in the most difficult areas of this seismic project. The recording of data began on 6 February 2007, whilst the Australian directors were in the United States. A timeline of events is outlined below:

- 6 February 2007 – Recording of the seismic data began. Processing of data will be completed throughout recording stage to reduce overall processing time at the end of the shoot.
- Mid-April 2007 - Recording of the seismic data finishes and last batch of data is sent to processors to be processed;
- End of April 2007 – Processing of data for entire project completed;
- May 2007 – evaluation of data by our geophysicists and prospects derived from data and drilling program set;
- July 2007 – drilling program for project scheduled to begin.

The final permitted size of the Turner Bayou project is 85.42 square miles (54,674 contiguous acres). The seismic shoot is on trend with major producing deep gas fields, including BP Plc's Port Hudson and



Judge Digby fields, which combined have produced almost 1.5 trillion cubic feet of natural gas. Prospective reserves are in the vicinity of 150 billion cubic feet ("BCF") (78BCF net to Pryme) of natural gas from all intervals combined, unadjusted however for risk.

Kestrel Project

Kestrel has been fully leased and is currently being marketed to third parties for project funding. Wave Exploration has made several presentations on this project; the interest in Kestrel by qualified players was significant and we expect this project to be fully sold by the end of March 2007 with a drilling program scheduled to begin and rig to be booked shortly thereafter.

Kestrel is located in Calcasieu Parish, Louisiana. It has a two well potential and is located on 320 consolidated acres. The project will be drilled to 13,500 feet, targeting four "Hackberry" natural gas and condensate (oil) sands. Prospective reserves have been re-calculated on the order of 33 BCF to the 100% working interest using the current 3D seismic as analysed by Wave.

Raven Project

Pryme elected to retain a 40% working interest in this project for its own account, which includes a carried working interest, because of the favorable risk-to-reward ratio that characterizes the region. The remaining 60% is held by the highly experienced local operator, Nelson Energy of Shreveport, Louisiana. Leasing and drill site locations are currently being finalized with the initial size of the project being five 640 acre sections (3,200 acres in the aggregate) with the capability to expand to eleven 640 acre sections (potential of up to 7,040 acres).

- Early March 2007 – majority of acreage leasing completed;
- Late April 2007 – unitization complete and site works to begin on first well location;
- Early May 2007 – build well site location and file permit to drill;
- Mid June 2007 – spud (drill) first well with a target depth of 10,000 feet.

Prospective un-risked reserves to be proven from each well drilled, based on analogue production and drainage of wells in the area is approximately 5BCF per well or 50BCF expanded project total (2BCF per well and 20BCF project total net to Pryme) in the aggregate from both named, objective Cotton Valley formations.

Condor Project

The Condor project area includes multiple Tuscaloosa targets that have historically produced combined production of 100BCF of gas. The project consists of the leasing of two 640 acre tracts of land in the Tuscaloosa fairway. Under a portion of these lease blocks, a written engineering report is available that points to approximately 20 BCF to 40 BCF of proved, but undeveloped, natural gas reserves that remain.



Condor is continuing to be leased in this highly competitive area and Pryme expects to have this work completed by the end of April 2007.

Once leasing is completed this project will be marketed with a drilling program scheduled to begin in late 2007. Due to the unknown exact future of the marketing of this project, if it is sold earlier - then drilling will commence earlier.

The Future - High Impact Deep Exploration Projects

The future for Pryme is certainly one of exploration through the mitigation of risk by adopting and using cutting-edge 2D and 3D seismic technology and analogue well mapping by some of the most successful geologists and geophysicists in our core area. The Directors are steering the company to be a deal maker not a deal taker in the short term and to achieve this are currently working on:

- Building an inventory of very large high impact projects;
- Projects leased and secured by Pryme and then farmed out to third parties in return for a carried working interests and/or overriding royalties;
- Little or no financial risk for Pryme through farm outs;
- Upside from project development locked in for Pryme by way of carries and overrides;
- Project size in excess of +500BCF of natural gas reserves or oil equivalent, with one or two projects that the Directors are currently looking at having objectives twice this size as indicated below.

The directors and management team at Pryme are actively working on two large scale projects within their regional focus of Louisiana with the potential to secure a very large area of mutual interest to ensure prospect inventory for the next ten years and to add shareholder value. Details of these projects should be announced in the coming weeks.

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).