

Up-dip Tuscaloosa Project Farm-Out Update

On 4 June, 2008 Pryme Oil and Gas Limited announced that it had entered into an agreement with Promesa Limited for the farm-out of the Company's Up-dip Tuscaloosa Project in Louisiana which includes the Atocha prospect.

Under the terms of the agreement Promesa was required to raise sufficient capital to participate in the project by way of an initial public offering. The Directors of Promesa have advised Pryme that, due to present equity market conditions, it has been unable to raise the capital within the required time. The Directors of Promesa have also advised that they remain confident of raising the funds.

Pryme has advised Promesa that it remains open to entering into a revised farm-out agreement with Promesa should it be successful in raising the capital. However, in the meantime, Pryme will not extend the farm out agreement and will pursue other funding options available to them.

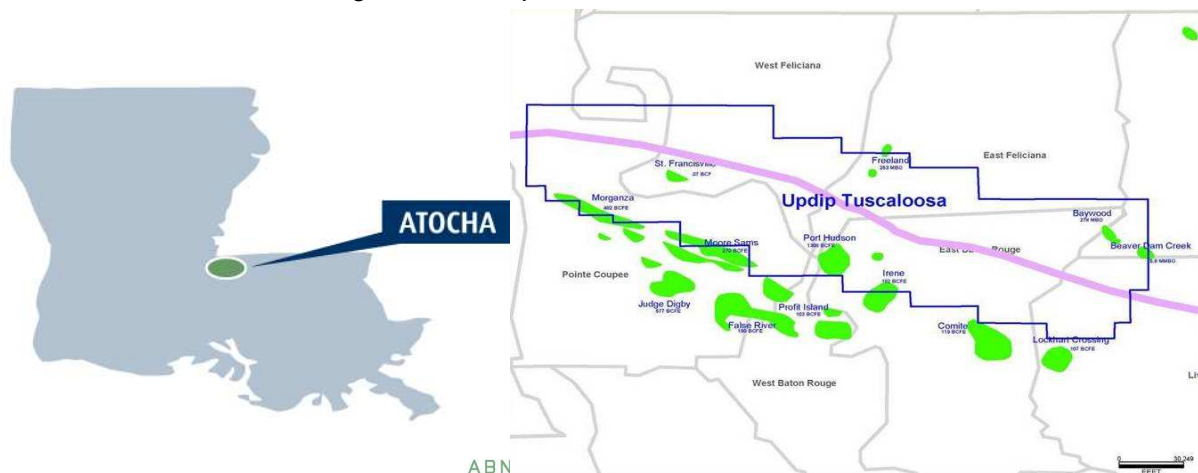
Due to the strong geological characteristics of the project, including extensive seismic data, the existence of a well bore which has been logged and is available for re-entry, and strong production in the immediate area, Pryme remains confident of securing a farm out partner for the project.

A short project summary is contained below.

Up-dip Tuscaloosa Project

The Up-dip Tuscaloosa Project covers an Area of Mutual Interest (AMI) of approximately 1,800 square kilometres (700 square miles) in central Louisiana. The AMI includes 6,400 acres in East Baton Rouge and East Feliciana Parishes over which Pryme holds the mineral rights and which are on trend with the prolific Tuscaloosa trend. Project exploration will commence in the Atocha Prospect which is the most advanced of the prospects within the AMI.

The AMI is shown in the following location map.





The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 trillion cubic feet (TCF) of natural gas and 120 million barrels of condensate over the past 32 years. Atocha is located five miles north of BP's Port Hudson Field which is the best producing field in the trend. The Port Hudson Field is a salt-cored anticline from which approximately 800 billion cubic feet (BCF) of gas and 90 million barrels of condensate (1.3 trillion cubic feet equivalent (TCFE) of natural gas) have been produced to date. The primary targets of the Atocha prospect are over 17,000 feet deep and are analogous to producing formations in Port Hudson Field.

The first exploration well in Atocha will be the re-entry of an existing well which was drilled by a major oil company in 1980 when the Tuscaloosa trend was relatively undeveloped and its production characteristics were unknown. Petrophysical analysis indicates that the well to be re-entered potentially contains over 100 feet of natural gas bearing sands. This section will be tested and, if completed as a producing well, will deliver gas into the nearby sales pipeline network.

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
President
Pryme Oil and Gas Inc
Telephone: +1 832 487 8607
Email: ryan@prymeoilandgas.com

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), Justin Pettett (Managing Director), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non Executive Director).