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Four Rivers Project Update

Drilling continues with the Peabody 38-1 well in the North Blackhawk Field Prospect

Drilling of the next well in the Four Rivers Project, the Peabody 38-1 in the North Blackhawk Field Prospect, will commence on Friday. The drilling rig is currently moving from the VUA Renfrow No.1 well (see below). The well will be drilled to a depth of 5,500 feet. Drilling and logging are expected to be completed late next week.

The Peabody 38-1 well is an attempt to establish production from two Sparta Sands within the Middle Wilcox Trend. There have been a number of commercial oil fields discovered in the Sparta Sands within a zone which extends approximately 100km from Avoyelles Parish in Louisiana to Wilkinson County, Mississippi. The Peabody 38-1 location exhibits good sub surface control and mapping indicates an apparent closure with an up-dip shale out of the sands. This is characteristic of the Sparta Sands in this area.

Ryan Messer, Pryme's Chief Operating Officer said, "to date we have been able to make five discoveries in the Four Rivers Project and bring them into production. Each of the successful wells should lead to further development drilling in the future."

Results of VUA Renfrow No.1 well in the Patton Church Prospect

The latest exploration test (VUA Renfrow No.1 in the Patton Church Prospect) in the Four Rivers Project reached total depth of 4,590 feet and has been logged. Logging showed oil and natural gas in the Tew Lake Sand between shale and approximately nine feet above structure to the nearest producing well. After evaluation of the core analysis it was determined that the sand did not have sufficient oil saturation to justify completing the well as a producer. As a result it has been decided to plug and abandon the well.

"As previously advised, we are preparing an analysis of the overall performance to date of the Four Rivers Project and will provide this information to shareholders" said Justin Pettett, Pryme's Managing Director. "Even with the disappointing result from the Renfrow well we expect that the analysis of the Four Rivers Project will show that it has been a good investment for the company."

Project Description

Pryme has a 25% Working Interest (18.75 - 20% Net Revenue Interest (NRI)) in the Four Rivers project which extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams, Jefferson and Wilkinson Counties in Mississippi. The project is targeting multiple "stacked" oil zones throughout the Middle-Wilcox formation and, to a lesser extent, shallow Frio natural gas zones, at depths ranging from approximately 4,000 to 7,000 feet. 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.

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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 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), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non 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 www.spe.org.