

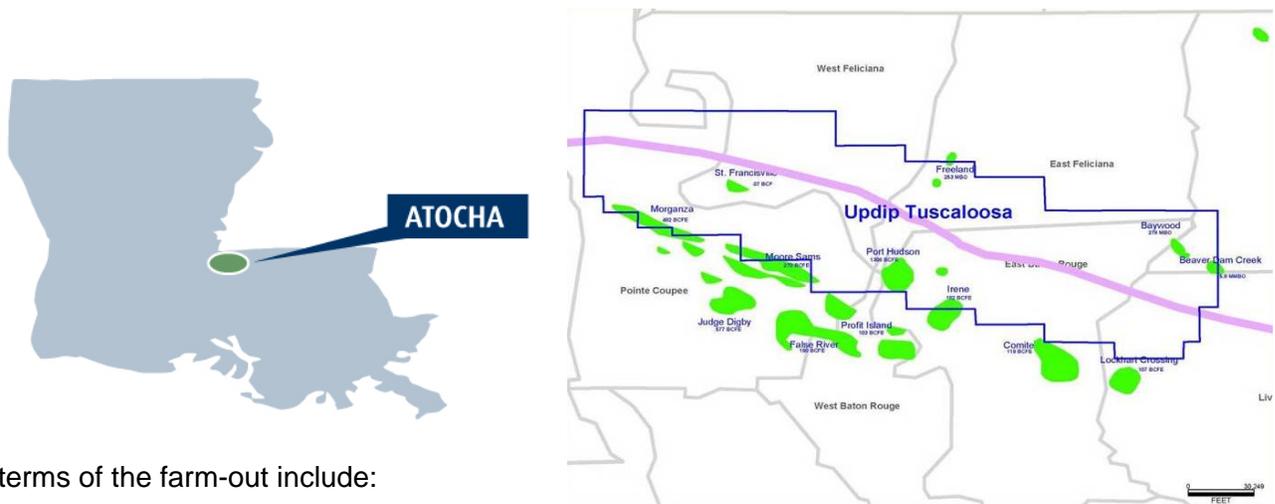
4 June 2008

Farm Out of Updip Tuscaloosa Project

Pryme Oil and Gas Limited is pleased to announce that it has entered into an agreement to farm out its interests in the Updip Tuscaloosa Project (which includes the Atocha Prospect) to newly formed oil and gas exploration company, Promesa Limited. The terms of the farm out include reimbursement of all of Pryme's project-related costs to date as well as the retention by Pryme of carried interests in the first well to be drilled in each prospect and overriding royalty interests in production from the project area.

The project area is defined as 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. 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 terms of the farm-out include:

- Cash reimbursement of Pryme's costs of the project to date (estimated at A\$1.8 million),
- A 25% carried working interest through to production in the first two wells in the Atocha Prospect and the first well in each other prospect,
- An overriding royalty interest ranging up to 5% of production from Atocha and, subject to lease terms, the entire AMI, and
- A commitment to fund further leasing and development activities throughout the AMI.

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. Work is scheduled to begin on the re-entry soon subject to rig and casing availability.

About Promesa Limited

Promesa is a newly incorporated Australian oil and gas exploration company with a primary objective of exploring high risk, high return projects. Its mission is to explore for large oil and gas deposits throughout the Gulf States of the United States, in conjunction with experienced and successful local partners, utilising state of the art seismic data reprocessing and interpretation together with sub surface mapping and supported by analogue production to mitigate risk.

Pryme Oil and Gas Limited Director, Mr Ananda Kathiravelu, has been instrumental in promoting Promesa through Armada Capital Limited, which will receive fees from Promesa in relation to its forthcoming capital raising. Mr Kathiravelu will also serve as an Executive Director of Promesa.

Promesa is currently finalising an Initial Public Offering (IPO) of its shares and intends to apply to have its shares quoted on the Australian Securities Exchange (ASX) by early July 2008.

For more information on Promesa please contact John Ceccon at john@promesa.com.au or on +618 9322 6940.

On 2 June 2008, natural gas and oil closed on the NYMEX at \$11.75 and \$126.19, respectively.

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).