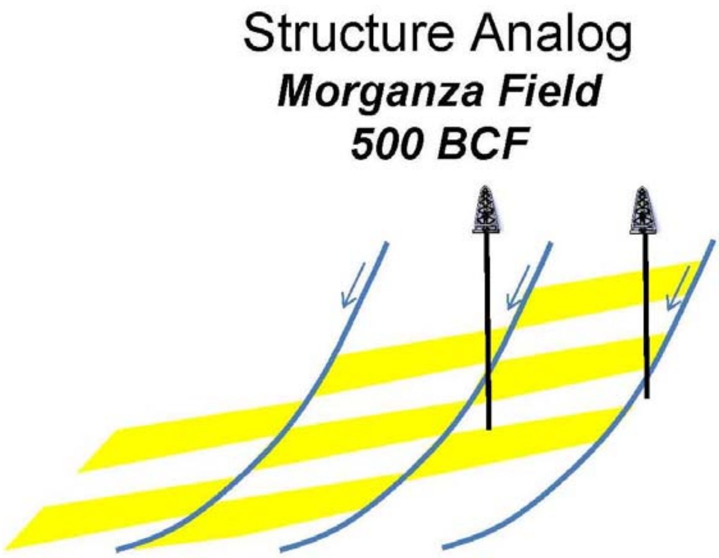
19 April 2007

Pryme Secures Large Updip Tuscaloosa Project

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 its first high impact deep exploration project named Atocha to be drilled to 17,700 feet in the prolific Tuscaloosa trend in central Louisiana (see enclosed map). The well is scheduled to be drilled late in 2007 and will target thick Tuscaloosa sands that offset an existing well drilled in the early 1980's that is believed to have 125 feet of bypassed gas. Prospective reserves for the project exceed 1 Trillion Cubic Feet (TCF)

Two Targets Confirmed with 2D Seismic



The Atocha Prospect is located updip in the prolific Tuscaloosa trend that has produced in excess of 2.5 TCF of natural gas to date. The primary objective, the Tuscaloosa, is targeted at approximately 17,500 feet with additional secondary Lower Cretaceous targets as deep as 22,000 feet. The potential reserves of the Tuscaloosa sands in Atocha could exceed 1 TCF using an average sand thickness of 250 feet in the aggregate. Gross sand thicknesses are known to be up to 450 feet throughout this area. The primary target consists of multiple down-to-the-basin faults that occur in the Tuscaloosa defined on reprocessed 2D seismic data. These are believed to have been deposited in "stair-step" fashion and create thickening of the sand along with providing a trapping mechanism for the reservoir as detailed in the Morganza Field analog image above. The Morganza Field in the Tuscaloosa trend has produced in excess of 500 Billion Cubic Feet (BCF) from this exact type of reservoir structure. The image shows two wells drilled through the reservoirs shown in yellow between faults's shown in blue. The fault blocks trap the hydrocarbons in a stair step fashion dipping down towards the Gulf of Mexico.

Analogues to the Prolific Tuscaloosa Trend

The prospect exists up-dip to 2.5 TCF of natural gas produced to date in the deep Tuscaloosa Trend. A major depositional fairway creates the Atocha prospect in this target interval. This play resembles the deep gas basin in Canada where Elmsworth Field was discovered and 15 TCF was eventually proven years after seventy-five well bores had penetrated the section and the gas accumulation had not been recognized. The geologic model for Atocha is also identical to that of Double A Wells Field in Polk

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County, Texas. This field has produced over 550 Billion Cubic Feet (BCF) from a Woodbine (Tuscaloosa age) stratigraphic trap across 15,000 acres.

Offsetting Existing well drilled in early 1980's

The Tuscaloosa sands can be tested up-dip to an existing well drilled in the early 1980's. Petrophysical investigation by several analysts has concluded that this existing well contains over 125 feet of calculated bypassed pay. Gas on the mud log of this existing well also supports this hypothesis, along with possibly indicating a gas/water contact.

Farm-out Trade Terms

Pryme has signed a Joint Venture Development Agreement with Amelia Resources LLC to develop the Atocha Prospect. Amelia Resources LLC owns an equity interest in Wave Exploration LLC. Kirk Barrell, the manager, also serves on the management team of Wave Exploration Group LLC, a Pryme joint venture partner. Under the agreement, Amelia will earn a prospect fee of US$75,000 and a 3% overriding royalty success fee. All other costs relating to the project are heads up and on a ground-floor basis for Pryme. Typical net revenue interests in the area are 83.33%.

The costs to drill this depth of prospect through logging of the test typically run between US$6-7 million per well. Pryme's strategy will be to farm the prospect out to a third party so it can reduce its financial exposure. The Directors believe that Pryme will be able to recover 100% of the prospect capital costs, leasing and seismic costs, and Amelia's prospect fee plus a small cash fee. In addition, a 10% carried working interest for Pryme should be able to be secured through to production of the first well and a 15% reversionary working interest after payout of the well. The result would be a 25% carried working interest (20.075% NRI) and free look at prospective reserves exceeding 1 TCF in size in the project for Pryme if it is successful. Several wells would be required to drain this class of project and its reserves if successful, with these additional wells drilled on a heads-up basis and Pryme paying its carried 25% working interest ownership portion of the costs after the play is proven.

Project Summary

Prospective Reserves	1 TCF
Target Depth	17,700 feet
Dry hole cost	US$6-7 million
Offsetting existing well	Yes
2D seismic confirming location	Yes
Working interest	100%
Net Revenue Interest	80.33% (after allowing for Amelia royalty)

The directors and management team at Pryme are actively working on two other large scale projects within their regional focus of Louisiana and another project in South Texas. They are also working on securing a very large area of mutual interest to ensure control of prospect inventory for the next ten years. This above mentioned strategy further demonstrates Pryme's direction as a prospect aggregator and allows shareholders to gain value through enhanced earnings while lowering their exposure to exploration risk. Details of additional projects should be announced in the coming weeks.

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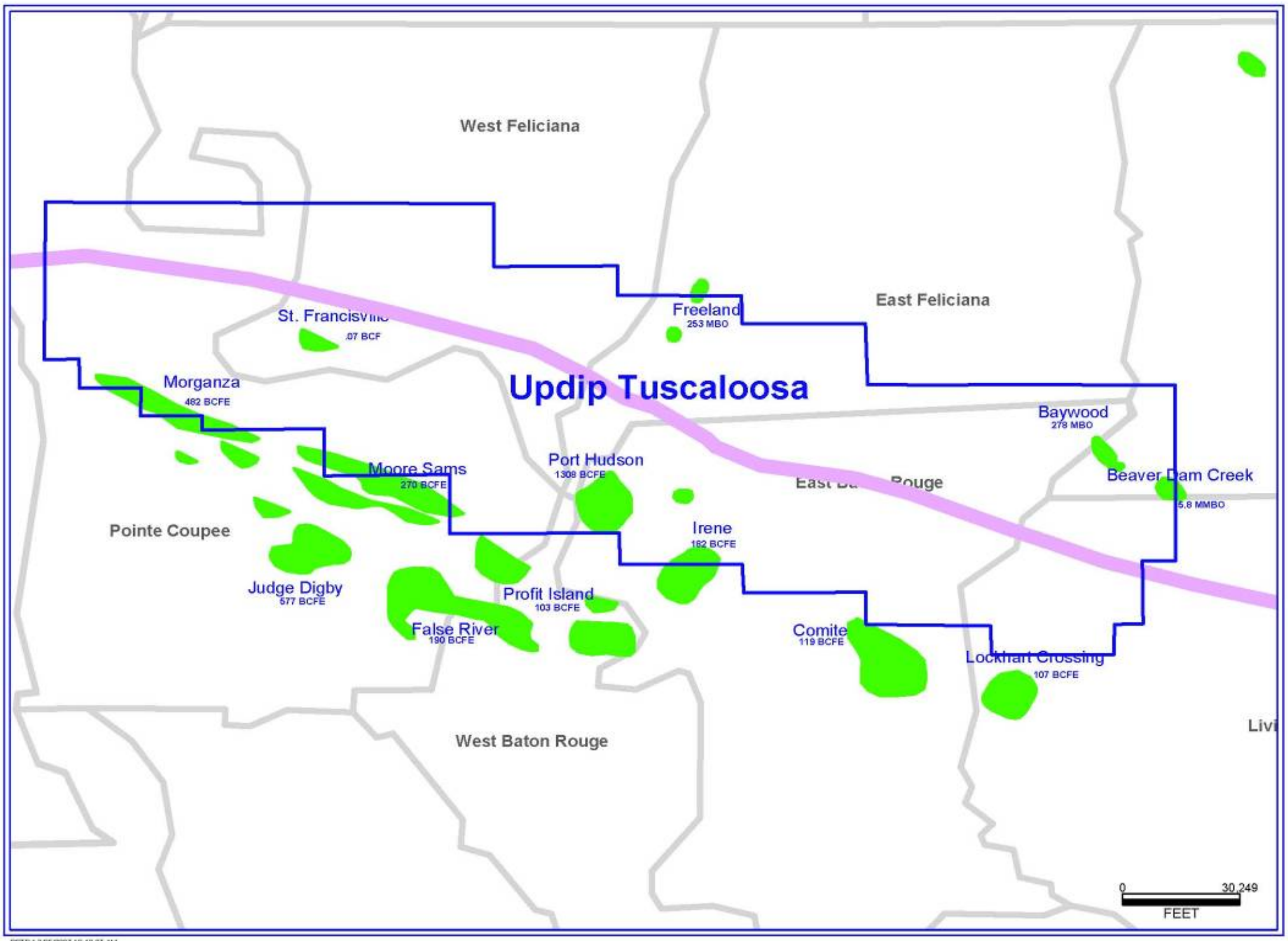
Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the U.S., the world's biggest oil market. The company has an exceptional suite of exploration projects focused on Louisiana, the fifth-largest oil-producing state in the U.S. These projects are funded 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).



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Prolific Tuscaloosa Trend in Central Louisiana, United States