



3 September 2007

Drilling begins on first well in Saline Point Project

Pryme Oil and Gas Limited (ASX: PYM / OTC: POGLY) would like to announce that drilling of the first well (State Lease 19234 No.1) in the Saline Point oil exploration project has begun. The well is currently at 1,100 feet with the target depth of 5,100 feet expected to be reached late in the week.

This project is located in the southern portion of Catahoula Lake in LaSalle Parish, Louisiana. The project will target in excess of 2 million barrels of oil from the upper sands of the Wilcox formation and is located near Catahoula Lake and South Catahoula Lake fields that have produced 24 million and 4 million barrels of oil respectively to date.

Pryme has a 26.96% working interest (20.22% net revenue interest) in this project. Typical drilling and completion costs rateable to Pryme's interest for this depth well in LaSalle Parish is US\$134,800 per well, which includes production facilities.

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).