

Pryme Oil & Gas Ltd

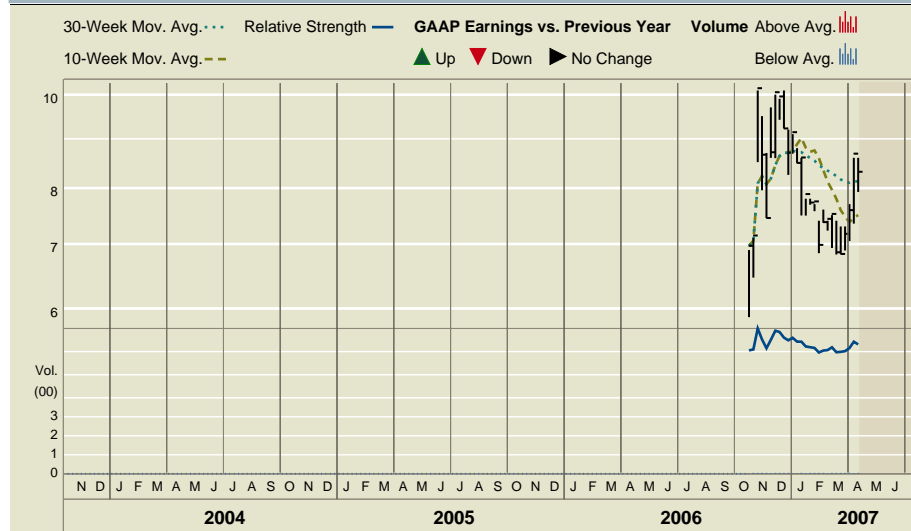
GICS Sector Energy
Sub-Industry Oil & Gas Exploration & Production

Summary This Australian company explores for and produces oil and natural gas in the U.S., with a focus on the Gulf States and Texas. Projects are located throughout Louisiana.

Key Stock Statistics (Source S&P, company reports, Vickers)

| | | | | | | | |
|--------------------------|---------------------|-------------------------|---------------|--------------------------|------------|-----------------------------|----------------|
| Price as of Apr 17, 2007 | \$8.21 | Dividend Rate/Share | Nil | \$10K Invested 5 Yrs Ago | NA | Total Shares Outstg. (M) | 70.3 |
| 52-Wk Range | \$10.19-5.88 | Trailing 12-Month P/E | NM | Beta | NA | Market Capitalization(B) | \$0.029 |
| Trailing 12-Month EPS | \$-0.63 | Tangible Book Val/Share | \$3.37 | Yield (%) | Nil | Institutional Ownership (%) | NA |

Price Performance



Quantitative Evaluations

| | | | | | | | | |
|--------------------------------|---|---------|---|-----------|----|---|----|-----------|
| S&P Quality Ranking | | | | | | | | NR |
| D | C | B- | B | B+ | A- | A | A+ | |
| S&P Fair Value Rank | | | | | | | | NR |
| 1 | 2 | 3 | 4 | 5 | | | | |
| LOWEST | | | | HIGHEST | | | | |
| Fair Value Calculation | | | | | | | | NA |
| Insider Activity | | | | | | | | NA |
| UNFAVORABLE | | NEUTRAL | | FAVORABLE | | | | |
| Volatility | | | | | | | | NA |
| Technical Evaluation | | | | | | | | NA |
| Relative Strength Rank | | | | | | | | NA |

S&P Analyst Fred Rassi

Operational Review April 18, 2007

Income Statement Analysis & Financial Review
Revenues for the year ended December 31, 2006, were A\$1.0 million. The pretax loss was A\$2.0 million. With no income tax liability incurred, the 2006 net loss was A\$2.0 million (\$0.63 per ADS).

Key Operating Information

According to the company, the future is one of exploration through the mitigation of risk by adopting and using cutting-edge 2D and 3D seismic technology and subsurface geology. Short-term goals include being a deal maker and to this end the company is currently working on building an inventory of very large high impact projects; farming out to third parties projects leased and secured by POGly in return for a carried working interest and/or overriding royalties; little or no financial risk through farm outs; upside from project development locked in by way of carries and overrides; and project size in excess of +500 BCF of natural gas reserves or oil equivalent with one or two projects twice that size within the regional focus of Louisiana, with the potential to secure a very large area of mutual interest to ensure prospect inventory for the next ten years and to add shareholder value.

During the fourth quarter of 2006, the company announced that they have successfully drilled and completed several new wells in their LaSalle

Parish Project in Louisiana. According to management, several additional opportunities for development/step-out drilling exist there and are being pursued.

Recent Developments

On March 29, 2007, the company announced that it will raise A\$3,000,000 to replenish working capital for its ongoing exploration activities by the placement of 6,666,667 shares at A\$0.45 per share, with one free attaching option for every two shares subscribed exercisable at A\$0.40 on or before June 28, 2008.

During 2006, POGly raised A\$14.2 million, including the initial public offering, to fund current and future projects.

On October 25, 2006, the company's ADRs began trading OTC under the ticker POGly. Each ADR represents 20 units of Pryme stock listed on the Australian Securities Exchange under the symbol PYM.

Revenue/Earnings Data

| Revenue (Million \$) | 1Q | 2Q | 3Q | 4Q | Year |
|----------------------|----|------|----|----|------|
| 2006 | -- | 0.21 | -- | -- | 0.81 |
| 2005 | -- | -- | -- | -- | -- |
| 2004 | -- | -- | -- | -- | -- |
| 2003 | -- | -- | -- | -- | -- |
| 2002 | -- | -- | -- | -- | -- |
| 2001 | -- | -- | -- | -- | -- |

Earnings Per ADS (\$)

| | | | | | |
|------|----|-------|----|----|-------|
| 2006 | -- | -0.07 | -- | -- | -0.63 |
| 2005 | -- | -- | -- | -- | -- |
| 2004 | -- | -- | -- | -- | -- |
| 2003 | -- | -- | -- | -- | -- |
| 2002 | -- | -- | -- | -- | -- |
| 2001 | -- | -- | -- | -- | -- |

Fiscal year ended Dec. 31. Next earnings report expected: NA

Dividend Data

No cash dividends have been paid.

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Pryme Oil & Gas Ltd

Business Summary April 18, 2007

Pryme Oil & Gas Ltd. (POGLY) is an oil and natural gas producer and explorer operating onshore in the U.S. with interests and focus in the Gulf States and Texas. Projects are currently located throughout Louisiana.

The LaSalle Parish Project is located in LaSalle Parish in the Wilcox Basin in east-central Louisiana. Pryme purchased its interest in this project on April 1, 2006. Four development/step-out oil wells were drilled in 2006, bringing to 25 the total number of producing wells in this project as of February 2007.

Pryme holds a 52% working interest in the Turner Bayou 3D seismic project. A drilling program for the project is scheduled to begin in July 2007. The final permitted size of the Turner Bayou project is 85.42 square miles (54,674 contiguous acres). According to the company, prospective reserves are in the vicinity of 150 billion cubic feet (78 billion cubic feet net to Pryme) of natural gas from all intervals combined, unadjusted for risk.

The Raven Project consists of drilling in the fairway of the prolific Cotton Valley natural gas trend in Lincoln Parish, LA. Pryme has elected to retain an undivided 40% working interest in this project for its own account, which includes a carried working interest.

The Kestrel Project is fully leased and is being marketed to third parties for project funding. Kestrel is located in Calcasieu Parish, LA and has a two-well potential located on 320 consolidated acres. The project will be drilled to 13,500 feet, targeting four Hackberry natural gas and condensate (oil) sands.

The Condor Project is located along the Tuscaloosa Trend in central Louisiana. The Condor project area includes multiple Tuscaloosa targets within the Comite Field. Pryme expects to have leasing completed by June/July 2007. Phase 1 of the project includes assembling leases on two Tuscaloosa prospects with target depths of 17,500 to 18,000 feet. Phase 2 consists of pursuing deeper, exploratory opportunities in the southern portion of the field.

The company seeks out and evaluates investment opportunities in trend related, conventional oil, and natural gas projects in the U.S. Broadly, Pryme's strategy is to have a near-term focus on the U.S. in Louisiana and the Gulf States including Texas, and a longer-term focus on North America; apply a disciplined approach to project selection in order to manage cost of capital; and leverage specialized knowledge in drilling, well completions and production operations to maintain a competitive advantage in the U.S.

Corporate Information

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Officers

Chrmn

J. Dickinson

Secy

M. Fogarty

Pres & COO

R. Messer

CEO & Mng Dir

J. Pettett

Board of Directors

J. Dickinson

P. Judge

A. Kathiravelu

R. Messer

J. Pettett

Domicile

Australia

Auditor

Moore Stephens,
Brisbane, Australia

Founded

2005

Employees

6

Stockholders

NA

Pryme Oil & Gas Ltd

Key Stock Statistics

| | | | | | | | |
|--------------------------|---------------------|-------------------------|---------------|--------------------------|------------|-----------------------------|----------------|
| Price as of Apr 17, 2007 | \$8.21 | Dividend Rate/Share | Nil | \$10K Invested 5 Yrs Ago | NA | Total Shares Outstg. (M) | 70.3 |
| 52-Wk Range | \$10.19-5.88 | Trailing 12-Month P/E | NM | Beta | NA | Market Capitalization(B) | \$0.029 |
| Trailing 12-Month EPS | \$-0.63 | Tangible Book Val/Share | \$3.37 | Yield (%) | Nil | Institutional Ownership (%) | NA |

Ratio Analysis (Annual Avg.)

| | | | | |
|---------------------------|-----|----|----|----|
| Net Margin (%) | NM | NA | NA | NA |
| LTD of Capitalization (%) | Nil | NA | NA | NA |

Company Financials

| Per ADS Data (\$) Year Ended Dec. 31 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|--------------------------------------|-------|------|------|------|------|------|------|------|------|------|
| Tangible Book Value | 3.37 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Cash Flow | -0.53 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Earnings | -0.63 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Dividends | Nil | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Payout Ratio | Nil | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Prices:High | 10.19 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Prices:Low | 5.88 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| P/E Ratio:High | NM | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| P/E Ratio:Low | NM | NA | NA | NA | NA | NA | NA | NA | NA | NA |

Income Statement Analysis (Million Australian \$)

| | | | | | | | | | | |
|--------------------|-------|----|----|----|----|----|----|----|----|----|
| Revenue | 1.02 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Operating Income | -1.45 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Depreciation | 0.34 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Interest Expense | Nil | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Pretax Income | -2.05 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Effective Tax Rate | NM | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Net Income | -2.05 | NA | NA | NA | NA | NA | NA | NA | NA | NA |

Balance Sheet & Other Financial Data (Million Australian \$)

| | | | | | | | | | | |
|------------------------------------|-------|----|----|----|----|----|----|----|----|----|
| Cash | 4.79 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Current Assets | 4.91 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Total Assets | 15.4 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Current Liabilities | 0.44 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Long Term Debt | Nil | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Common Equity | 15.0 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Total Capital | 15.0 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Capital Expenditures | 0.01 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Cash Flow | -1.71 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Current Ratio | 11.2 | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| % Long Term Debt of Capitalization | Nil | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| % Net Income of Revenue | NM | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| % Return on Assets | NM | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| % Return on Equity | NM | NA | NA | NA | NA | NA | NA | NA | NA | NA |

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Pryme Oil & Gas Ltd

Sub-Industry Outlook

With its emphasis on the North American onshore natural gas producers, our fundamental outlook for the oil and gas exploration and production (E&P) sub-industry is positive. Our view reflects a tight market characterized by scant spare capacity still vulnerable to disruptions from significant supply sources (e.g., Middle East, Russia and Nigeria). However, while we also believe that these markets have created slightly more idle capacity by virtue of lower worldwide demand expectations and historically high seasonal natural gas storage levels, we think current natural gas prices continue to provide attractive valuations for onshore North American natural gas producers.

The International Energy Agency's 2007 global demand growth projection is 1.4 million barrels per day, or 1.6%, reflecting mild weather in North America and the removal of consumer subsidies in Southeast Asia. U.S. GDP grew by 2.2% in the fourth quarter of 2006, a rise from the third quarter's 2% pace. We believe demand drove the historic energy bull market over the past three years, versus supply disruptions in previous bull markets, and it is our belief that a demand-driven response will end this bull market cycle. While we think we are seeing the beginnings of that demand response, we think oil prices above \$59 per barrel are supportable through 2007.

Our price forecasts, as provided by Global Insight, are for full-year 2007 natural gas prices to be up 4.8% from 2006 levels (10% decline for oil), and up 9.5% in 2008 (3.2% increase for oil), as local North American natural gas fundamentals return to normal. Consequently, we believe the continued high price environment will help natural gas producers absorb double-digit service cost inflation and thus achieve superior returns on capital versus more oily E&P companies. Given these sector

dynamics, we would emphasize companies that have an abundance of undeveloped land and multi-year natural gas project inventories.

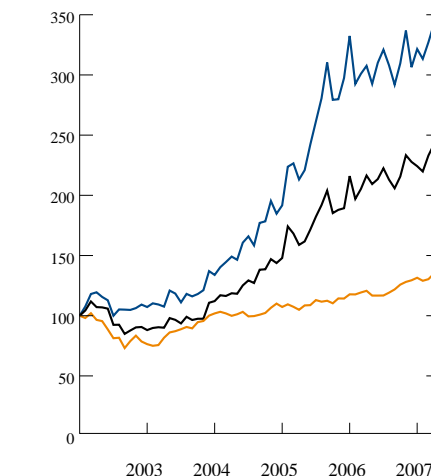
Year to date through March 23, the S&P Oil & Gas E&P Index was up 5.6%, versus a 1.8% increase for the S&P 1500. In 2006, the sub-industry index rose 3.0%, versus a 13.3% advance for the 1500.

--Michael Kay

Stock Performance

GICS Sector: Energy
Sub-Industry: Oil & Gas Exploration & Production

Based on S&P 1500 Indexes
Month-end Price Performance as of 03/30/07



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Oil & Gas Exploration & Production Peer Group*: Based on market capitalizations within GICS Sub-Industry

| Peer Group | Stock Symbol | Stk.Mkt. Cap. (Mil. \$) | Recent Stock Price | P/E Ratio | 12-Mo. Trailing EPS | 30-Day Price Chg(%) | 1 Year Price Chg(%) | Beta | Yield (%) | Quality Ranking | Ret. on Equity (%) | Pretax Margin (%) | LTD to Cap (%) |
|--------------------------------|--------------|-------------------------|--------------------|-----------|---------------------|---------------------|---------------------|-----------|------------|-----------------|--------------------|-------------------|----------------|
| Pryme Oil & Gas ADS | POGLY | 30 | 8.21 | NM | -0.63 | 20% | NA | NA | Nil | NR | NM | NM | Nil |
| Austral Pacific Energy | AEN | 28 | 1.22 | NM | -0.12 | -5% | -49% | 0.82 | Nil | NR | NM | NM | Nil |
| CKX Lands | CKX | 26 | 13.52 | 17 | 0.79 | 1% | -10% | 0.75 | 2.1 | NR | 21.2 | 86.9 | Nil |
| Daybreak Oil & Gas | DBRM | 29 | 0.74 | NM | -0.25 | 4% | -67% | 1.09 | Nil | NR | NM | NM | Nil |
| Delta Oil & Gas | DOIG | 34 | 0.76 | NM | -0.01 | -7% | -56% | NM | Nil | NR | NM | NM | Nil |
| GeoResources Inc. | GEOI | 26 | 6.77 | 15 | 0.45 | 17% | -45% | 0.68 | Nil | B- | 13.3 | 30.9 | 1.0 |
| JED Oil | JDO | 36 | 2.39 | NM | -4.14 | 77% | -85% | -0.30 | Nil | NR | 4.5 | 14.2 | 42.0 |
| Pacific Roderia Energy | PRD.C | 33 | 0.67 | NM | -0.08 | 18% | -46% | NA | Nil | NR | NM | NM | Nil |
| Powder River Basin & Gas | PRVB | 31 | 0.26 | 4 | 0.07 | -19% | -24% | 1.45 | Nil | NR | 39.1 | 32.5 | Nil |
| Redstar Oil & Gas | RED.C | 36 | 1.10 | NM | NA | -3% | -56% | NA | Nil | B- | 52.8 | 67.6 | 2.7 |
| Rochester Resources | RCTFF | 32 | 2.25 | NM | -0.17 | 7% | 309% | -2.85 | Nil | NR | NM | NM | Nil |
| Strata Oil & Gas | SOIGF | 32 | 1.59 | NM | -0.04 | 30% | -27% | 1.34 | Nil | NR | NM | NM | Nil |
| Tekoil Oil & Gas | TKGN | 27 | 1.49 | NM | NA | 42% | NA | NA | Nil | NR | NM | NM | Nil |
| Tidelands Rlty Tr B SBI | TIRTZ | 29 | 20.75 | 12 | 1.75 | 20% | 98% | 0.73 | 6.7 | NR | 179.6 | 6105.4 | Nil |
| TransAtlantic Petroleum | TNPUC | 33 | 0.87 | NM | -0.17 | 18% | -21% | 1.05 | Nil | NR | NM | NM | Nil |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Pryme Oil & Gas Ltd

Glossary

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

| | |
|------------------|---------------------|
| A+ Highest | B Below Average |
| A High | B- Lower |
| A- Above Average | C Lowest |
| B+ Average | D In Reorganization |
| NR Not Ranked | |

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following:

- 5-Stock is significantly undervalued
- 4-Stock is moderately undervalued
- 3-Stock is fairly valued
- 2-Stock is modestly overvalued
- 1-Stock is significantly overvalued

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.