



MARCH 2009 QUARTERLY REPORT

“We are excited about the Four Rivers discovery; we had good shows in the target interval and the additional shallow pay zone raises the potential for several offset drilling locations. In the Four Rivers project, we are targeting a mix of moderate risk oil prospects with potential for rapid conversion to production. This approach allows the management team to leverage valuable capital with a focus on building Pryme’s oil production and reserves in the near term.”

Ryan Messer
Chief Operating Officer



Drilling in the Four Rivers Project

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Glossary

Bbls/day Barrels (of oil) per day
 Bbls/month Barrels (of oil) per month
 Bcf Billion Cubic Feet
 Bcfe Billion Cubic Feet Equivalent
 Mcf Thousand Cubic Feet
 Mcfd Thousand cubic feet per day
 MMcfd Million Cubic Feet of Natural Gas per day
 NRI Net Revenue Interest
 NYSE New York Stock Exchange
 Tcf Trillion Cubic Feet
 3.28 feet Equals 1 metre

Corporate Directory

Directors

Mr George Lloyd (Chairman)
 Mr Justin Pettett (Managing Director)
 Mr Ryan Messer (Executive Director)
 Mr Ananda Kathiravelu (Non-Executive Director)

Company Secretaries

Mrs Janine Rolfe
 Ms Swapna Keskar

Registered and Principal Office

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Share Registry

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 BRISBANE QLD 4000

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Solicitors

Steinepreis Paganin
 Lawyers & Consultants
 Level 4, Next Building
 16 Milligan Street
 PERTH WA 6000

Stock Exchanges

Australian Securities Exchange Limited (ASX)
Code: PYM

International OTCQX
Code: POGLY

Australian Company Number

117 387 354

Australian Business Number

75 117 387 354

March 2009 Quarterly Activity Report

30 April 2009

In accordance with Listing Rule 5.2, Pryme Oil and Gas Limited, an oil and natural gas producer and explorer operating in the United States of America, is pleased to report on its activities for the quarter ending 31 March 2009.

SUMMARY AND HIGHLIGHTS

- Base operating costs covered by revenues at current oil and gas prices
- First oil produced from Four Rivers Project
- Marketing of Atocha Farm Out begins

A SMALL CAP GROWTH OPPORTUNITY

ASX Code:	PYM
Recent price:	\$0.08
(24 April 09)	
Cash on hand:	\$2,430,000
Shares outstanding:	111,056,732
20 Cent Options (Dec 09):	2,118,000
40 Cent Options (Dec 09):	500,000
Market Capitalisation:	\$8.8m
Price range (12 month):	\$0.05-\$0.32



Projects

Quarterly Sales Report (net to Pryme)

Project	March Quarter		Calendar Year to Date	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
La Salle Parish	0	3,080	0	3,080
Raven *	28,576	495	28,576	495
Total	28,576	3,575	28,576	3,575

* This figure includes actual sales for the first two months of the quarter and an estimate based on production data from the operator for the last month in the quarter.

LaSalle Parish Project (8% - 21.5% Interest)

The LaSalle Parish project is based on oil production from five middle aged fields, the first of which was discovered in the year 2000. The project is an important contributor to the Company's cash flow.

First quarter oil sales of 3,080 barrels (34.2 barrels per day net to Pryme) was 9.5% lower than for the previous quarter. The majority of the decline was due to repairs to several down hole pumps and the recompletion of one well being intentionally delayed to reduce expenditure. Over the past two months service and supply costs have fallen making such work-overs more cost effective to implement. It is expected that second quarter production will increase as a result of remediation work completed in April.

Turner Bayou 3D Seismic Project

Target Formation	Frio
Depth (feet)	4,000 - 5,000
Potential* (100% basis)	0.3 - 1.0Bcf
Working Interest	52%
Net Revenue Interest	39%
Dry Hole Cost (to Pryme)	US\$185,000 / well
Wells to be drilled in Q2	2

*Potential is un-risked and a gross figure to the 100% working interest. To calculate the net potential to Pryme, multiply the potential by the net revenue interest percentage. Costs shown are dry hole costs attributable to Pryme's interest only. If a well is successful, further completion costs will be required.

Turner Bayou is one of Pryme's high value projects. Pryme has a 52% interest (39% NRI) in the project comprising approximately 80 square miles (50,000 acres) which have been covered by Pryme's proprietary 3D seismic. Primary targets consist of six prospective formations ranging in depth from the Frio formation at 3,000 feet through to the Tuscaloosa formation at 16,000 feet.

Two wells must be drilled prior to July 1 this year in order to continue to hold some key acreage currently under lease. Preparations are in place to drill these two wells before this date.

The geophysical evaluation of deeper anomalies in the Turner Bayou project area has resulted in the identification of a number of prospects at depths between 8,100 feet and 18,000 feet. Within this section the Eocene, the Lower Cretaceous and the Austin Chalk intervals are the higher priority formations. Analogous production from nearby oil and gas fields provides many favourable indications of the exploration potential of these formations.

The cost of exploration of the deeper Turner Bayou prospects is much higher than for the shallow prospects and Pryme will evaluate farming-out a portion of the working interest in the deep prospects to other explorers to mitigate risk and reduce expenditure. Typical farm-out terms would include an up-front cash payment, to compensate for Pryme's past expenditure, and a carried working interest through to completion for Pryme.

Successful exploration of the deeper Turner Bayou prospects has the potential to create significant value for shareholders.

Raven Project (40% Interest / 30% NRI)

Production from the Raven project for the quarter was 28,576 Mcf of natural gas and 495 barrels of condensate, 8.5% and 23% lower respectively than for the previous quarter. The main reason for this was normal decline.

Production from the Grable 15 No. 1 well and the Patterson 16 No.1 well averaged 605 and 516 Mcfd of gas and 17 and 5 Bbls/day of condensate respectively for the quarter. The Grable well production indicates a greater reservoir extent than the Patterson well.

Projects (cont.)

The drilling of a fourth well in the Raven project has been deferred until a recovery in the natural gas price.

Pryme has a good mineral acreage position in the Raven project with each producing well holding a 640 acre section of minerals to all depths.

Saline Point Project (24% Interest / 18% NRI)

As announced, the third exploration test (TDW 34 No.1) in the Saline Point prospect reached total depth of 4,800 feet. The result of logging and core analysis showed that the prospective interval was too tight to produce commercial quantities of oil and the decision was made to plug and abandon the well.

A geological evaluation of the prospect has indicated that there are no further locations worthy of drilling within the area of the lease. This is a disappointing result and it is now intended to terminate the project.

Up Dip Tuscaloosa Project (100% Interest / JV with Amelia)

Target Formation	Tuscaloosa
Depth (feet)	17,700
Potential* (100% basis)	~28 Bcfe (Re-entry only)
Working Interest	100%
Net Revenue Interest	81.33%

*Potential is un-risked and a gross figure to the 100% working interest. To calculate the net potential to Pryme, multiply the potential by the net revenue interest percentage. Working interest and net revenue interest shown are the terms currently being offered to potential farm-in partners and are subject to change.

The Up Dip Tuscaloosa Project covers an Area of Mutual Interest (AMI) of approximately 1,800 square kilometres (700 square miles). It is located in central Louisiana and 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.

The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 Tcf of natural gas and 120 million barrels of condensate over the past 32 years.

Pryme intends to farm out its interest in the Atocha prospect (on either a stand-alone basis or together with its two additional Up Dip Tuscaloosa prospects) on terms that will include an upfront cash payment, to recoup costs expended to date, and a combination of a carried working interest and/or overriding royalty. Leasing within the two

adjacent prospects has been suspended pending securing a farm-in partner so Pryme can focus on the re-entry of the Atocha well.

Considerable preparatory work for the re-entry of the Atocha well has been completed. Notwithstanding the recent fall in the prices of oil and gas, it is believed that a successful re-entry will be economically attractive and it is intended that it commence, as soon as a farm-in partner is secured.

A discovery in the Atocha Prospect has the potential to significantly increase earnings and greatly increase the value of Pryme.

Kestrel Project (100% Interest / JV with Wave Exploration)

Kestrel is a Hackberry Sands Project located in Calcasieu Parish Louisiana and has been generated through the processing of 3D seismic data. The project area has been fully leased and is currently being marketed by the prospect generator, Wave Exploration LLC. To date Wave has been unsuccessful in sourcing a farm-in partner for this project.

The project is located on 320 acres and it is proposed that Kestrel be drilled to a depth of 13,500 feet, targeting four "Hackberry" natural gas and condensate bearing sands.

Four Rivers Project (25% Interest / 18.75% - 20% NRI)

Target Formation	Middle Wilcox
Depth (feet)	5,000 - 7,000
Potential* (100% basis)	100,000 - 250,000Bbbls
Working Interest	25%
Net Revenue Interest	18.75% - 20%
Dry Hole Cost (to Pryme)	US\$70k - \$100k per well
Wells to be drilled in Q2	4-6

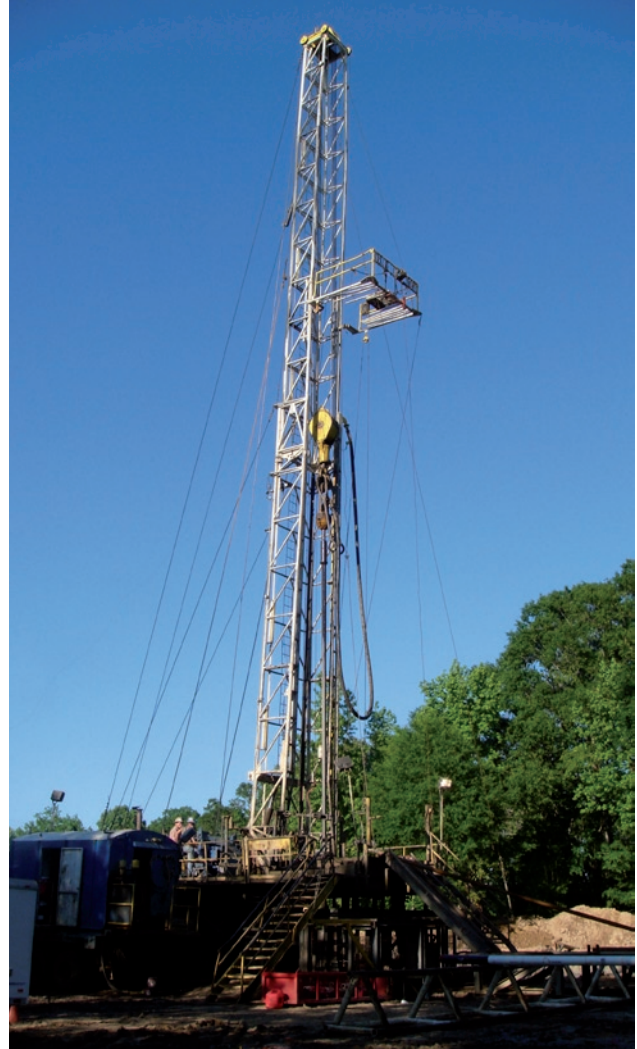
*Potential is un-risked and a gross figure to the 100% working interest. To calculate the net potential to Pryme, multiply the potential by the net revenue interest percentage. Costs shown are dry hole costs attributable to Pryme's interest only. If a well is successful, further completion costs will be required.

We are pleased to report that four wells have been drilled in our Four Rivers Project to date. Whilst only one of the four wells has resulted in commercial oil production, we are confident of attaining a higher success rate as drilling moves into areas that are closer to existing production with less exploration risk.

Projects (cont.)

Drilling activity will remain strong with one to two wells per month scheduled to be drilled throughout the next quarter.

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 and Jefferson 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 3,000 to 6,000 feet. Pryme's partner in this project is Tridimension Energy of Dallas, Texas, a successful regional explorer and producer which has drilled more than 40 wells in the region over the past twelve months with a success rate above 70%.



Drilling in Four Rivers

For further Company information please visit our website at www.prymeoilandgas.com or contact:

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Appendix 5B

Mining exploration entity quarterly report

Name of entity	ABN	Quarter ended ("current quarter")
Pryme Oil and Gas Limited	75 117 387 354	31 March 2009

Consolidated statement of cash flows

	Current quarter	Year to date (12 months)	
	\$A'000	\$A'000	
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	495	495
1.2	Payments for (a) exploration and evaluation	(647)	(647)
	(b) development	-	-
	(c) production	(115)	(115)
	(d) administration	(428)	(428)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	26	26
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(669)	(669)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	146	146
	(c) other fixed assets*	(12)	(12)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets*	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	134	134
1.13	Total operating and investing cash flows (carried forward)	(535)	(535)

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(535)	(535)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.*	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	2,963	2,963
1.21	Exchange rate adjustments to item 1.20	2	2
1.22	Cash at end of quarter	2,430	2,430

* Incorrectly recorded previously

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	213
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
<p>Payments comprising remuneration and superannuation of directors' and related parties as well as fees for services provided by entities associated with directors.</p>		

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Appendix 5B

Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,266
4.2 Development	-
Total	1,266

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,430	2,430
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,430	2,430

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

Appendix 5B

Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

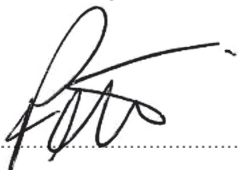
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities (description)	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	111,056,732	111,056,732	Various	Fully Paid
7.4 Changes during quarter (a) Increases through option exercises (Refer 7.9 below) (b) Decreases through returns of capital, buy-backs	NIL			
7.5 *Convertible debt securities (description)	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted Options	2,118,000	-	20¢	30 June 2009
Unlisted Options	500,000	-	40¢	31 December 2009
7.8 Issued during quarter Unlisted Options Listed Options	NIL NIL			
7.9 Exercised during quarter Unlisted Options Listed Options	NIL NIL			
7.10 Expired during quarter Unlisted Options Listed Options	NIL NIL			
7.11 Debentures (totals only)	N/A			
7.12 Unsecured notes (totals only)	N/A			

Appendix 5B

Mining exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  **Date:** 30 April 2009
 (Director)

Print name: Justin Pettett

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.



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