



JUNE 2009 QUARTERLY REPORT

“This is a great result. It adds valuable oil reserves and increases revenue. The Crosby 16 No.1 well is located in an underdeveloped field and, as a result of this success, we hope to identify one or more offset locations to be drilled. Our partners, Tridimension, and the operator have completed a professional job in bringing the well into production.”

Ryan Messer
Chief Operating Officer

“Since commencing the Four Rivers project in February we have drilled three successful wells. Two are now in production and testing of the third will commence in the next few weeks. Results from the project are consistent with our objective of targeting moderate risk oil prospects with potential for rapid conversion to production if successful. This enables us to manage valuable capital and focus on building Pryme’s oil production and reserves in the near term.”

Justin Pettett
Managing Director



Installation of production facilities at Crosby 16 No.1, Kelly Hill Prospect

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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
 Boe Barrels of Oil Equivalent
 Mcf Thousand Cubic Feet
 Mcfd Thousand cubic feet per day
 MMcfd Million Cubic Feet of Natural Gas per day
 NRI Net Revenue Interest
 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

Level 7, 320 Adelaide Street
 BRISBANE QLD 4000

Phone: +61 7 3371 1103
Fax: +61 7 3371 1105

Postal Address

GPO Box 111
 BRISBANE QLD 4001

USA Office

1001 Texas Ave.
 Suite 1400
 HOUSTON TX 77002

Phone: +1 713 401 9806
Fax: +1 832 201 0936

Email: info@prymeoilandgas.com
Website: www.prymeoilandgas.com

Share Registry

Link Market Services Limited
 Level 12, 300 Queen Street
 BRISBANE QLD 4000

Phone: +61 2 8280 7454
Fax: +61 2 9287 0303

Auditors

Moore Stephens
 Level 25, 71 Eagle Street
 BRISBANE QLD 4000

Phone: +61 7 3317 7851
Fax: +61 7 3100 0028

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

June 2009 Quarterly Activity Report

30 July 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 30 June 2009.

SUMMARY AND HIGHLIGHTS

- Three Discoveries made and brought online in Four Rivers project
- Seismic interpretation uncovers deeper, high impact prospects in Turner Bayou
- Good progress in farm-out of Atocha re-entry

A SMALL CAP GROWTH OPPORTUNITY

ASX Code:	PYM
Recent price:	\$0.11
(27 July 09)	
Cash on hand:	\$1,884,000
Shares outstanding:	111,056,732
40 Cent Options (Dec 09):	500,000
Market Capitalisation:	\$12.2m
Price range (12 month):	\$0.05-\$0.235



Projects

Quarterly Sales Report (net to Pryme)

Project	June Quarter		Calendar Year to Date	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
La Salle Parish	0	3,602	0	6,682
Four Rivers*	0	630	0	630
Raven *	28,382	598	56,958	1,093
Total	28,382	4,830	56,958	8,405

* 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 2000. The project is an important contributor to the Company's cash flow.

Second quarter oil sales of 3,602 barrels (39.5 barrels per day net to Pryme) were 17% higher than the previous quarter. The increase in production is directly attributable to the successful completion of down hole pump repairs which increased the efficiency and productivity of several wells in two fields. The recompletion of this one well at a new level in the Routh Point field also added to production.

Turner Bayou 3D Seismic Project

Target Horizon	Deep Test
Depth (feet)	~16,000 feet
Potential* (100% basis)	1,000,000 Boe
Ownership Interest	52%
Drilling Working Interest	25%**
Net Revenue Interest	18.75%
Dry Hole Cost (to Pryme)	US\$1.6 - \$2.6m
Planned Spud Date	Q1 2010

*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.

** The cost of exploration of the deeper Turner Bayou prospects is much higher than for the shallow prospects and Pryme will consider farming-out approximately half of its 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.

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 18,000 feet.

The current focus is on finalising the evaluation of a number of the high impact deep prospects, which have been identified through evaluation of Pryme's seismic data, with the objective of having one of these ready to drill in the first quarter of 2010, subject to a farm in partner being secured.

In addition to the deep targets, several additional shallow prospects, which are close to an existing sales pipeline to the south of the seismic survey area, have been identified. We plan to test one or more of these after the drilling of a deep well is completed.

Successful exploration of the deeper Turner Bayou prospects has the potential to generate a number of additional drilling locations throughout the area of the seismic survey and create significant value for shareholders.

Raven Project (40% Interest / 30% NRI)

Production from the Raven project for the quarter was 28,382 Mcf of natural gas and 597 barrels of condensate, which equates to a 3.7% reduction in gas sales and a 20.6% increase in condensate sales over the previous quarter.

Production from the Grable 15 No. 1 well and the Patterson 16 No.1 well averaged 598 and 416 Mcfd of gas and 14 and 4.5 barrels per day of condensate respectively for the quarter. Production from the Grable, Patterson and the Spinks Middlebrook wells remains fairly stable with normal decline rates.

Due to low natural gas prices, and the Company's present objective of directing capital towards projects that have short lead times to production, the Company chose to

Projects (cont.)

not participate in the drilling of a fourth well in the Raven project. Under the non-consent provisions of the Joint Operating Agreement for the project, Pryme's interest in this well will be reinstated after the consenting parties have recovered 300% of their investment.

However, should the well be successful, Pryme, as a joint prospect generator, will also benefit from an overriding royalty on production.

Atocha Project (100% Interest)

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 Atocha Project covers 6,400 contiguous acres in Central Louisiana within the up-dip fairway of the Tuscaloosa Trend. Pryme has a 100% working interest in Atocha and has spent over US\$1.4 million on building its land position, carrying out technical reviews and planning a program to test the prospect.

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.

Atocha is located five miles north of BP's Port Hudson Field which is the best producing field in the trend. It contains an existing well which was drilled by a major oil company in the early 1980s. Petrophysical analysis has concluded that this well contains over 125 feet of bypassed pay sand. With the benefit of hindsight and some 30 years of experience in the Tuscaloosa Trend, experts have indicated that at present oil and gas prices, a discovery of this calibre would be completed for production.

Pryme's strategy is to re-enter the existing well bore, test the bypassed pay and, if successful, continue with development of the field.

Pryme intends to farm-out portion of this project to industry partners and retain a 25% working interest. There has been strong interest from potential participants and the Company expects to announce the completion of a transaction shortly. Farm-out terms include an upfront cash payment to Pryme to recoup costs expended to date and retention by Pryme

of both a carried working interest and an overriding royalty.

Considerable preparatory work for the re-entry of the Atocha well has been completed by Pryme's technical team in the United States. Re-entry of the well is scheduled for later this year subject to completing negotiations with potential farm-in partner/s.

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

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

After an extensive marketing effort by the prospect generator, Wave Exploration, the Company has been unsuccessful in farming out the Kestrel project and has decided to terminate it.

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

Target Formation	Middle Wilcox
Depth (feet)	5,000 - 7,000
Potential* (100% basis)	100,000 - 250,000Bbls
Working Interest	25%
Net Revenue Interest	18.75% - 20%
Dry Hole Cost (to Pryme)	US\$70k - \$100k per well
Wells to be drilled in Q3	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.*

Sales from the Hall No. 1 well commenced during the quarter with 566 barrels of oil net to Pryme. Average production was 217 Bbls/month net to Pryme.

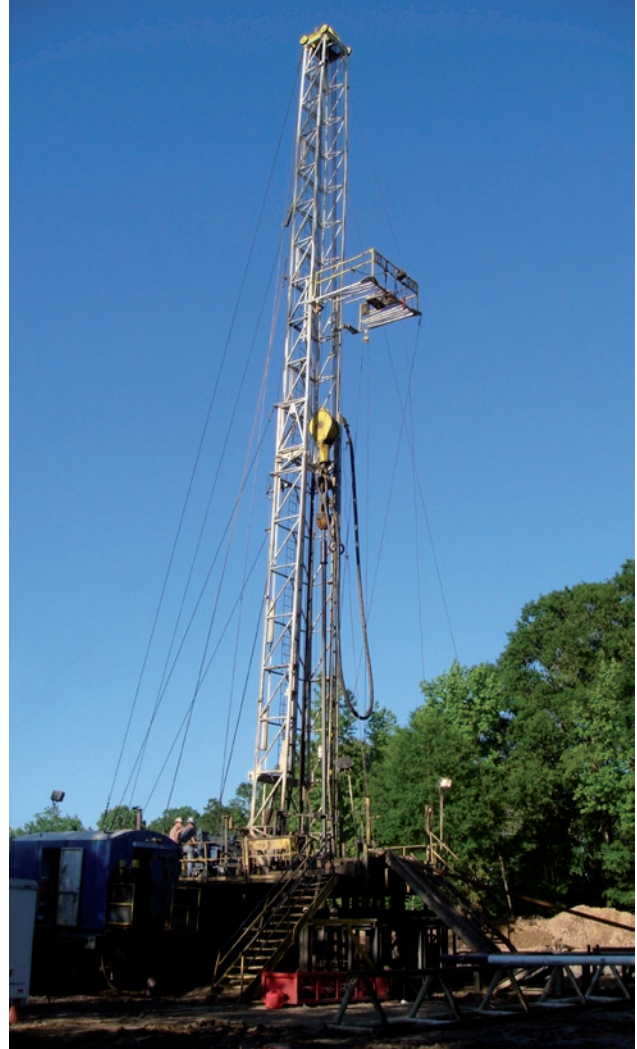
Sales from the Crosby 16-4 No. 1 well commenced in June with sales of 64.2 barrels of oil net to Pryme for part of the month. Initial monthly production from this well is expected to be at a level of 160 Bbls/month net to Pryme.

Exploration activity in the Four Rivers project has progressed at a steady rate with three discoveries from seven wells drilled at the time of this Report. These discoveries are either producing or in the final stage of completion and may lead to the identification of additional offset development locations.

Projects (cont.)

Drilling activity will remain strong with one or two wells to be drilled each month through to the end of the year.

Pryme has a 25% Working Interest (18.75 - 20% 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 at depths ranging from approximately 4,000 to 7,000 feet. Wells drilled in the Middle-Wilcox exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established. They are relatively inexpensive to drill and typically have low operating and on-going maintenance costs.



Drilling in Four Rivers

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

Justin Pettett
 Managing Director
Pryme Oil and Gas Limited
 Telephone: +61 7 3371 1103
 Email: justin@prymeoilandgas.com

Ryan Messer
 Chief Operations Officer
Pryme Oil and Gas Limited
 Telephone: +1 713 401 9806
 Email: ryan@prymeoilandgas.com

Appendix 5B

Mining exploration entity quarterly report

Name of entity	ABN	Quarter ended ("current quarter")
Pryme Oil and Gas Limited	75 117 387 354	30 June 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	497	991
1.2	Payments for (a) exploration and evaluation	(340)	(987)
	(b) development	-	-
	(c) production	(132)	(247)
	(d) administration	(442)	(869)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	34
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	(409)	(1,078)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(118)	28
	(c) other fixed assets*	-	(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	(118)	16
1.13	Total operating and investing cash flows (carried forward)	(527)	(1,062)

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(527)	(1,062)
	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	(527)	(1,062)
1.20	Cash at beginning of quarter/year to date	2,430	2,963
1.21	Exchange rate adjustments to item 1.20	(19)	(17)
1.22	Cash at end of quarter	1,884	1,884

* 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	201
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Payments comprising remuneration and superannuation of directors' and related parties as well as fees for services provided by entities associated with directors.	

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	887
4.2 Development	-
Total	887

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	1,884	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)	1,884	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 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 Unlisted Options Unlisted Options*	500,000	-	Exercise price 40¢	Expiry date 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	2,118,000 NIL	-	Exercise price 20¢	Expiry date 30 June 2009
7.11 Debentures (totals only)	N/A			
7.12 Unsecured notes (totals only)	N/A			

* See 7.10 for details of Options which expired as at 30 June 2009

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 July 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.



ABN 75 117 387 354
Tel: +61 7 3371 1103 Fax: +61 7 3371 1105
Level 7 320 Adelaide Street GPO Box 111 Brisbane Queensland 4001
www.prymeoilandgas.com

BRISBANE - HOUSTON