



29 March 2007

Funding Secured to begin extensive Drilling Program

Pryme Oil and Gas Limited (ASX: PYM / OTC: POGLY), an oil and natural gas producer and explorer operating onshore in the U.S. with interests and focus in the Gulf States and Texas, is pleased to announce it has secured funding for its ongoing exploration activities through the placement of shares to raise \$3,000,000.

The principal use of the funds will be to replenish working capital in readiness for the impending results from the Turner Bayou 3D shoot in May, of which Pryme holds a 52% working interest (39% NRI) and subsequent drilling program in this project planned to begin in July.

The Company will raise \$3,000,000 by the placement of 6,666,667 shares at \$0.45 per share with one free attaching option for every two shares subscribed exercisable at \$0.40 on or before 30 June 2008 (Placement Shares) to strategic and institutional clients of Cygnet Capital Limited and First Capital Corporate Limited. Cygnet has also been appointed as joint corporate advisers to assist Pryme with strategic future positioning of the Company.

Darien Jagger (Director and Head of Corporate Finance) said "Cygnet is very excited by the opportunity to be involved with Pryme. This is a very exciting time for the company having executed on their plan precisely since listing in April 2006 to be drilling the first of their high impact projects mid year. We believe that the near term exploration opportunities and drilling activity in Raven and Turner Bayou in particular within the coming months will add incremental value to the company and its shareholders."

Post allotment of the Placement Shares, Pryme's expanded share capital will comprise of 76,929,030 shares; 39,687,374 options exercisable at 40 cents on or before 30 June 2008 and 4,225,000 options exercisable at 20 cents on or before 30 June 2008. The Placement Shares will comprise 14.23% of the expanded share capital of the Company and is within the Company's 15% placement facility available under ASX listing rule 7.1.

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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).