



Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

22 October 2007

Dear Sir

## PRIVATE PLACEMENT SUCCESSFULLY COMPLETED

The Board of Pryme Oil & Gas Limited (Pryme) is pleased to announce the completion of a placement of 11,562,500 fully paid ordinary shares in the capital of Pryme at \$0.32 per share to two independent Queensland based sophisticated investors, Messer's Ian McCauley and John Rawlins, on 22 October 2007.

Ian McCauley and John Rawlins have significant experience operating and investing in the Australian resources industry with both men having held senior executive positions with some of Australia's major resource companies. In 2003, with the merger of their privately owned Yarrabee Coal Company with Aulron Energy Limited (now Felix Resources Limited (Felix)), both gentlemen were appointed as non-executives directors to the Felix board with Ian elected Felix chairman. Within three and a half years of the merger, Felix grew from a market capitalised entity of \$30 million to one with over \$1.0 billion of market capitalisation. Ian McCauley has also held previous positions with the global oil producer Shell, including Chairman's representative for Queensland.

RMM Capital, also of Brisbane, facilitated the placement for Pryme and will provide ongoing financial advisory support and assistance to the Company.

Pryme's Managing Director, Mr Justin Pettett, was delighted with the addition to the Company's register of two cornerstone investors and looks forward to focusing on moving ahead with the Company's US growth strategy.

The funds will be used for drilling and development of the Turner Bayou and Raven Projects. Drilling of the first of a group of five Frio wells (3,000 – 4,500 feet objective) in Turner Bayou is scheduled to begin in November. The surface location is currently being prepared for the second well in the Raven Project, which is also expected to be drilled during November.

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).*