

DECEMBER 2009 QUARTERLY REPORT

“The Catahoula Lake project is unique as it comprises highly prospective leases within the area of a lake as well as the equipment necessary for the exploration and development of the leases. Through a direct ownership interest in the drilling barge and associated equipment, acquired at significantly below replacement cost, we have a competitive advantage over the entire 30,000 acre area of the lake, almost all of which is prospective. This gives Pryme and its partners a strategic control position in an under-explored area.”

**Justin Pettett, Managing Director**  
**Pryme’s new oil exploration project in Catahoula Lake**



*Catahoula Lake located in LaSalle, Rapides, and Grant parishes, Louisiana during the wet season*

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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
Tcfe .....	Trillion Cubic Feet Equivalent
3.28 feet .....	Equals 1 metre

## Corporate Directory

### Directors

Mr George Lloyd (Chairman)  
 Mr Justin Pettett (Managing Director)  
 Mr Ryan Messer (Executive Director)  
 Mr Greg Short (Non-Executive Director)

### Company Secretaries

Ms Swapna Keskar

### Registered and Principal Office

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### 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

# December 2009 Quarterly Activity Report

29 January 2010

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

## SUMMARY AND HIGHLIGHTS

- Re-entry of HM Brian No.1 in Atocha project completed
- Acquisition of leases and equipment in Catahoula Lake and subsequent farm out
- First well in Catahoula Lake project a success
- Reserve Statement released
- Non executive director appointed

## A SMALL CAP GROWTH OPPORTUNITY

<b>ASX Code:</b>	<b>PYM</b>
<b>Recent price:</b>	<b>\$0.08</b>
(21 January '10)	
<b>Cash on hand:</b>	<b>\$6,467,770</b>
(Includes funds from Cat Lake farm-out not received prior to 31 December)	
<b>Shares outstanding:</b>	<b>178,801,337</b>
<b>Market Capitalisation:</b>	<b>\$14m</b>
<b>Price range (12 month):</b>	<b>\$0.05-\$0.155</b>



# Producing Projects

## Quarterly Sales Report (net to Pryme)

Project	December Quarter		Calendar Year to Date	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
La Salle Parish	0	2,559	0	12,105
Four Rivers*	0	2,164	0	4,323
Raven *	24,968	538	110,259	2,186
<b>Total</b>	<b>24,968</b>	<b>5,261</b>	<b>110,259</b>	<b>13,183</b>

\* Actual sales for the first two months of the quarter and an estimate based on production data for the last month of 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.

Fourth quarter oil sales of 2,559 barrels (28 barrels per day net to Pryme) were 11% lower than for the previous quarter. This was mainly attributable to the impact of cold weather on production operations and normal decline.

### Raven Project (40% Interest / 30% NRI)

Production from the Raven project for the quarter was 24,968 Mcf of natural gas and 538 barrels of condensate, a 2.5% increase in gas sales and a 3.5% decrease in condensate sales over the previous quarter.

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

The Four Rivers project which extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams, Jefferson and Wilkinson 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 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.

Fourth quarter sales from the Four Rivers project were 2,164 barrels of oil net to Pryme. Average production net to Pryme was 23 barrels of oil per day for the quarter. Two wells drilled towards the end of the fourth quarter of 2009 were brought on line and commenced production in the first quarter of 2010. They will make a significant contribution to production attributable to the 2009 Four Rivers Project exploration program.

The table on the following page illustrates the key economic metrics for the Four Rivers project to 31 December, 2009.

Significant features of this project are that the success rate is over 50% (producing wells to total wells drilled) and the overall finding and developing cost to date, which includes the cost of dry holes, is US\$16.32 per barrel of proven reserves.

Payback of the total finding and development cost for all wells drilled through 2009, including the cost of the seven dry holes, is estimated to occur in July of 2011 based on estimated oil prices and the forecast decline curve.

All figures on the following page, including estimated average daily production, are shown on a "net to Pryme" basis.



## Producing Projects (cont.)

	Number of wells drilled in 2009	1P Proven Oil Reserves <sup>1</sup> (bbl)	Estimated Average Daily Production 2010 <sup>2</sup> (BOPD)	Finding and Development Cost <sup>3</sup> (US\$)	Finding & Development Cost per Barrel (US\$/bbl)	Future Operating Cost per Barrel <sup>4</sup> (US\$/bbl)
<b>Summary</b>						
Dry Holes	7			\$461,806		
Producing Wells	8	110,570	110,259	\$1,342,556	\$12.14	\$9.37
<b>Total</b>	<b>15</b>	<b>110,570</b>	<b>110,259</b>	<b>\$1,804,362</b>	<b>\$16.32</b>	<b>\$9.37</b>

### Notes:

- 1 Proven Reserves (1P) as at 1 January 2010 plus cumulative prior production. Proven reserves are based on discoveries to date and do not include reserves attributable to proven undeveloped locations (PUD's). Based on recent discoveries, up to 18 additional locations have been identified, which with ongoing evaluation, some or all may be PUD's
- 2 Estimated average daily production for 2010 based on forecast decline curve
- 3 Includes future work over costs for development of oil reserves behind pipe
- 4 Future operating cost per barrel is the average over the life of the reserves and includes estimated future lease maintenance and operating costs. Production taxes, which are based on oil price, have been excluded.

The financial analysis confirms that the Four Rivers project has met Pryme's objective of targeting moderate risk oil prospects with potential for rapid conversion to production if successful. Average operating costs of less than US\$10 per barrel and production and other taxes, which are also under US\$10 per barrel, leave a cash margin of approximately US\$55 per barrel with oil prices at current levels around US\$75 per barrel. Drilling in the Four Rivers project will continue through 2010 and we look forward to increasing the number of producing wells this year.

# Exploration Projects

## Turner Bayou 3D Seismic Project

<b>Target Horizon</b>	Deep Test
<b>Depth (feet)</b>	~16,000 feet
<b>Potential* (100% basis)</b>	1,500,000 BOE (Barrels of oil equivalent)
<b>Ownership Interest</b>	52%
<b>Drilling Working Interest</b>	40%**
<b>Net Revenue Interest</b>	30%
<b>Dry Hole Cost (to Pryme)</b>	~US\$1.6m
<b>Planned Spud Date</b>	Q2 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 a third 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 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 imaged by Pryme's proprietary 3D seismic survey. Primary targets are contained within six prospective formations ranging in depth from the Frio formation at 3,000 feet, to the Tuscaloosa formation at 18,000 feet.

Geologically, Turner Bayou is positioned across the Lower Cretaceous Shelf edge putting it on the boundary between the faulted Gulf Coast basin and the primarily un-faulted shelf. This positioning sets up oil and gas discovery potential from the Wilcox formation down through the Lower Cretaceous formation. The deeper Lower Cretaceous and other prospective zones above are created by deposition across the shelf edge with both fault bound and fracture type reservoirs.

Most vertically drilled wells completed in the Austin Chalk within the area of Pryme's 3D seismic survey have historically produced significant quantities of oil. Production from horizontal development has yet to be successfully demonstrated. However, it is believed that horizontal development has the potential to increase drainage from a larger portion of the reservoir.

Detailed geological and geophysical evaluation has enabled the identification of twelve or more possible drill locations for testing the deeper horizons. The first test, which will comprise a well drilled to a depth of approximately 15,000 feet and a horizontal leg of approximately 4,000 feet, is planned for the second quarter of 2010. Production from nearby fields indicates that a successful deep horizontal well in Turner Bayou has the potential to produce at an initial rate in excess of 2,500 barrels of oil per day.

Pryme intends to retain approximately 40% working interest in the Turner Bayou Deep Test and farm out 12% to mitigate risk and conserve capital for subsequent exploration. Marketing of the farm-out interest has commenced.

## Atocha Project (25% Interest)

The Atocha Project, located in East Baton Rouge and East Feliciana Parishes in Louisiana, covers 6,400 contiguous acres within the up-dip fairway of the Tuscaloosa Trend. The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 Trillion Cubic Feet (TCF) of natural gas and 120 million barrels of condensate over the past 32 years.

Perforation and testing of both Tuscaloosa sand intervals in the HM Brian No.1 re-entry well were completed during the quarter. On perforation of the primary target, load water was recovered and acid was injected into the formation to increase permeability. It was concluded that there was an unacceptably low probability of commercial production from the target formation and, accordingly, it was decided to focus on a secondary Tuscaloosa formation within the well bore.

The secondary target did not produce hydrocarbons at commercial rates. Accordingly, the partners agreed to abandon work on the well, restore the site to its original condition and focus on evaluating the potential of a second, up dip, well location within the Atocha project area.

## Catahoula Lake Project (25% Interest / 20.25% NRI)

<b>Target Formation</b>	Middle Wilcox
<b>Depth (feet)</b>	4,500 - 5,000
<b>Potential* (100% basis)</b>	50,000 - 200,000Bbls
<b>Working Interest</b>	25%
<b>Net Revenue Interest</b>	20.25%
<b>Dry Hole Cost (to Pryme)</b>	~US\$100k per well
<b>Wells to be drilled in 2010</b>	~12

\*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.

Pryme holds a 50% ownership interest in Pryme Lake Exploration, LLC (PLX) which in turn owns a 50% Working Interest (36.5% NRI) in 7,676 mineral acres within Catahoula Lake and its surrounds and a 50% ownership interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on Catahoula Lake.

# Exploration Projects (cont.)



*The barge rig used to drill wells on the Lake*

Future Corporation Australia Limited (FUT) owns a 50% interest in PLX following a capital contribution of \$700,000. FUT also agrees to pay Pryme an additional US\$350,000 through a revenue sharing agreement over its share of PLX production.

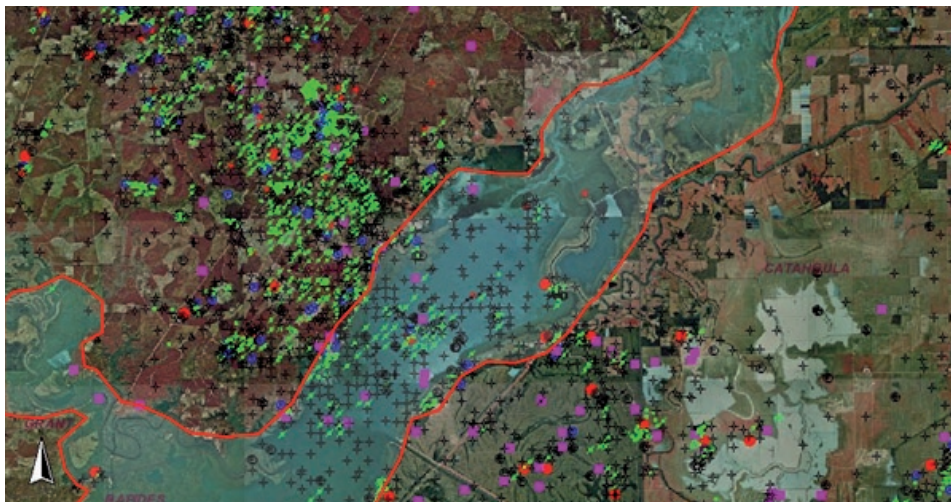
Pryme is also entitled to a 2% overriding royalty interest in any production in which PLX participates throughout the Area of Mutual Interest (AMI) which covers the entire 30,000 acre area of Catahoula Lake.

The project is located on Catahoula Lake in LaSalle, Rapides, and Grant parishes, Louisiana. It will test the same multiple “stacked” oil zones throughout the Middle-Wilcox formation as the Company’s existing oil production in the LaSalle Parish and Four Rivers projects. However, in a much less drilled environment. 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. Ultimate oil recoveries are expected to range from 50,000 through to 200,000 barrels for each successful well.

Catahoula Lake wells are typically drilled to between 4,500 to 5,500 feet in depth. They can be drilled on a less than 40 acre spacing and should exhibit stable, long life oil production. The water depth of the lake is up to 18 feet and varies through the year as the US Army Corps of Engineers regulates the flow of water into and out of the lake. The optimum Lake drilling period is typically between February and July each year. In other months most drill locations around the periphery of the Lake are accessible via a land-based rig. Drilling and completion costs are expected to lie between US\$500,000 - \$600,000 per well (100% working interest basis).

The first well to be drilled in the Catahoula Lake Project, the State Lease No. 19857 in the Hawg Pen Prospect, was directionally drilled under the lake from a land-based rig. It reached target depth of 5,200 feet and intersected the primary target in the Wilcox formation and an additional sand. Core sampling and logging indicated that the intersected sands are oil bearing and one is located between shale. Production casing is being run and, at the time of writing this report, the well is being prepared for completion.

The barge-mounted rig used to drill wells from the surface of the lake is currently being refurbished. Drilling from the barge-mounted rig should commence late February and continue through to July 2010 at which time drilling with a land-based rig will resume.



*Catahoula Lake on trend with major production*



# Other Business

## Oil and Gas Reserve Statement at 1 January 2010

The following table sets out the estimated proved, probable and possible oil and natural gas reserves for the Company's projects in Louisiana and Mississippi, USA. All reserves are net to Pryme and net of third party royalty interests.

Reserve estimates were made by performance, pore-volume analysis and analogy methods. The reserves presented in this report are estimates only and should not be construed as being exact quantities. Oil and natural gas prices used in the estimation of reserves are based on NYMEX Futures Pricing as of December 30, 2009.

"At A\$0.08 per share and a market capitalisation of A\$14m, Pryme's proved plus probable oil reserves are **valued at A\$4.30 per barrel of oil**. Our proved plus probable oil and natural gas reserves are **valued at A\$3.00 per barrel of oil equivalent**. At the time of writing, **oil prices are around US\$75 per barrel**. In addition to its oil and gas reserves, Pryme is presently holding approximately A\$6m in cash."

**Justin Pettett, Pryme's Managing Director.**

		Lasalle	Turner Bayou	Raven	Atocha	Four Rivers	Catahoula Lake	Total
<b>PROVED</b>	1P Oil (MBO)	129.5	332.7	24.2		105.6		592
	1P Gas (MMcf)		998.8	1350.1				2348.9
	1P MBOE	129.5	496.5	245.5		105.6		<b>977</b>
<b>PROBABLE</b>	2P Oil (MBO)	3.4	2345.3				309.5	2658.2
	2P Gas (MMcf)		6321.4					6321.4
	2P MBOE	3.4	3381.6				309.5	<b>3694.5</b>
<b>POSSIBLE</b>	3P Oil (MBO)	25.6	480.3		404.7	25.5		936.1
	3P Gas (MMcf)		697.6		3853.7			4551.3
	3P MBOE	25.6	594.7		1036.5	25.5		<b>1682.2</b>

### Notes:

1. Abbreviations:
  - i. MBO – Oil volumes expressed in thousands of stock tank barrels (MBO), where one barrel is equivalent to 42 United States gallons
  - ii. MMcf – Gas volumes expressed in millions of standard cubic feet (MMCF) at 60 degrees Fahrenheit and the contract pressure base
  - iii. MBOE – Oil equivalent expressed in thousands of stock tank barrels (MBO), where one barrel is equivalent to 42 United States gallons
2. Oil equivalent of natural gas – 6.1MMcf of natural gas equivalent to 1 barrel of oil
3. Proven reserves for Turner Bayou are expressed as proven undeveloped reserves, non producing

## Other Business (cont.)

The reserve statement information was compiled by the President of Petro Partners Inc. of Lafayette Louisiana, Kim Galjour, who has over 33 years experience in petroleum engineering. Mr. Galjour holds a Bachelor of Science Degree in Petroleum Engineering from Louisiana State University and has completed two years of graduate study in Business Administration at Nicholls State University. He is a member of Society of Petroleum Engineers, American Petroleum Institute, American Association of Petroleum Geologists and Lafayette Association of Petroleum Landmen. Mr Galjour consents to the inclusion of the estimated hydrocarbons in place in the form and context in which they appear. The resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resources Management System, 2007. Further information is available at [spe.org](http://spe.org). Mr. Galjour has been commissioned as an independent consultant to Pryme and does not have any interest in Pryme securities or in any of the projects in which Pryme is involved.

which included on-shore and off-shore Gulf Coast. He retired from Esso/ExxonMobil in 2006.

Greg has a strong technical grounding in exploration development and production geoscience, exploration operations, Joint Venture management, Government relations, budgeting, contract and project management and people management. He has spent many years successfully managing large, complex projects with multi-million dollar budgets, large staff and tight deadlines.

Greg is also a Non-executive Director of ASX listed MEO Australia Limited, appointed in July 2008.

“We are delighted that Greg has chosen to join Pryme” said George Lloyd, Chairman. “We are confident that Pryme will benefit greatly from his broad technical and management experience. His role as manager of Exxon’s USA exploration is of particular relevance to our activities.”

### Appointment of Non-executive Director



On 20 January, Pryme announced the appointment of Mr Greg Short as Non-executive Director.

Mr Short has a BSc. (Geology) (Hons) degree from the University of New England and is a Graduate of the Australian Institute of Company Directors.

He worked for 33 years for Esso/ExxonMobil, initially as a production and operations geologist, rapidly advancing to supervisory and management positions. In the 1980’s he managed Production Geoscience for Esso Australia covering major developments of several Gippsland Basin oil and gas fields. This was followed by 15 years overseas in senior exploration management assignments in the USA, Europe and Africa. In the USA Greg was responsible for all of Exxon’s exploration activities

For further Company information please visit our website at [www.prymeoilandgas.com](http://www.prymeoilandgas.com) or contact:

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# Appendix 5B

## Mining exploration entity quarterly report

<b>Name of entity</b>	<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
Pryme Oil and Gas Limited	75 117 387 354	31 December 2009

### Consolidated statement of cash flows

	Current quarter	Year to date (12 months)	
	\$A'000	\$A'000	
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	485	1,801
1.2	Payments for (a) exploration and evaluation	(553)	(2,320)
	(b) development	-	-
	(c) production	(149)	(494)
	(d) administration	(478)	(1,742)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	45	87
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(650)</b>	<b>(2,668)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(339)	(310)
	(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	(986)	(986)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	<b>Net investing cash flows</b>	<b>(1,325)</b>	<b>(1,308)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,975)</b>	<b>(3,976)</b>

# Appendix 5B

## Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,975)	(3,976)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.*	4,894	6,497
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)	-	-
	<b>Net financing cash flows</b>	<b>4,894</b>	<b>6,497</b>
	<b>Net increase (decrease) in cash held</b>	<b>2,919</b>	<b>2,521</b>
1.20	Cash at beginning of quarter/year to date	2,514	2,963
1.21	Exchange rate adjustments to item 1.20	22	(29)
1.22	<b>Cash at end of quarter</b>	<b>5,455</b>	<b>5,455</b>

\* 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	184
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	<i>Payments comprising remuneration and superannuation of directors' and related parties as well as fees for services provided by entities associated with directors.</i>	

### 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	590
4.2 Development	-
<b>Total</b>	<b>590</b>

### 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	5,455	2,514
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,455</b>	<b>2,514</b>

### 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 <b>Preference *securities</b> (description)	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	178,801,337	178,801,337	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	51,086,096  NIL	51,086,096	\$0.10	\$0.10
7.5 <b>*Convertible debt securities</b> (description)	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> Unlisted Options	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
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	500,000  NIL NIL	-	<i>Exercise Price</i> \$0.40	<i>Expiry Date</i> 31 December 2009
7.11 <b>Debentures</b> (totals only)	N/A			
7.12 <b>Unsecured notes</b> (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: 29 January 2010  
 (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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