



MARCH 2010 QUARTERLY REPORT

“As we enter the execution phases of the Catahoula Lake and Turner Bayou Chalk projects we are also considering the generation of new high impact projects and have commenced evaluation of opportunities in the US Gulf Coast states. New project generation activity will be stepped up as the year progresses.”

George Lloyd, Chairman

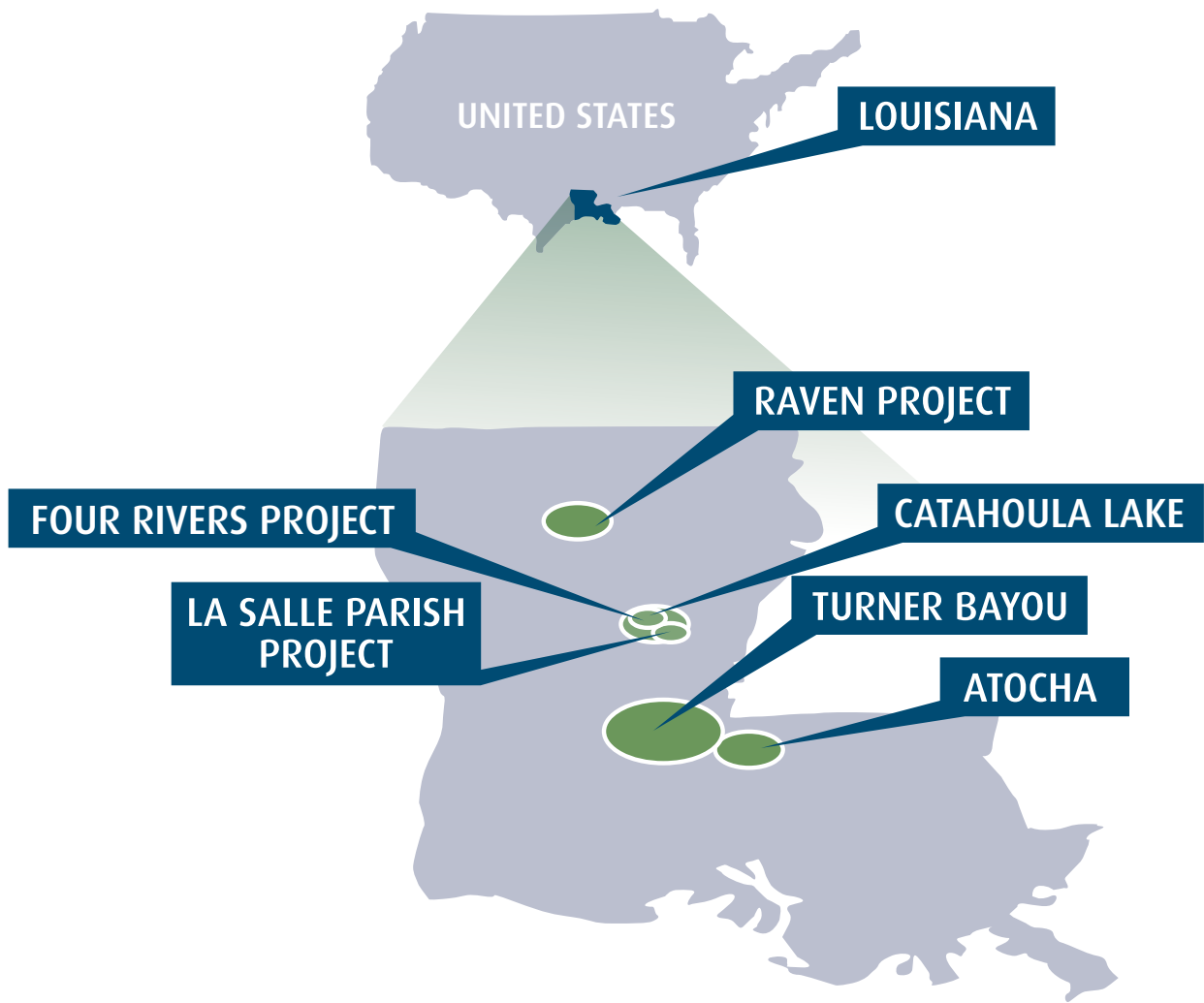


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Glossary

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 Secretary

Ms Swapna Keskar

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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

March 2010 Quarterly Activity Report

30 April 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 March 2010.

A SMALL CAP GROWTH OPPORTUNITY

ASX Code:	PYM
Recent price:	\$0.066
(26 April '10)	
Cash on hand:	\$5,936,000
Shares outstanding:	178,801,337
Market Capitalisation:	\$12m
Price range (12 month):	\$0.052-\$0.146



Producing Projects

Quarterly Sales Report (net to Pryme)

Project	March 2010 Quarter		Calendar Year to Date	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
La Salle Parish	0	2,406	0	2,406
Four Rivers*	0	2,601	0	2,601
Raven *	20,832	444	20,832	444
Total	20,832	5,451	20,832	5,451

* 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 fields, the first of which was discovered in 2000.

First quarter oil sales of 2,406 barrels (27 Bbls/day net to Pryme) was 6% lower than for the previous quarter. This was mainly attributable to the impact of cold weather and high water levels on operations as well as normal decline.

Raven Project (40% Interest / 30% NRI)

Sales from the Raven project for the quarter were 20,832 Mcf of natural gas and 444 barrels of condensate, a 16% decrease in gas sales and a 17% decrease in condensate sales over the previous quarter. Production for the quarter was reduced due mainly to the Patterson well being offline for a number of days as a result of extremely cold weather.

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

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, 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.

First quarter sales from the Four Rivers project were 2,601 barrels of oil net to Pryme, a 20% increase over sales for the previous quarter. Average sales net to Pryme was 29 Bbls/day for the quarter.

The strategy in Four Rivers is to drill moderate risk oil prospects with potential for rapid conversion to production and revenue. The focus for the Four Rivers project for the remainder of 2010 will be to develop and expand the reservoirs discovered during the 2009 drilling season. We expect to drill fewer Four Rivers wells in 2010 than in 2009. Pryme's main Middle Wilcox exploration efforts for 2010 will be concentrated on the Catahoula Lake project where we will be targeting the same Wilcox age objectives in a much less densely drilled environment.

Exploration Projects

Turner Bayou 3D Seismic Project

Target Horizon	Deep Test
Depth <i>(total measured depth in feet)</i>	~20,000 feet
Potential* <i>(100% basis)</i>	1,500,000 BOE (Barrels of oil equivalent)
Ownership Interest	52%
Drilling Working Interest	40%**
Net Revenue Interest	30%
Dry Hole Cost <i>(to Pryme)</i>	~US\$1.6m
Planned Spud Date	Q2 2010

*Potential is un-risked and a gross figure to the 100% 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 has completed negotiating a farmout to other explorers of portion of its working interest in the deep prospects 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 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. Pryme has a 52% interest (39% NRI) in the project

Turner Bayou comprises both deep and shallow prospects. Pryme has completed negotiations for the farmout of an interest in the deep prospects which is known as the Turner Bayou Chalk project. This project is designed to test the Austin Chalk formation within Pryme's project area. Under the proposed farmout arrangements Pryme will receive cash payments and a carried interest in the first two wells to be drilled and will retain a 40% working interest (30% NRI).

Based on analogous reservoirs and production from the Austin Chalk formation within the region of the project, initial production rates from a successful horizontal well are estimated to be between 1,500 and 3,000 Bbls/day with potential reservoir capacity in the range of 750,000 to 1,500,000 barrels of oil recoverable per well.

The first Turner Bayou Chalk project well is currently planned to be drilled to a depth of approximately 15,300 feet vertically from which a horizontal leg of approximately

4,500 feet will be drilled. Previously drilled vertical wells completed in the Austin Chalk, within and adjacent to the area of Pryme's 3D seismic survey, have produced significant quantities of oil. Drilling of this well is planned to commence in late July or early August 2010.

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

Target Formation	Middle Wilcox
Depth <i>(feet)</i>	4,500 - 5,000
Potential* <i>(100% basis)</i>	50,000 - 200,000Bbls
Working Interest	25%
Net Revenue Interest	20.25%
Dry Hole Cost <i>(to Pryme)</i>	~US\$100k per well
Wells to be drilled in 2010	8-10

*Potential is un-risked and a gross figure to the 100% 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% interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on Catahoula Lake.

The 30,000 acre lake is surrounded by Pryme's Four Rivers project and contains the same productive oil formations as the onshore areas. However, the lake is relatively unexplored and requires specialised equipment. Pryme and its partners have acquired the only barge mounted rig on the lake and plan to commence drilling of its lease holding during the June quarter. Refurbishment of the barge mounted rig has taken longer than anticipated and has had an impact on the commencement of drilling. We are confident that the good early momentum of the project will be re-established and that drilling will commence soon. Whilst barge mounted drilling presents a few logistical challenges, the attraction of being able to explore a relatively untested but highly prospective area is well worth the effort. We expect a similar success ratio to that experienced in our onshore exploration in the region which has been around 60%. However, we also expect the discoveries to be larger both in terms of reservoir size and steady oil production.

Exploration Projects (cont.)

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.

A geologist with specialised local experience has been engaged to reprocess and interpret the seismic data covering Pryme's Atocha project area. Further updates on Atocha will be made once this process has been completed.

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 2010

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	557	557
1.2	Payments for (a) exploration and evaluation	(686)	(686)
	(b) development	-	-
	(c) production	(106)	(106)
	(d) administration	(485)	(485)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	59	59
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	(661)	(661)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(104)	(104)
	(c) other fixed assets*	(1)	(1)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets*	-	-
1.10	Loans to other entities	1,250	1,250
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	1,145	1,145
1.13	Total operating and investing cash flows (carried forward)	484	484

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	484	484
	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	4,894	6,497
	Net increase (decrease) in cash held	484	484
1.20	Cash at beginning of quarter/year to date	5,455	5,455
1.21	Exchange rate adjustments to item 1.20	(3)	(3)
1.22	Cash at end of quarter	5,936	5,936

* 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	212
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	767
4.2 Development	-
Total	767

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	5,936	5,936
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,936	5,936

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	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	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	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8 Issued during quarter Unlisted Options Listed Options	500,000 NIL		\$0.15	20 January 2012
7.9 Exercised during quarter Unlisted Options Listed Options	NIL NIL			
7.10 Expired during quarter Unlisted Options Listed Options	NIL NIL NIL		<i>Exercise Price</i> -	<i>Expiry Date</i>
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 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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