



22 October 2009

Placement of Rights Issue Shortfall

Pryme Oil and Gas Limited is pleased to announce that it has successfully placed the shortfall of 29,360,148 fully paid ordinary shares from the recent 2 for 5 rights issue (*the Shortfall Shares*). The placement of the Shortfall Shares takes Pryme's issued capital to 178,801,337 fully paid ordinary shares.

In accordance with the terms of the Rights Issue, the Shortfall Shares have been issued and allotted to Eligible Shareholders and new investors at 10 cents per share. The Shortfall Shares are issued under Exception 3 of ASX Listing Rule 7.2 and the issue does not require shareholder approval.

The recent placement and Rights Issue, which were announced on 26 August, 2009, together with the placement of the Shortfall Shares, have raised \$6.77 million in new capital for Pryme. Pryme's current cash holding is approximately \$8.50 million.

The additional funds will be used primarily to supplement working capital to support the continuing drilling of one to two new wells per month in the Four Rivers Project; to advance the exploration campaign in the Atocha Project; to drill the inaugural deep horizon test in Turner Bayou 3D seismic Survey in Louisiana; and to evaluate and, if warranted, progress the exploration of further oil and gas prospects in the United States of America and in other locations.

For further 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 Operating Officer
Pryme Oil and Gas Limited
Telephone: +1 713 401 9806
Email: ryan@prymeoilandgas.com

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 over 75 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 George Lloyd (Non Executive Chairman), Justin Pettett (Managing Director) and Ryan Messer (Executive Director).