



30 May 2008

Company Announcements Office
ASX Limited
Exchange Centre
Level 5, 20 Bridge Street
Sydney NSW 2000

Dear Sir

Pryme Oil and Gas Limited (Pryme) – Expiry of PYMO A\$0.40 Options (PYMO Options)

Pursuant to ASX Listing Rule 3.17, the Directors of Pryme wish to advise that in accordance with the terms and conditions set out in the Short Form Prospectus dated 20 September 2006, the PYMO Options exercisable at A\$0.40 each will expire at 5:00pm (EST) on 30 June 2008.

Please find attached the letter and Notice of Exercise of Options sent to PYMO option holders today.

Yours sincerely

A handwritten signature in black ink, appearing to read "J Rolfe", written in a cursive style.

Janine Rolfe
Company Secretary



30 May 2008

Dear Optionholder

Expiry of PYMO A\$0.40 Options

The Directors of Pryme Oil and Gas Limited (Pryme) wish to remind holders of PYMO A\$0.40 Options (PYMO Options) that the PYMO Options expire on 30 June 2008.

Pryme's Upcoming Activities Driving Shareholder Value

Pryme is currently working on eight projects within Louisiana in the United States. Three of these are considered to be key value drivers for the Company over the coming weeks:

1. Drilling of the third Raven Well (Patterson 16#1) will be completed in early June. With aggregate production from the existing two Raven Wells exceeding one million cubic feet of gas per day and twenty barrels of condensate, we are hoping for a similar result from this Well;
2. Drilling of the shallow Frio objective in Turner Bayou is imminent; the results from the first well should be known before the end of June. In addition, we are in negotiations to farm-out a portion of the deeper exploration rights to a well known operator in the area; and
3. Negotiations for the farm-out of the Atocha project are nearing completion. The first Atocha Well, which should commence shortly after negotiations are complete, will test a 120 foot gas bearing section which was by-passed by explorers in the eighties. Current high gas prices and improved production technology make this a very viable target. Under the terms of the farm-out Pryme will recover capital spent to date on the project and retain a free carried interest in the Well as well as an overriding royalty.

Information about the PYMO Options

The PYMO Options will cease trading on the Australian Securities Exchange (ASX) on 23 June 2008.

If you do not exercise your PYMO Options and submit exercise monies by 30 June 2008, they will automatically lapse.

Courses of action available to you include:

- **Exercise your PYMO Options and submit exercise monies** – by no later than 5:00pm (EST) on 30 June 2008.
- **Sell your PYMO Options** – quotation of the PYMO Options will cease at the close of trading on 23 June 2008.
- **Do nothing** – if you do not take any action to exercise your PYMO Options prior to 30 June 2008, the PYMO Options will expire and your rights to purchase shares at A\$0.40 will lapse.

If you intend to exercise your PYMO Options, wholly or in part, you must complete and sign the enclosed Option Exercise Form and return it together with a cheque for the exercise amount of A\$0.40 per PYMO Option. In order for your exercise of PYMO Options to be valid, the Company will need to receive payment by **5:00pm (EST) on 24 June 2008**. Cheques should be made payable to "Pryme Oil and Gas Limited" in Australian currency and crossed with "Not Negotiable".

There are no additional costs such as commissions or brokerage in relation to the exercise of your PYMO Options.



All fully paid shares issued upon exercise of the PYMO Options will rank equally in all respects with Pryme's existing fully paid ordinary shares. Pryme will apply for Official Quotation by the ASX of all shares issued upon exercise of the PYMO Options. The despatch of holding statements for the new shares will take place on 21 July 2008.

Other Data

1. The latest available market sale price of the Company's shares quoted on the ASX on 26 May 2008 was A\$0.27. In the three months prior to the date of issue of this notice, the highest market price was A\$0.28 (on 23 May 2008) and the lowest market price was A\$0.15 (on 7 April 2008).
2. The latest available market sale price of the Company's PYMO Options quoted on the ASX on 26 May 2008 was A\$0.004. In the three months prior to the date of issue of this notice, the highest market price was A\$0.016 cents (on 26 March 2008) and the lowest market price was A\$0.001 (on 6 May 2008).

On behalf of the Board of Pryme Oil and Gas Limited, I thank you in anticipation of your ongoing support.

Should you have any queries with regard to the exercise of your PYMO Options, please call Justin Pettett on (07) 3371 1103 or me on (02) 8280 7863.

Yours faithfully

A handwritten signature in black ink, appearing to read "J Rolfe", written in a cursive style.

Janine Rolfe
Company Secretary

**NOTICE OF EXERCISE OF OPTIONS
PYMO – PRYME OIL AND GAS LIMITED OPTIONS**

Securityholder Reference Number/
Holder Identification Number:

Last date of Quotation on ASX: 23 June 2008

PYMO Options Expiry Date: 30 June 2008

Number of PYMO Options held
at 5:00pm (EST) on 26 May 2008:

The Pryme Oil and Gas Limited (Pryme) Options trading on the Australian Securities Exchange under the code PYMO (PYMO Options) expire at 5:00pm (EST) on 30 June 2008 in accordance with the Terms and Conditions set out in the Short Form Prospectus dated 20 September 2006. If the Notice of Exercise of Options and required payment are not received by 5:00pm (EST) on 24 June 2008, the **PYMO Options will automatically lapse and will no longer be available for exercise.**

PLEASE COMPLETE BELOW (using block letters) – refer overleaf for details and further instructions on how to complete this form.

I/We apply to exercise the following number of PYMO Options and attach a cheque in Australian currency drawn on an Australian branch of a financial institution for the amount payable: Please allot me/us Ordinary Shares calculated on the basis of one (1) Ordinary Share in the Company for every one (1) PYMO Option which I/we exercise.

A NUMBER OF PYMO OPTIONS EXERCISED
(ALL or partial exercise in multiples of 1,000 PYMO Options)

at A\$0.40 per
PYMO Option
exercised

B TOTAL PAYMENT REQUIRED
(A\$0.40 per PYMO Option exercised)

A\$

C PLEASE INSERT YOUR CHEQUE DETAILS

Cheques must be drawn on an **Australian branch** of a financial institution in **Australian currency** and made payable to "Pryme Oil and Gas Limited" and crossed "Not Negotiable".

Cheque

BSB

Account Number

D YOUR CONTACT DETAILS

Telephone number where you can be contacted during
business hours

Contact Name (PRINT)

E SIGNATURE OF OPTIONHOLDER(S) – this MUST be signed

Optionholder 1

Sole Director and Sole Company

Optionholder 2

Director

Optionholder 3

Director/Company Secretary

This form should be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cwth).



Date: ___/___/___



How to complete the Notice of Exercise of Options

Please complete all relevant sections of this form USING BLOCK LETTERS. These instructions are cross referenced to each section of the form.

A. Application for shares under the Notice of Exercise of PYMO Options Form

You can apply to exercise either part of (in multiples of 1,000), or all of, your PYMO Option holding. Please write in Box A the number of PYMO Options from your holding you wish to exercise:

- To exercise your holding in full, please write in Box A the number of PYMO Options that you currently hold.
- To exercise part of your holding, please write in Box A the number of PYMO Options you wish to exercise (must be in multiples of 1,000).

If you do not indicate the number of PYMO Options you wish to exercise, Pryme may treat you as applying to exercise as many as your accompanying cheque will pay for. However, the number of PYMO Options exercised will not exceed the number of PYMO Options you hold.

B. Total Payment Required for PYMO Options Exercise

Please write in Box B the total amount of the cheque required for the payment of the PYMO Options you wish to exercise at the Exercise Price of A\$0.40. To calculate the total Exercise monies required, multiply Box A by A\$0.40.

C. Cheque Details

Please write your cheque details in Section C. Cheques must be drawn on an **Australian branch** of a financial institution in **Australian currency** and made payable to "Pryme Oil and Gas Limited" and crossed "Not Negotiable".

D. Contact Details

Please write your daytime contact telephone number so we can contact you regarding your form, if necessary.

E. Signature of Optionholder(s)

Please sign in accordance with the following instructions.

- Individual or joint Optionholders – each joint Optionholder must sign.
- Attorneys - if this notice is signed by an attorney, the attorney declares they have no notice of revocation of the power under which this notice is signed.
- Companies - must execute this notice in accordance with the laws of their jurisdiction.

In accordance with the Terms and Conditions of issue, PYMO Options will expire at 5:00pm (EST) on 30 June 2008 unless exercised before that time. If a Notice of Exercise and the required payment are not received by 5:00pm (EST) on 24 June 2008 the PYMO Options will automatically lapse and no longer be available for exercise.

How to lodge your Notice of Exercise of Options

The completed form with the accompanying payment may be mailed to the postal address or delivered by hand to the delivery address set out below. **Your completed form and accompanying payment must be received by Pryme no later than 5:00pm (EST) on 24 June 2008.** Applications received after 5:00pm (EST) on 24 June 2008 will be rejected and exercise monies (without interest) returned to the Applicant.

Postal Address

Pryme Oil and Gas Limited
GPO Box 111
Brisbane QLD 4001
Australia

or

Hand Delivery

Pryme Oil and Gas Limited
Level 7, 320 Adelaide Street
Brisbane QLD 4000
Australia

The Postal Acceptance Rule does not apply.