



PRYME OIL AND GAS LTD

ABN 75 117 387 354

NOTICE OF GENERAL MEETING

TIME: 10:30am (Brisbane time)
DATE: 5 March 2008
PLACE: The Oak Room
Level 4 The Brisbane Club
241 Adelaide Street, Brisbane, Queensland
(Entrance via Brisbane Club Tower, Post Office Square (Queen St Level))

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretaries on (02) 8280 7063 or (02) 8280 7863.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Pryme Oil and Gas Limited to which this Notice of Meeting relates will be held at 10.30am (Brisbane time) on 5 March 2008 at:

The Oak Room

Level 4 The Brisbane Club

241 Adelaide Street, Brisbane, Queensland

(Entrance via Brisbane Club Tower, Post Office Square (Queen St Level))

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form:

(a) by post to Pryme Oil and Gas Limited, GPO Box 111, Brisbane QLD 4001; or

(b) by facsimile to the Company on facsimile number (+61 7) 3371 1105,
so that it is received not later than 10.30am (Brisbane time) on 3 March 2008.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the Shareholders of Pryme Oil and Gas Limited (Pryme) will be held at 10.30am (Brisbane time) on Wednesday 5 March 2008 at The Oak Room, Level 4, The Brisbane Club, 241 Adelaide Street, Brisbane, Queensland.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00pm (Brisbane time) on Monday, 3 March 2008.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

RESOLUTION 1: RE-ELECTION OF DIRECTOR – MR GEORGE LLOYD

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

“That Mr George Lloyd, having been appointed as a Director of the Company on 29 January 2008, and who automatically retires pursuant to clause 13.4 of the Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”

RESOLUTION 2: APPROVAL OF ISSUE OF OPTIONS TO MR GEORGE LLOYD

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

“That, conditional upon Resolution 1 being approved, for the purposes of section 208 of the Corporations Act 2001, ASX Listing Rule 10.11, Exception 10 to ASX Listing Rule 10.12 and for all other purposes, approval is hereby given for the issue of 500,000 options each with an exercise price of \$0.40 and expiry date of 31 December 2009 to Mr George Lloyd, a Director of the Company, or to his nominee on the terms described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 2 by Mr George Lloyd and his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 3: APPROVAL OF PLACEMENT OF SHARES TO GEORGE LLOYD

“That, for the purposes of section 208 of the Corporations Act, 2001, ASX Listing Rule 10.11, Exception 10 to ASX Listing Rule 10.12, exception 14 to ASX Listing Rule 7.1 and for all other purposes, the Directors be authorised to make a private placement of 700,000 fully paid ordinary shares at a price of \$0.35 per share to Mr George Lloyd, a Director of the Company, or to his nominee on the terms described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by Mr George Lloyd and his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 4: APPROVAL OF PLACEMENT OF SHARES TO SOPHISTICATED INVESTORS

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

“That, for the purposes of ASX Listing Rules 7.1 and 7.3, and for all other purposes, the Directors be authorised to make a private placement of 18,100,000 fully paid ordinary shares at a price of \$0.35 per share to sophisticated investors, Messer’s Ian McCauley and John Rawlins, as defined in the Corporations Act, and on the terms described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by Messer’s Ian McCauley and John Rawlins and their associates and any persons who might obtain a benefit, except a benefit solely on the capacity of a holder of ordinary securities, if the resolution is passed.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 5: RATIFICATION OF PRIOR ISSUE OF SHARES TO SOPHISTICATED INVESTORS

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 11,562,500 shares at an issue price of \$0.32 per share on 22 October 2007 to sophisticated investors, Messer’s Ian McCauley and John Rawlins, as defined in the Corporations Act, and on the terms as described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by Messer’s Ian McCauley and John Rawlins and any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 6: RATIFICATION OF PRIOR ISSUE OF SHARES TO MR HENRY JOHNSON (ATOCHA PROJECT)

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 50,000 shares at an issue price of \$0.39 cents per share on 30 July 2007 to Mr Henry Johnson, as part consideration for a mineral lease obtained in the Atocha Project, on the terms as described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by Mr Henry Johnson and any of his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 7: RATIFICATION OF PRIOR ISSUE OF SHARES TO RM RESEARCH (RESEARCH FEES)

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 62,500 shares at an issue price of \$0.48 per share on 22 May 2007 to RM Research Pty Limited, in lieu of research fees, on the terms as described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 7 by RM Research Pty Limited and any of its associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

RESOLUTION 8: RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BELLE EXPLORATION INC (CONSULTING SERVICES)

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

“That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 150,000 options issued on 22 May 2007, exercisable at \$0.40 each and expiring on 30 June 2008 to Belle Exploration Inc, in lieu of Operational Consulting Services involving Pryme’s LaSalle Parish Project, on the terms as described in the Explanatory Statement which forms part of this Notice of Meeting.”

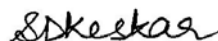
Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 8 by Belle Exploration Inc and any of its associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

**DATED: 31 January 2008
BY ORDER OF THE BOARD**



**Swapna Keskar
PRYME OIL AND GAS LIMITED
COMPANY SECRETARY**

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at The Oak Room, Level 4 The Brisbane Club, 241 Adelaide Street, Brisbane, Queensland at 10.30am (Brisbane time) on 5 March 2008.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the General Meeting.

RESOLUTION 1: RE-ELECTION OF DIRECTOR – MR GEORGE LLOYD

Clause 13.4 of the Constitution permits the Directors to appoint at any time a person to be a Director as an addition to the existing Directors. Mr George Lloyd was appointed in this manner on 29 January 2008. Following his election as Director, Mr Lloyd was appointed Chairman of the Board.

Clause 13.4 of the Constitution requires that a Director so appointed only holds office until the next following general meeting and is then eligible for re-election. Being eligible, Mr Lloyd seeks re-election.

Mr Lloyd has a Bachelors degree in Engineering Science (Industrial Engineering) as well as a Masters degree in Business Administration, both from the University of New South Wales and he is a graduate of the Stanford Executive Program, Stanford University, California. He is also a Fellow of the Australasian Institute of Mining and Metallurgy. He has more than 25 years' senior management experience in the resources and energy sectors, with a focus on business development, strategy, mergers and acquisitions and exploration management.

Mr Lloyd is Chairman of AWR Lloyd Limited a corporate finance and strategy advisor which is based in South East Asia and services the energy, mining and metals industries in the Asia-Pacific region; a Non-Executive Director of Ausenco Limited, an ASX listed engineering and project management company providing engineering services to the global mining and mineral processing industries; and a Non-Executive Director of and corporate advisor to Goldlink IncomePlus Limited (since December 2007), an ASX listed investment company. He is also a member of the Advisory Board of Resource Capital Funds LLP, a US-based private equity fund with approximately US\$1 billion funds under management, which invests in and provides development capital to minerals projects worldwide.

The appointment of Mr Lloyd will further assist Pryme in expanding its operations and developing its strategies.

The Directors other than Mr Lloyd recommend Shareholders vote in favour of this Resolution.

RESOLUTION 2: APPROVAL OF ISSUE OF OPTIONS TO MR GEORGE LLOYD

Under ASX Listing Rule 10.11 and Exception 10 to Listing Rule 10.12, a company must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

The Board acknowledges the skills and experience that Mr Lloyd brings to the Company and wishes to issue Mr Lloyd 500,000 options over ordinary shares in the Company as an incentive attaching to his Directorship / Chairmanship. These options will have an exercise price of \$0.40 and will expire on 31 December 2009; while the options will not be quoted on the ASX, the Company will seek quotation from the ASX of any shares issued as a result of the exercise of these options.

The complete terms attaching to the options are set out in Annexure A of this Notice.

Accordingly, Resolution 2 is seeking approval of Shareholders for the said issue of options as this is a related party transaction. Mr Lloyd, being a Director of the Company, is deemed to be a related party by virtue of section 228(2)(a) of the Corporations Act. ASX Listing Rule 10.11 generally prohibits the Company from issuing shares to a related party without shareholder approval. Similarly, Chapter 2E of the Corporations Act generally prohibits the Company from giving a financial benefit to a related party without shareholder approval.

For the purpose of ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed issue of options:

- The maximum number of options to be issued to Mr George Lloyd will be 500,000. All options are options over ordinary shares in the Company which may be converted on a one-for-one basis; therefore Mr Lloyd may receive up to 500,000 Shares upon the exercise of options.
- The options will be issued no later than one month after the date of the meeting i.e. no later than 5 April 2008 (or such later date as permitted by ASX waiver or modification of the Listing Rules) and it is anticipated that the options will be issued on the day after the meeting.
- Mr George Lloyd is a Non-Executive Director and Chairman of the Company.
- The options will be issued at no cost to Mr Lloyd. These options will have an exercise price of \$0.40, and will expire on 31 December 2009; while the options will not be quoted on the ASX, the Company will seek quotation from the ASX of any shares issued as a result of the exercise of these options.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

- Funds raised upon exercise of the options will contribute towards additional working capital of the Company to be used on exploration projects.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the above options as approval is being obtained under Listing Rule 10.11. Accordingly, the issue the above options to Mr Lloyd will not be included in the 15% calculation for the purposes of Listing Rule 7.1

The Directors, other than Mr Lloyd, recommend Shareholders vote in favour of this Resolution.

RESOLUTION 3: APPROVAL OF PLACEMENT OF SHARES TO MR GEORGE LLOYD

Under ASX Listing Rule 10.11 and Exception 10 to Listing Rule 10.12, a company must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

As a part of the private placement of shares announced to the ASX on 25 January 2008, the Board wishes to issue Mr George Lloyd, Non-Executive Director and Chairman of the Company, 700,000 fully paid ordinary shares at a price of \$0.35 per share on the terms described in the Explanatory Statement which forms a part of the Notice of Meeting.

Accordingly, Resolution 3 is seeking approval of Shareholders for the said issue of shares as this is a related party transaction. Mr Lloyd, being a Director of the Company, is deemed to be a related party by virtue of section 228(2)(a) of the Corporations Act. ASX Listing Rule 10.11 generally prohibits the Company from issuing shares to a related party without shareholder approval. Similarly, Chapter 2E of the Corporations Act generally prohibits the Company from giving a financial benefit to a related party without shareholder approval. One exception to this is section 210 of the Corporations Act, should a transaction be deemed to be made on arm's length terms. The Board considers the transaction to be on arm's length terms for the following reasons:

- the placement price (of \$0.35) which was more than 10% higher than the prevailing share price of the Company at the time the placement agreement was entered into; and
- other sophisticated investors entered into the placement agreement on terms identical to those agreed with Mr Lloyd, including payment of the above mentioned placement price.

For the purpose of ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed issue of options:

- The maximum number of shares to be issued to Mr George Lloyd will be 700,000.
- The shares will be issued no later than 1 month after the date of the meeting i.e. not later than 5 April 2008 (or such later date as permitted by ASX waiver or modification of the Listing Rules) and it is anticipated that the shares will be issued on the day after the meeting.
- Mr George Lloyd is a Non-Executive Director and Chairman of the Company.
- The shares will be issued at a price of \$0.35 each.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.
- Any funds raised from this issue will contribute towards additional working capital of the Company to be used to further its drilling campaign in the Turner Bayou and Raven Projects in Louisiana and to expand its exploration program into additional high impact areas in Central Louisiana and Southern Texas.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the above options as approval is being obtained under Listing Rule 10.11. Accordingly, the issue the above options to Mr Lloyd will not be included in the 15% calculation for the purposes of Listing Rule 7.1

The Directors, other than Mr Lloyd, recommend Shareholders vote in favour of this Resolution.

RESOLUTION 4: APPROVAL OF PLACEMENT OF SHARES TO SOPHISTICATED INVESTORS

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. Accordingly, Resolution 4 is seeking approval for issue of 18,100,000 fully paid ordinary shares at a price of \$0.35 per share to sophisticated investors, Messer's Ian McCauley and John Rawlins, as defined in the Corporations Act, and on the terms described in the Explanatory Statement which forms a part of the Notice of Meeting.

For the purposes of ASX Listing Rule 7.3, the following information is provided:

- The maximum number of securities the Company is to issue is 18,100,000 shares.
- The shares will be issued not later than 3 months after the date of the meeting i.e. not later than 5 June 2008 (or such later date as permitted by ASX waiver or modification of the Listing Rules).
- The shares will be issued at a fixed price of \$0.35 per share.
- The shares will be issued to Messer's Ian McCauley and John Rawlins, who are sophisticated investors (as defined by section 708(8) of the Corporations Act). There will be 2 allottees in total. None of the allottees are related parties of the Company.

- The shares to be issued are ordinary fully paid shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing shares.
- Any funds raised from this issue will contribute towards additional working capital of the Company to be used to further its drilling campaign in the Turner Bayou and Raven Projects in Louisiana and to expand its exploration program into additional high impact areas in Central Louisiana and Southern Texas.
- The shares will be allotted on 6 March 2008.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.
- The allotment of these shares is not part of a public offer.

The Directors recommend Shareholders vote in favour of this Resolution.

RESOLUTION 5: RATIFICATION OF PRIOR ISSUE OF SHARES TO SOPHISTICATED INVESTORS

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of Listing Rule 7.1.

Accordingly, Resolution 5 is seeking ratification for 11,562,500 shares which were issued on 22 October 2007 without Shareholder approval. The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, the Company is requesting Shareholders ratify the issue of the shares the subject of Resolution 5 for the purpose of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 11, 562,500 shares were granted in total.
- The shares were issued at \$0.32 per share.
- The shares are ordinary fully paid shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- The shares were issued to Messer's Ian McCauley and John Rawlins, who are sophisticated investors (as defined by section 708(8) of the Corporations Act). There were 2 allottees in total. None of the allottees were related parties of the Company.
- The funds raised through the placement were used for drilling and development of the Turner Bayou and Raven Projects.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

The Directors recommend Shareholders vote in favour of this Resolution.

RESOLUTION 6: RATIFICATION OF PRIOR ISSUE OF SHARES TO MR HENRY JOHNSON (ATOCHA PROJECT)

In order to acquire a large contiguous tract of mineral acreage from a landowner in Pryme's Atocha Project and as part payment of the lease bonus paid to Mr Johnson, Pryme allotted 50,000 fully paid ordinary shares in the Company to him. Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of Listing Rule 7.1.

Accordingly, Resolution 6 is seeking ratification for 50,000 shares which were issued on 30 July 2007 without Shareholder approval. The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, the Company is requesting Shareholders ratify the issue of the shares the subject of Resolution 6 for the purpose of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 50,000 shares were granted in total.
- The shares were issued at \$0.39 per share.
- The shares are ordinary fully paid shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- The shares were issued to Mr Henry Johnson. There was 1 allottee in total. The allottee was not a related party of the Company.
- The shares were issued to a landowner as part consideration for mineral lease obtained in the Atocha Project.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

The Directors recommend Shareholders vote in favour of this Resolution.

RESOLUTION 7: RATIFICATION OF PRIOR ISSUE OF SHARES TO RM RESEARCH (RESEARCH FEES)

RM Research Pty Limited were mandated to draft a research report on Pryme's projects throughout the United States. In lieu of services rendered, RM Research agreed to accept fully paid ordinary shares in Pryme as payment for their invoice. Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of Listing Rule 7.1.

Accordingly, Resolution 7 is seeking ratification for 62,500 shares which were issued on 22 May 2007 without Shareholder approval. The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, the Company is requesting Shareholders ratify the issue of the shares the subject of Resolution 7 for the purpose of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 62,500 shares were granted in total.
- The shares were issued at \$0.48 per share.
- The shares are ordinary fully paid shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- The shares were issued to RM Research Pty Limited. There was 1 allottee in total. The allottee was not a related party of the Company.
- The shares were issued in lieu of research fees payable to RM Research Pty Limited
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

The Directors recommend Shareholders vote in favour of this Resolution.

RESOLUTION 8: RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BELLE EXPLORATION INC (CONSULTING SERVICES)

Belle Exploration Inc provided operational consulting services with regards to Pryme's LaSalle Parish Project. In lieu of services rendered, Belle Exploration agreed to accept options in Pryme as payment for their invoice. Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of Listing Rule 7.1.

Accordingly, Resolution 8 is seeking ratification for 150,000 options which were issued on 22 May 2007 without Shareholder approval. The options are exercisable at \$0.40 and expire on 30 June 2008. The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, the Company is requesting Shareholders ratify the issue of the options the subject of Resolution 8 for the purpose of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

The complete terms attaching to the options are set out in Annexure A of this Notice.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 150,000 options were granted in total.
- The options were issued at \$0.20 per option.
- All options are options over ordinary shares in the Company which may be converted on a one-for-one basis; therefore Belle Incorporation Inc may receive up to 150,000 Shares upon the exercise of options. The options are exercisable at \$0.40 and expire on 30 June 2008.
- The options were issued to Belle Exploration Inc. There was 1 allottee in total. The allottee was not a related party of the Company.
- The options were issued in lieu of consulting services payable to Belle Exploration Inc.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

The Directors recommend Shareholders vote in favour of this Resolution.

GLOSSARY

ASX Limited means the Australian Securities Exchange.

Board means the board of directors of the Company.

Company means Pryme Oil and Gas Limited (ABN 75 117 387 354).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Explanatory Statement means the explanatory statement to the Notice.

General Meeting means the General meeting of the Company convened by this Notice.

Notice and **Notice of Meeting** means the notice of general meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

ANNEXURE A

Complete Terms of the Options

Options have been issued on the following terms and conditions:

- (a) each Option entitles the holder to one (1) Share in the Company;
- (b) the Options the subject of Resolution 2 are exercisable at any time on or prior to 5.00pm (Brisbane time) on 31 December 2009 (Expiry Date) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;
- (c) the Options the subject of Resolution 8 are exercisable at any time on or prior to 5.00pm (Brisbane time) on 30 June 2008 (Expiry Date) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;
- (d) the Option exercise price is \$0.40 per Option;
- (e) (subject to (i) below) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;
- (f) subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable. The Company does not intend on seeking quotation on ASX of the Options at this stage;
- (g) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for quotation on ASX of all Shares issued upon exercise of the Options;
- (h) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options; and
- (i) if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.

PROXY FORM

**APPOINTMENT OF PROXY
PRYME OIL AND GAS LTD
ACN 117 387 354**

GENERAL MEETING

I/We

being a member of Pryme Oil and Gas Ltd entitled to attend and vote at the general meeting, hereby

Appoint

OR

Mark this box if you wish to appoint the Chair of the general meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the meeting or the Chair's nominee as my/our proxy, to act generally at the meeting on my/our behalf and to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit, at the general meeting to be held at 10:30am (Brisbane time), on 5 March 2008 at The Oak Room, Level 4 The Brisbane Club, 241 Adelaide Street, Brisbane, Queensland and at any adjournment thereof. If no directions are given, the Chair will vote in favour of all the resolutions.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN*
Resolution 1 – Re-election of Director – Mr George Lloyd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Approval of issue of options to Mr George Lloyd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of placement of shares to Mr George Lloyd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of placement of shares of Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ratification of prior issue of shares to Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Ratification of prior issue of shares to Mr Henry Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Ratification of prior issue of shares to RM Research Pty Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Ratification of prior issue of options to Belle Exploration Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If you mark the Abstain box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

IMPORTANT: FOR RESOLUTIONS 2 AND 3 ABOVE

If the Chair of the meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of resolutions 2 and 3 above, please place a mark in this box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by the Chair of the meeting for these resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 2 and 3 and your votes will not be counted in calculating the required majority if a poll is called on these Resolutions.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signed this _____ day of _____ 2008

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

PRYME OIL AND GAS LTD
ACN 117 387 354

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the enclosed proxy form and return by:
 - (a) post to Pryme Oil and Gas Limited, GPO Box 111, Brisbane QLD 4001; or
 - (b) facsimile to the Company on facsimile number +61 7 3371 1105,so that it is received not later than 10:30am (Brisbane time) on 3 March 2008.

Proxy forms received later than this time will be invalid.