



Company Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

28 August 2009

Dear Sirs

Rights Issue

We refer to the announcement made on 26 August 2009 regarding a non-renounceable rights issue (Rights Issue).

Please find attached letters that will be mailed to shareholders today regarding the Rights Issue.

For further information please contact:

Justin Pettett
Managing Director
Pryme Oil and Gas Limited
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Ryan Messer
President
Pryme Oil and Gas Inc
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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), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non Executive Director).



28 August 2009

Dear Shareholder,

Pryme Oil & Gas Limited (**Pryme**) recently announced to the Australian Securities Exchange (ASX) that it proposed to raise up to approximately \$5.1 million of new equity through a non renounceable rights issue (**Rights Issue**) in accordance with section 708AA of the Corporations Act 2001.

Shareholders with an address in Australia or New Zealand recorded on the Pryme members register will be offered the opportunity to subscribe for 2 fully paid ordinary shares in Pryme (**New Shares**) for every 5 fully paid ordinary shares held at 7.00pm (Sydney time) on 4 September 2009, with fractional entitlements rounded up. The New Shares will be offered at an issue price of \$0.10 per share (**Issue Price**). In addition, shareholders eligible to participate in the Rights Issue (**Eligible Shareholders**) will be given the opportunity to apply for additional shares at the Issue Price that are not subscribed for in the Rights Issue (**Shortfall Shares**).

The Rights Issue, including any Shortfall Shares, may result in the issue of up to 51,086,096 fully paid ordinary shares resulting in a total number of up to 178,801,337 ordinary fully paid shares on issue (excluding the exercise of any of the 500,000 unlisted \$0.40 options). New Shares and Shortfall Shares will rank equally with existing ordinary fully paid shares. Option holders were advised in writing on 26 August 2009 that they must exercise their options prior to the Record Date in order to participate in the Rights Issue.

Details of the terms and conditions of the offer of New Shares and the ability to apply for Shortfall Shares will be contained in the offer document that will be sent to Eligible Shareholders on 10 September 2009. Subject to any changes that may be made by your Directors, the other key dates for this Rights Issue are:

Event	Date
Shares quoted on ex-entitlement basis	31 August 2009
Record Date for determining entitlements	7.00pm Sydney time on 4 September 2009
Despatch of Offer Document and Entitlement and Acceptance Form and offer opens	10 September 2009
Closing Date	5.00pm Sydney time on 24 September 2009
Anticipated date for allotment and issue of New Shares	2 October 2009 (Shortfall Shares may be issued at any time up to 24 December 2009)
Anticipated date of mail out of transaction confirmation statements	6 October 2009

The Rights Issue will provide funds 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 campaigns in the Atocha and Turner Bayou Projects in Louisiana; and to evaluate and, if warranted, progress the exploration of oil and gas prospects in locations other than the United States of America.



Equity Underwriters Pty Ltd has been appointed as lead managers for the Rights Issue and will receive a commission of 1% of funds raised through the Rights Issue.*

Your Directors recommend that you read the offer document carefully when you receive it. The offer will be made without a disclosure document and accordingly it is important that you review Pryme's ASX announcements made in relation to the Rights Issue, together with past ASX announcements made regarding Pryme, its business operations, financial position and prospects before deciding whether to participate in the Rights Issue. All ASX announcements released by Pryme and any documents relating to the Rights Issue can be accessed at www.prymeoilandgas.com or at www.asx.com.au.

If you have any questions in relation to this letter please seek professional advice or contact Pryme on +61 7 3371 1103 during office hours.

Yours sincerely,

A handwritten signature in black ink, appearing to be "George Lloyd", written in a cursive style.

George Lloyd
Chairman

* Excluding any allotment of shares to Pryme's substantial shareholders, J R Energy Pty Limited and BPI Energy Pty Limited or their associates.



28 August 2009

Dear Shareholder,

Pryme Oil & Gas Limited (**Pryme**) is in the process of raising up to approximately \$5.1 million of new equity through a non renounceable rights issue (**Rights Issue**) in accordance with section 708AA of the Corporations Act 2001. Details of the Rights Issue are as announced to the Australian Securities Exchange (**ASX**) on 26 August 2009.

Shareholders with an address in Australia or New Zealand recorded on the Pryme members register will be offered the opportunity to subscribe for 2 fully paid ordinary shares in Pryme (**New Shares**) for every 5 fully paid ordinary shares held at 7.00pm (Sydney, Australia time) on 4 September 2009, with fractional entitlements rounded up. The New Shares will be offered at \$0.10 per share.

Pryme has determined, in accordance with Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to offer participation in the Rights Issue to shareholders outside of Australia and New Zealand due to the legal limitations in some countries, the relatively small number of shares held by shareholders in other countries, the likely funds that would be raised from shareholders in those countries and the cost of complying with regulatory requirements in those countries.

Accordingly, as you do not have an address in Australia or New Zealand recorded on the Pryme members register, Pryme unfortunately must advise you that **you will not be extended the opportunity to participate in the Rights Issue.**

Under the terms of the offer you are not eligible to subscribe for New Shares and you will not be sent a copy of the offer documents.

This notice is to inform you of the Rights Issue. It is not an offer to issue New Shares to you, nor is it an invitation to apply for New Shares. You are not required to do anything in response to this letter.

If you have any questions in relation to this letter please seek professional advice or contact Pryme on +61 7 3371 1103 during office hours.

Yours sincerely,

A handwritten signature in black ink, appearing to be "George Lloyd", written over a horizontal line.

George Lloyd
Chairman