



ASX Announcement

28 July 2006

Non-Renounceable Rights Issue of Shares and Options Prospectus Lodged

The directors of Pryme Oil and Gas Limited (**Pryme**) have resolved that Pryme will make a non-renounceable rights issue of approximately 9,122,894 fully paid ordinary shares at an issue price of 75 cents per share (**Shares**), together with one (1) free attaching option for every two (2) Shares issued (**Options**), to raise up to approximately \$6,842,170 less costs (**Rights Issue**).

Pryme has today lodged with the Australian Securities and Investments Commission a Prospectus for the Rights Issue. The Prospectus will be mailed on 11 August 2006 to each shareholder registered in the share register on the Record Date.

The offer is made to Pryme shareholders on the basis of one (1) Share for every six (6) shares held in Pryme on 9 August 2006 (**Record Date**). The exercise price of each Option is \$0.75 with an expiry date of 30 June 2008 (**Expiry Date**).

Pryme will apply for official quotation of the Shares and Options issued under the Prospectus.

The relevant dates for the offer are as follows:

Lodgement of Prospectus with ASIC and ASX	28 July 2006
Appendix 3B lodged with ASX	28 July 2006
Notice to be sent to shareholders with details of the timetable, Appendix 3B and a statement that the Prospectus has been lodged with the ASX, and is available on the ASX website	1 August 2006
"Ex" date	2 August 2006
Record Date for determining Shareholder entitlements	9 August 2006
Despatch Prospectus	11 August 2006
Closing Date	25 August 2006
Securities quoted on a deferred settlement basis	28 August 2006
Company notifies ASX of under subscriptions	30 August 2006
Deferred settlement trading ends and despatch date	4 September 2006



The directors refer to the announcement made on 6 July 2006 regarding its intentions to offer shareholders the opportunity to participate in a pro rata offer of options to shareholders registered on the Company's share register on 31 August 2006. The directors wish to advise that whilst the Company will still be making the pro rata offer of options on the basis of 1 option for every 3 shares held (at an issue price of 5 cents per option), it is intended that the Company first make the Rights Issue, and as a consequence, have resolved to delay the pro rata offer of options until the Rights Issue has completed. Accordingly, it is intended that the pro rata offer of options will be made to shareholders registered on the Company's share register on 29th of September 2006.

Yours faithfully

A handwritten signature in black ink, appearing to read "JPettett", is written over a light grey rectangular background.

Justin Pettett
Managing Director
Pryme Oil and Gas Limited

Pryme Oil and Gas Limited is a fast-growing 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 a total of almost 50 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 John Dickinson (Non Executive Chairman), Justin Pettett (Managing Director), Ryan Messer (Executive Director) and Ananda Kathiravelu (Non Executive Director).