



22 September 2006

Dear Shareholder

NOTICE OF TIMETABLE OPTIONS SHORT FORM PROSPECTUS

On 20 September 2006, Pryme Oil and Gas Limited (**Company**) lodged a prospectus (**Prospectus**) with the Australian Stock Exchange Limited (**ASX**) and the Australian Securities & Investments Commission (**ASIC**) for a pro-rata non-renounceable rights issue of approximately 22,912,454 Options on the basis of one (1) Option for every three (3) shares held on 29 September 2006 (**Record Date**), to be issued at 5 cents each to raise up to approximately \$1,145,623 (**Rights Issue**).

The expiry date of the Options is 30 June 2008 (**Expiry Date**). The exercise price of each Option is \$0.40. Shareholder approval is not required in relation to the Rights Issue. The Company will apply for official quotation by ASX of the Shares and Options to be issued pursuant to the Rights Issue.

The Company intends to apply the funds raised from the Offer and the Placement Offer to fund the ongoing leasing, acquisition and ancillary 2-D and 3-D seismic costs in the Wave Exploration Joint Venture Projects.

The timetable and important dates of the Rights Issue are:

EVENT	DATE
Prospectus lodged with ASIC and ASX	20 September 2006
Appendix 3B lodged with ASX	20 September 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	22 September 2006
"Ex" date	25 September 2006
Record date for determining entitlement to Options	29 September 2006
Despatch Prospectus	3 October 2006
Closing Date	20 October 2006



Securities quoted on a deferred settlement basis	23 October 2006
Company notifies ASX of under subscriptions	24 October 2006
Deferred settlement trading ends and despatch date	30 October 2006

Note: These dates are determined based upon the current expectations of the Directors and may, subject to the Listing Rules, be changed without notice. The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the Shares are expected to commence trading on ASX may vary.

The Prospectus is available on the ASX website at www.asx.com.au, and the Company's website at www.prymeoilandgas.com.

The Manager to the Rights Issue is First Capital Corporate Limited, which will receive a fee of 5% of the total amount raised under the Prospectus in consideration for the provision of its management services to the Company.

The quoted securities on issue in the Company following completion of the Rights Issue, assuming no existing options are exercised prior to the Record Date, are as follows:

Number	Class
69,737,363	Fully paid ordinary shares
5,000,000	Options exercisable at \$0.20 on or before 30 June 2008
35,912,454	Options exercisable at \$0.40 on or before 30 June 2008

The unquoted securities on issue in the Company following completion of the Rights Issue are as follows:

Number	Class
10,000	Partly Paid Shares

The partly paid shares on issue have been forfeited in accordance with the Company's Constitution and accordingly carry no right to participate in the Rights Issue.



In calculating entitlements under the Rights Issue fractions will be rounded up to the nearest whole Share.

The offer to participate in the Rights Issue under the Prospectus is to shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact Mr. Ryan Messer in Atlanta, USA on +1 404 429 9939 or me in Australia with any queries regarding the Rights Issue.

I encourage Shareholders to carefully read the Prospectus when you receive it in the post and consider investing in the Rights Issue.

Yours faithfully

A handwritten signature in black ink, appearing to read "JPettett", is written over a faint, light-colored signature line.

Justin Pettett
Managing Director