



The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

16 June 2011

Dear Sirs,

Rights Issue

We refer to the announcement made on 15 June 2011 regarding a non-renounceable rights issue (***Rights Issue***).

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

Yours sincerely,

A handwritten signature in black ink that reads "S Keskar".

Swapna Keskar
Company Secretary

For further information please contact:

Justin Pettett
Managing Director
Pryme Energy Limited
Telephone: +61 7 3371 1103
Website: www.prymeenergy.com

Ryan Messer
Chief Operating Officer
Pryme Energy Limited
Telephone: +1 713 401 9806
ASX Code: PYM **OTCQX Code: POGLY**



16 June 2011

Dear Shareholder,

On 15 June 2011, Pryme Energy Limited (**Pryme**) announced to the Australian Securities Exchange (**ASX**) that it proposed to raise up to approximately \$4 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 Pryme's register of members will be offered the opportunity to subscribe for 1 fully paid ordinary share in Pryme (**New Shares**) for every 7 fully paid ordinary shares held at 7.00pm (AEST) on 23 June 2011, with fractional entitlements rounded up.

The New Shares will be offered at an issue price of \$0.125 per share (**Issue Price**). The Directors have reserved the right to offer at the Issue Price any additional shares that are not subscribed for in the Rights Issue (**Shortfall Shares**) in accordance with Listing Rule 7.2 Exception 3.

The Rights Issue (including the issue of any Shortfall Shares), may result in the issue of up to 32,230,168 fully paid ordinary shares. This will result in a total number of up to 257,841,351 ordinary fully paid shares on issue (excluding the exercise of any of the 500,000 unlisted \$0.15 options). New Shares and Shortfall Shares will rank equally with existing ordinary fully paid shares.

The single option holder was advised in writing on 15 June 2011 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 29 June 2011. 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	17 June 2011
Record Date for determining entitlements	7.00pm (AEST) on 23 June 2011
Despatch of Offer Document and Entitlement and Acceptance Form – Offer Opens	29 June 2011
Closing Date	5.00pm (AEST) on 13 July 2011
Anticipated date for allotment and issue of New Shares	21 July 2011 (Shortfall Shares may be issued at any time up to 12 October 2011)



Event	Date
Anticipated date of mail out of transaction confirmation statements	22 July 2011

The additional funds, after the expenses of the Rights Issue and normal working capital requirements, will be used primarily to ensure that in the event of cost overruns on the Company's second well in the Turner Bayou Chalk project, Deshotels 13H No.1 well, the Company can continue to fund its proportionate share.

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.prymeenergy.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 over a horizontal line.

George Lloyd
Chairman



16 June 2011

Dear Shareholder,

Pryme Energy Limited (**Pryme**) is in the process of raising up to approximately \$4 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 15 June 2011.

Shareholders with an address in Australia or New Zealand recorded on Pryme's register of members will be offered the opportunity to subscribe for 1 fully paid ordinary share in Pryme (**New Shares**) for every 7 fully paid ordinary shares held at 7.00pm (Sydney, Australia time) on 23 June 2011, with fractional entitlements rounded up. The New Shares will be offered at \$0.125 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 Pryme's register of members, 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 read "George Lloyd", with a horizontal line underneath.

George Lloyd
Chairman