



ASX Announcement / Media release

6 July 2006

Shareholder Option Offer and Appointment of Second Executive Director

Pryme Oil and Gas Limited, a fast-growing Australian oil and natural gas producer and explorer operating in the U.S., is pleased to announce a shareholder option offer. The company also wishes to announce that Ryan Messer has been made an executive director and Chief Operations Officer of Pryme, effective immediately.

Shareholder Option Offer

Pryme intends to offer all shareholders the opportunity to participate in a pro rata offer of options on the basis of one option for every three Pryme shares held to raise approximately \$912,000. The options will be exercisable at 75 cents each on or before 30 June 2008. The issue price will be 5 cents and the offer will be open to those registered as shareholders on Thursday 31 August 2006. A prospectus containing the options offer will be issued shortly before 31 August 2006. Pryme intends to apply to the ASX to have the options listed. The proceeds are intended to be used to fund further exploration opportunities and for working capital.

The shareholder option offer is aimed at rewarding those shareholders who have held their stock since the company's listing in April 2006.

Second Executive Director Appointed

Based in the U.S., Ryan has been with Pryme since the company was founded last year, managing its day-to-day operations in Louisiana.

Ryan has been involved directly in the drilling and development of more than 130 wells in five North American states and brings more than five years of oil and gas industry experience to Pryme, including as President of the Sterling Energy Group of companies and as a director of Sterling Energy Group Inc., Arkoma Wilcox Ltd and Northern Alliance Energy Inc.

"Ryan's experience in project management, relationship supervision and corporate strategy has made a huge contribution to Pryme's success since the company was founded last year," Pryme Managing Director Justin Pettett said. "His appointment as an executive director further strengthens our management team on the ground in Louisiana as we progress our suite of exploration and development projects."

Pryme (PYM) 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 a 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 record 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).

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