



1 August 2006

Dear Shareholder

NOTICE OF TIMETABLE NON-RENOUNCEABLE RIGHTS ISSUE

On 28 July 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 9,122,894 fully paid ordinary shares in the capital of the Company (**Shares**), on the basis of one (1) Share for every six (6) shares held on 9 August 2006 (**Record Date**), to be issued at 75 cents each, together with one (1) free attaching option for every two (2) Shares issued (**Options**), to raise up to approximately \$6,842,170 (**Rights Issue**).

The expiry date of the Options is 30 June 2008 (**Expiry Date**). The exercise price of each Option is \$0.75. 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.

It is intended that the proceeds from the Rights Issue will be used to fund the shooting of up to 90 square miles (57,600 acres) of 3-D seismic data in the Company's 3-D seismic Project in South Central Louisiana. In addition capital raised will be used to fund the leasing, acquisition and ancillary 2-D and 3-D seismic 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	28 July 2006
Appendix 3B lodged with ASX	28 July 2006
Notice sent to Shareholders containing information in Appendix 3B	1 August 2006
"Ex" date	2 August 2006
Record date for determining entitlements to Shares	9 August 2006
Opening Date and 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

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
63,860,257	Fully paid ordinary shares
5,000,000	Options exercisable at \$0.20 on or before 30 June 2008
4,561,447	Options exercisable at \$0.75 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

Justin Pettett
Managing Director