



PRYME OIL AND GAS LIMITED
ABN 75 117 387 354
NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am (Brisbane time)

DATE: 8 April 2009

PLACE: The Oak Room
Level 4 The Brisbane Club
241 Adelaide Street, Brisbane, Queensland
(Entrance via Brisbane Club Tower, Post Office Square (Queen St Level))

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please contact the Company Secretary on (02) 8280 7863.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (AGM) of the Shareholders of Pryme Oil and Gas Limited (Pryme) will be held at 10.00am (Brisbane time) on Wednesday, 8 April 2009 at The Oak Room, Level 4, The Brisbane Club, 241 Adelaide Street, Brisbane, Queensland.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 31 December 2008.

Unless the Company's Share Registry has been notified otherwise, shareholders will not be sent a hard copy of the Annual Report. All Shareholders can view the Annual Report, which contains the Financial Report for the year ended 31 December 2008 on the website of the Company (www.prymeoilandgas.com), go to "Investor Relations" and then "Financial Reports".

B. QUESTIONS AND COMMENTS

Following the consideration of the Reports, the Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Independent Audit Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit. A list of written questions, if any, submitted by Shareholders will be made available at the start of the Meeting and any written answer tabled by the Auditor at the Meeting will be made available as soon as practicable after the Meeting.

C. ITEMS FOR APPROVAL

1. Re-election of Mr. Ryan Messer

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That, Mr. Ryan Messer, who retires in accordance with clause 13.2 of the Company's Constitution, and having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company."

2. Remuneration Report

To consider and, if thought fit, to pass the following as an advisory resolution of the Company:

"That, the Company's Remuneration Report for the financial year ended 31 December 2008 (set out in the Directors' Report) be adopted."

3. Ratification of shares issued (Mineral Lease)

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the issue of 101,603 fully paid ordinary shares in the capital of the Company to Mr. Larry Gilbert Hatcher on 9 July 2008 as part consideration for a mineral lease in the Up-Dip Tuscaloosa Project, on the terms described in the Explanatory Statement which form part of this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by Mr. Larry Gilbert Hatcher and his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Approval of Pryme Oil and Gas Limited Long Term Incentive Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That, for the purposes of Exception 9 of ASX Listing Rule 7.2, section 260C(4) of the Corporations Act, and for all other purposes, all securities issued under the "Pryme Oil and Gas Limited Long Term Incentive Plan" which is to be constituted and administered in accordance with the Terms and Conditions of the "Pryme Oil and Gas Limited Long Term Incentive Plan" which are tabled by the Chairman at the Meeting and marked "A" for identification purposes, are approved."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Grant of Performance Rights to Mr. Justin Pettett under the Pryme Oil and Gas Limited Long Term Incentive Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Pryme:

"That, subject to the approval of Resolution 5, for the purposes of ASX Listing Rule 10.14, and for all other purposes, in respect of his at-risk remuneration for the performance period ending 31 December 2009, the grant to Mr. Justin Pettett, Managing Director and Chief Executive Officer, of up to 1,618,705 Performance Rights for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Pryme Oil and Gas Limited on a one-for-one basis, under the Pryme Oil and Gas Limited Long Term Incentive Plan, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Grant of Restricted Stock Units to Mr. Ryan Messer under the Pryme Oil and Gas Limited Long Term Incentive Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

"That, subject to the approval of Resolution 6, for the purposes of ASX Listing Rule 10.14, and for all other purposes, in respect of his at-risk remuneration for the performance period ending 31 December 2009, the grant to Mr. Ryan Messer, Executive Director and Chief Operating Officer, of up to 1,618,705 Restricted Stock Units, for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Pryme Oil and Gas Limited on a one-for-one basis, under the Pryme Oil and Gas Limited Long Term Incentive Plan, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved."

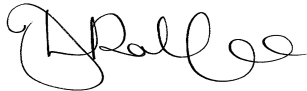
Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Janine Rolfe
Company Secretary
26 February 2009

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Brisbane time) on 6 April 2009 will be entitled to attend and vote at the Meeting as a shareholder.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Voting by Proxy

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 to exercise its powers as proxy at the Meeting.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the share registry of the Company no later than 10.00am (Brisbane time) on 6 April 2009. Proxies must be received before that time by one of the following methods:

- | | |
|---------------|--|
| By post: | Pryme Oil and Gas Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 |
| By facsimile: | In Australia (02) 9287 0309
From outside Australia +61 2 9287 0309 |
| By delivery: | Link Market Services Limited
Level 12, 680 George Street
Sydney South NSW 2000 |

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 10.00am (Brisbane time) on 6 April 2009, being 48 hours before AGM.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act 2001. The representative should bring to the Meeting a properly executed letter or other document confirming its authority to act as the company's representative.

Shareholder Questions

If you wish a question to be put to the Chairman of the Meeting or Auditor and you are not able to attend the AGM, please email your question to the Company Secretary at myshares@prymeoilandgas.com. To allow time to collate questions and prepare answers, questions are to be received by the Company Secretary by 5:00 pm (Brisbane time), 1 April 2009.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at The Oak Room, Level 4 The Brisbane Club, 241 Adelaide Street, Brisbane, Queensland at 10.00am (Brisbane time) on 8 April 2009.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions at the Annual General Meeting.

RESOLUTION 1: RE-ELECTION OF DIRECTOR – MR. RYAN MESSER

In accordance with clause 13.2 of the Company's Constitution, Mr. Ryan Messer retires by rotation and, being eligible, offers himself for re-election as a Director.

Mr. Messer graduated from the University of Central Florida with a degree in Business Administration, majoring in Marketing and Finance and is a member of the Independent Petroleum Association of America.

Mr. Messer has thirteen years of experience in international business, five of which were in management positions in the technology sector focused on developing business within Fortune 500 accounts. The last eight have been in the energy sector, in the area of oil and gas project finance, asset acquisition and divestiture, asset allocation, and risk assessment. He has experience in managing field and land rig operations, developing midstream assets and assisting in the formation of technical teams, all of which were derived from the drilling of over 130 wells, and the resulting field development, spread across five basins within North America.

The Directors, with Mr Ryan Messer abstaining, recommend that Shareholders vote in favour of this Resolution.

RESOLUTION 2: REMUNERATION REPORT

Section 250R(2) of the *Corporations Act 2001* (Cth) requires shareholders to vote on an advisory resolution that the Remuneration Report (the Report) be adopted.

The Report details the remuneration policy for the Company and:

- reports the remuneration arrangements for Company Executives and Non-Executive Directors (Pryme Personnel);
- explains Board policies in relation to the nature and value of remuneration paid to Pryme Personnel; and
- discusses the relationship between the policy and Company performance.

The Report is available on pages 24 to 33 in the Company's 2008 Annual Report (available on the Pryme website).

The Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments on the Report.

The Directors recommend that Shareholders vote in favour of this advisory Resolution.

RESOLUTION 3: RATIFICATION OF SHARES ISSUED (MINERAL LEASE)

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of Listing Rule 7.1.

Accordingly, Resolution 4 is seeking ratification for the issue of 101,603 shares issued on 9 July 2008 to Mr. Larry Gilbert Hatcher as part consideration for a mineral lease in the Up-Dip Tuscaloosa Project. The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, the Company is requesting Shareholders ratify the issue of the shares the subject of Resolution 4 for the purpose of ASX

Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 101,603 shares were issued.
- The shares were issued as part consideration for a mineral lease in the Up-Dip Tuscaloosa Project.
- The shares are ordinary fully paid shares.
- The shares were allotted to Mr. Larry Gilbert Hatcher.
- No funds were raised as the shares were issued as part consideration for a mineral lease in the Up-Dip Tuscaloosa Project.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

The Directors recommend Shareholders vote in favour of this Resolution.

RESOLUTION 4: APPROVAL OF PRYME OIL AND GAS LIMITED LONG TERM INCENTIVE PLAN

Pryme Oil and Gas Limited Remuneration Philosophy: General

The Board believes that remuneration arrangements for employees should incorporate an “at-risk” component which is performance related and rewards employees for the achievement of goals which contribute to shareholder wealth. Such arrangements should both incentivise and reward employees for out-performance

Previously, Pryme’s remuneration arrangement comprised the award of share options which would vest over time subject to the achievement of goals over a number of years. This proved to be a significant impost on the Company’s financial performance with no identifiable benefit to shareholders. The hurdles established as vesting conditions in respect of previous awards became distinct from the Company’s strategies and unattainable targets no longer act as an incentive.

In formulating the scheme which is now recommended to Shareholders, the Company’s Remuneration & Nomination Committee (Committee) considered the appropriate elements of incentive plan design and canvassed market practice. The proposed scheme, the Pryme Oil and Gas Limited Long Term Incentive Plan (Plan), is designed to put a portion of executive remuneration “at-risk” and provide reasonable levels of incentives to key executives to encourage and reward performance that adds value to the Company for all Shareholders.

The Plan is a flexible equity-based scheme which will allow the Board to grant different types of appropriately structured performance-based awards to executives in both Australia and the United States, depending upon the prevailing circumstances and having regard to market practices generally.

In its design considerations, the Board has decided to establish a Performance Rights scheme based on the award of Performance Rights (and equivalent equity related securities) for the following reasons:

- the grant of Performance Rights is in accordance with acceptable market practice;
- the grant of Performance Rights can have a minimal dilutionary effect on the issued share capital of Pryme;
- the grant of Performance Rights can reward executives for their performance; and
- vested Performance Rights can create recognisable value to executives, which when granted under transparent and robust performance conditions, containing stretch elements, ensure real Shareholder value creation.

The Plan has been designed so that it is an integral component of Pryme’s Remuneration Philosophy, which has also been considered and reviewed at length by the Committee, having specific regard to Pryme’s current key business drivers.

Long Term Incentive Plan: Overview

The proposed Plan Terms and Conditions are available upon request to the Company Secretary and a summary of the Plan is set out below.

The Plan will provide the Board with flexibility to give incentives to employees in the form of Performance Rights (in respect of Australian taxation resident participants) or Restricted Stock Units (in respect of United

States taxation resident participants) (collectively, Incentives). Incentives will generally be granted to employees for nil financial consideration. When all vesting conditions have been met, Incentives will vest at the election of the Participant. Vested Incentives will convert to fully paid ordinary shares (Shares) in the capital of Pryme on a one-for-one basis.

The number of Incentives to be granted will be determined based upon the component of the Executive's remuneration payable as a long-term incentive as prescribed in the Pryme Remuneration Philosophy (Total Available Incentives) multiplied by the actual achievement of performance conditions in respect of a specific performance period. The component of the Executive's remuneration payable as a long-term incentive is determined taking into account the employee's role, seniority and contribution to Pryme.

Clear and focused hurdles for Management are critical to the success of Pryme. Therefore, the Board will determine the performance condition(s) to be met prior to Incentives being granted, taking into account Pryme's business plan and strategies. This will ensure benefits are only delivered under the Plan where Pryme's performance has materially improved. Details of the hurdles determined by the Board for awards under the Plan will be set out in Pryme's Remuneration Report (contained in the Annual Report). Grants of incentive awards under the FY2009 Award to Executive Directors are set out later in this Explanatory Memorandum and will also be detailed in the Remuneration Report.

In addition, Incentives granted may be subject to further vesting conditions (such as the tenure restrictions described in respect of Resolutions 5 and 6). Generally, any Incentive for which all vesting conditions are not met, will lapse.

Vesting of any Incentive for the purposes of a qualifying reason (such as death, total and permanent disability and retirement) will be at the absolute discretion of the Board.

The Terms & Conditions also permit, at the absolute and unfettered discretion of the Board, vested Incentives to be cancelled and a cash amount equal to the prevailing market value to be paid to the Participant in respect of all or some Incentives.

Shares issued as a result of vesting of Incentives may, at the discretion of the Board, be newly issued shares or shares acquired on market.

Participants holding Incentives under the Plan are not entitled to participate in dividends, new issues of shares, bonus issues or any other pro-rata issues to Pryme Shareholders. In the event of any reconstruction of the share capital of Pryme (including consolidation, subdivision, reduction, capital return, buy back or cancellation), the terms of the Incentives and the entitlements of Participants will be reconstructed accordingly in a manner that does not result in additional benefits being conferred on Participants that are not conferred on Pryme Shareholders. However, in all other respects, the terms for the conversion of vested Incentives will remain unchanged.

In the event of a change of control (where an entity assumes a relevant interest (voting power) equal to 50% or more in the share capital of Pryme), Incentives may, at the discretion of the Board, be converted to shares regardless of whether or not the vesting conditions have been met.

Participants who receive Shares under the Plan will have the same rights as ordinary Shareholders (generally being the right to vote at general meetings, be paid dividends and with respect to any reconstruction of capital) and Shares allocated in respect of vested Incentives will be quoted on the ASX. Pryme will not seek official quotation on the ASX of any Incentives.

No security interests (such as charges or mortgages) can be held against Incentives.

Legislative Requirements

Section 260C(4) of the Corporations Act 2001, which applies to Pryme, permits Pryme to provide financial assistance to persons for the purpose of acquiring shares in Pryme under an employee share scheme provided shareholder approval is obtained.

Under Exception 9 of ASX Listing Rule 7.2, an issue of securities under an employee incentive scheme is an exception to ASX Listing Rule 7.1 (which contains the restrictions relating to issues exceeding 15% of the issued capital of a listed company in the 12 months before the date of issue) if, within three years before the date of the issue, shareholders have approved the issue of shares as an exception to ASX Listing Rule 7.1.

Given this resolution is seeking approval of the Plan, no securities have been issued under the Plan to date.

A Voting Exclusion Statement is set out under Resolution 4 in the Notice of Meeting.

RESOLUTIONS 5 AND 6: GRANT OF INCENTIVES TO MR. JUSTIN PETTETT AND MR. RYAN MESSER UNDER THE PRYME OIL AND GAS LIMITED LONG TERM INCENTIVE PLAN

Resolutions 5 and 6 seek Shareholder approval to issue Incentives to two Executive Directors, Mr. Justin Pettett and Mr. Ryan Messer under the terms and conditions of the Pryme Oil and Gas Limited Long Term Incentive Plan (Plan) (Terms & Conditions) for which Pryme is seeking approval under Resolution 4.

Details about the grant of Incentives to the Executive Directors under the FY2009 Executive Award

Which Incentives are to be issued?

In accordance with the Plan Terms & Conditions:

- Performance Rights will be granted to Mr. Justin Pettett, an Australian resident for taxation purposes; and
- Restricted Stock Units will be granted to Mr. Ryan Messer, a United States resident for taxation purposes.

How is the Total Available Incentives determined?

As published in Pryme's Remuneration Report, the at risk remuneration (which comprises both short term incentives, payable in cash, and long term incentives payable in Performance Rights or Restricted Stock Units as the case may be) as a percentage of fixed remuneration (FR) which may be payable in 2009, dependent on the achievement of specific hurdles, is as follows:

	Fixed Remuneration	At-Risk Remuneration	
	FR %	Short term Incentive % of FR	Long term Incentive % of FR
Managing Director & Chief Executive Officer	100	nil	50
Chief Operating Officer	100	nil	50
Other Executives	100	8	10

In order to determine the Total Available Incentives, the 'remuneration value' attributable to the LTI component of total remuneration is divided by a number (the divisor) which is intended to represent the value of an Incentive (in this case one Performance Right or one Restricted Stock Unit) to the Executives. The divisor employed is the 20 trading day volume weighted average share price (VWAP) of all Pryme Shares traded on the Australian Securities Exchange for the period up to and including 31 December 2008: (A\$0.0556). Use of a VWAP as a divisor is best practice and recommended by numerous institutional and governance bodies who publish related commentary.

Therefore:

- in respect of his LTI, 50% of Mr. Justin Pettett's Total Fixed Remuneration is divided by A\$0.0556 to determine the Total Available Incentives which may be granted, subject to the achievement of performance conditions.
- in respect of his LTI, 50% of Mr. Ryan Messer's Total Fixed Remuneration is divided by US\$0.03892 (being a US\$ equivalent to the VWAP, at an exchange rate of 0.70) to determine the Total Available Incentives which may be granted, subject to the achievement of performance conditions.

The Board wishes to determine the maximum number of Incentives which may be granted to Mr. Justin Pettett and Mr. Ryan Messer determined by the above methodology as follows:

Mr. Justin Pettett, Managing Director & Chief Executive Officer (Resolution 5)

1,618,705 Performance Rights which may convert on a one-for-one basis to ordinary shares upon achievement of vesting conditions (described below).

Mr. Ryan Messer, Executive Director & Chief Operations Officer (Resolution 6)

1,618,705 Restricted Stock Units which may convert on a one-for-one basis to ordinary shares upon achievement of vesting conditions (described below).

How is the actual number of Incentives to be granted determined?

The actual number of Incentives to be granted will depend on the extent to which the specified performance conditions (which are described below) are achieved.

What are the Performance Conditions?

Under the FY2009 Award, there will be two hurdles which test Pryme's relative production growth and the attainment of a total shareholder return comparable with the energy sector (Performance Conditions). The Board considered it appropriate to have a dual test since:

- production rewards achievement against Board approved targets/plan, converting opportunity into a revenue stream for the Company. The target is within management's influence, thereby focusing executives on Pryme's key business drivers; while
- a total shareholder return (TSR) component provides an additional challenging test (where reward is only delivered for strengthening Pryme's position comparable the S&P/ASX Energy Accumulation Index) which has the benefit of transparency and is directly related to the return to shareholders through ownership of Pryme shares relative to the returns from the S&P/ASX Energy Accumulation Index.

The Board believes that the dual tests, if achieved, will demonstrably aid the creation of shareholder value.

Each Performance Condition is weighted evenly and details are as follows:

Production Target (For which the award of up to 50% of the Total Available Incentive may be granted)		Total Shareholder Return Target (For which the award of up to 50% of the Total Available Incentive may be granted)	
Growth in Oil and Gas Sales Per Share	Portion of Total Available Incentives to be Granted	Growth in TSR	Portion of Total Available Incentives to be Granted
< 30% above previous year	Nil	< Energy Accumulation Index growth	0
30% above previous year	20%	Equal to Energy Accumulation Index growth	25%
> 30% and < 50% above previous year	An additional 1% for each 1% increment	Between 1 and 1.5 times Energy Accumulation Index growth	1% for each 0.2 times increase in Energy Accumulation Index over 1
50% or more above previous year	50%	> 1.5 times Energy Accumulation Index growth	50%

The Performance Conditions are measured in respect of FY2009, being the period 1 January 2009 to 31 December 2009. The Performance Conditions will be tested at 1 January 2010 (Base Date).

Dependent on the achievement of the Performance Conditions, the actual number of Incentives to be granted to each Participant will be calculated and securities granted (this is expected to be in the first quarter of 2010).

A second hurdle that must be met as a precondition to vesting of Incentives is continued employment with Pryme as set out below. This time scale recognises the need to incentivise top tier management in the medium-term (and acknowledges the tight labour conditions) and also achieves the longer-term objective of retaining these key individuals.

Time	Available Incentives to Vest
Base Date + 1 years (1 Jan 2011)	50%
Base Date + 2 years (1 Jan 2012)	50%

In accordance with sound corporate governance principles, there will be no re-test function for any awards, instead each target has a one-off 'cliff vesting'.

Legislative Requirements

Pursuant to the requirements of ASX Listing Rule 10.15, the following information is provided with regard to Resolutions 5 and 6 respectively:

- Mr. Justin Pettett is the Managing Director and Chief Executive Officer of Pryme.
- Mr. Ryan Messer is an Executive Director and the Chief Operations Officer of Pryme.
- Mr. Pettett will be granted up to 1,618,705 Performance Rights for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Pryme on a one-for-one basis. As such, up to 1,618,705 ordinary shares may be allotted to Mr. Pettett upon the conversion of vested Performance Rights, for nil financial consideration. Any shares allotted to Mr. Pettett may be acquired on market or issued by Pryme.
- Mr. Messer will be granted up to 1,618,705 Restricted Stock Units for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Pryme on a one-for-one basis. As such, up to 1,618,705 ordinary shares may be allotted to Mr. Messer upon the conversion of vested Restricted Stock Units, for nil financial consideration. Any shares allotted to Mr. Messer may be acquired on market or issued by Pryme.
- As this is the first allocation of securities under the Pryme Oil and Gas Limited Long Term Incentive Plan, for the purposes of ASX Listing Rule 10.15.4, no person referred to in ASX Listing Rule 10.14 has received any securities under the Plan.
- The Terms and Conditions of the Pryme Oil and Gas Limited Long Term Incentive Plan provide that any Director is eligible to participate in particular awards. At this stage, the only Directors who are eligible for participation are the Executive Directors, Mr. Pettett and Mr. Messer.
- The Incentives will be granted under the Terms & Conditions of the Pryme Oil and Gas Limited Long Term Incentive Plan, to be approved at Pryme's 2009 Annual General Meeting and under the rules of the FY2009 Award.
- A Voting Exclusion Statement is set out under Resolutions 6 and 7 in the Notice of Meeting.
- There is no loan attaching to the offer under the Plan.
- Details of any securities issued under the FY2009 Award will be published in Pryme's future annual remuneration reports, including that approval for this issue of securities was obtained under ASX Listing Rule 10.14.
- Pryme is expected to allocate the Incentives within the first quarter of 2010, after the Performance Conditions can be assessed following the Base Date, but in any event, will be allotted within one year following approval at the AGM, as permitted by ASX Listing Rule 10.15.7.

APPOINTMENT OF PROXY

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.



X99999999999

I/We being a member(s) of Pryme Oil & Gas Limited and entitled to attend and vote hereby appoint

A the **Chairman of the Meeting** (mark box)

☐

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am on Wednesday, 8 April 2009, at The Oak Room, Level 4, The Brisbane Club, 241 Adelaide Street, Brisbane, Queensland (entrance via Brisbane Club Tower, Post Office Square (Queen St Level)) and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

B To direct your proxy how to vote on any resolution please insert ☒ in the appropriate box below.

Resolution 1
Re-election of Mr. Ryan Messer

For	Against	Abstain*
☐	☐	☐

Resolution 5
Grant of Performance Rights to Mr. Justin Pettett under the Pryme Oil and Gas Limited Long Term Incentive Plan

For	Against	Abstain*
☐	☐	☐

Resolution 2
Remuneration Report

For	Against	Abstain*
☐	☐	☐

Resolution 3
Ratification of shares issued (Mineral Lease)

For	Against	Abstain*
☐	☐	☐

Resolution 6
Grant of Restricted Stock Units to Mr. Ryan Messer under the Pryme Oil and Gas Limited Long Term Incentive Plan

For	Against	Abstain*
☐	☐	☐

Resolution 4
Approval of Pryme Oil & Gas Limited Long Term Incentive Plan

For	Against	Abstain*
☐	☐	☐

IMPORTANT: FOR ITEMS 4, 5 AND 6 ABOVE

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Items 4, 5 and 6 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of these Items and that votes cast by him/her for these Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4, 5 and 6 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4, 5 and 6.

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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

D SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

PYM PRX942



How to complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:00am on Monday, 6 April 2009, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

- by posting or facsimile to Pryme Oil & Gas Limited's share registry as follows:
Pryme Oil & Gas Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Facsimile: (02) 9287 0309
- delivering it to Level 12, 680 George Street, Sydney NSW 2000.