*Rule 2.7, 3.10.3, 3.10.4, 3.10.5*

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

| |
|---|
| Pryme Oil & Gas Limited |

ABN

| |
|---|
| 75 117 387 354 |

We (the entity) give ASX the following information.

## Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

| | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Maximum of 51,086,096 securities to be issued under a non-renounceable rights issue (Rights Issue) including any shares issues under the shortfall |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary fully paid shares |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 4 | Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?<br><br>If the additional securities do not rank equally, please state:<br>• the date from which they do<br>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment<br>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | The shares issued will rank equally with the existing class of ordinary shares |
| 5 | Issue price or consideration | 10 cents per share |
| 6 | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets) | To supplement working capital to support the continuing drilling of one to two new wells per month in the Four Rivers Project; to advance the exploration campaigns in the Atocha and Turner Bayou Projects in Louisiana; and to evaluate and, if warranted, progress the exploration of oil and gas prospects in locations other than the United States of America. |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | 2 October 2009 (other than shares issued under the shortfall which will be entered into uncertificated holdings by 24 December 2009). |

| | | Number | +Class |
|---|---|---|---|
| 8 | Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable) | 178,801,337<br>(This includes shares to be issued under the Placement as announced on 26 August 2009) | Ordinary shares |

| | | Number | +Class |
|---|---|---|---|
| 9 | Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable) | 500,000 | $0.40 options expiring on 31 December 2009 |

| | | |
|---|---|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | None |

# Part 2 - Bonus issue or pro rata issue

| | | |
|---|---|---|
| 11 | Is security holder approval required? | No |
| 12 | Is the issue renounceable or non-renounceable? | Non-renounceable |
| 13 | Ratio in which the +securities will be offered | 2 securities for every 5 held at the record date |
| 14 | +Class of +securities to which the offer relates | Ordinary Shares |
| 15 | +Record date to determine entitlements | 4 September 2009 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No |
| 17 | Policy for deciding entitlements in relation to fractions | Rounded up to the nearest whole number |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents<br><br>Note: Security holders must be told how their entitlements are to be dealt with.<br><br>Cross reference: rule 7.7. | Security holders in any country other than Australia of New Zealand will not be sent offer documents. At the date of this notice the countries are the United States, Sweden, Panama, United Kingdom, Cook Islands, Singapore, South Africa and Thailand. |
| 19 | Closing date for receipt of acceptances or renunciations | 24 September 2009 |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 20 | Names of any underwriters | Not Applicable |
| 21 | Amount of any underwriting fee or commission | Not Applicable |
| 22 | Names of any brokers to the issue | Equity Underwriters Pty Ltd |
| 23 | Fee or commission payable to the broker to the issue | 1% of funds raised from the Rights Issue, excluding any allotments to J R Energy Pty Limited and BPI Energy Pty Limited or their associates. |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | Nil |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | Not Applicable |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | 10 September 2009 |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | 26 August 2009 |
| 28 | Date rights trading will begin (if applicable) | Not Applicable |
| 29 | Date rights trading will end (if applicable) | Not Applicable |
| 30 | How do +security holders sell their entitlements *in full* through a broker? | Not Applicable |
| 31 | How do +security holders sell *part* of their entitlements through a broker and accept for the balance? | Not Applicable |

+ See chapter 19 for defined terms.

| | | |
|---|---|---|
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | Not Applicable |
| 33 | +Despatch date | 2 October 2009 |

# Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities
(*tick one*)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

## Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

Items 35 to 42 are not applicable

+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ............................................................ Date: 26 August 2009
(Managing Director)

Print name: Justin Pettett

+ See chapter 19 for defined terms.