



ACN 117 387 354



## NON RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT

**For a 2 for 5 pro rata non-renounceable offer at \$0.10 per share to raise up to approximately \$5.11 million before costs, including the allocation of any shortfall.**

**The Offer opens on 10 September 2009 and closes at 5.00 pm on 24 September 2009. Valid acceptances must be received before that time.**

**The Offer is not underwritten. The Directors reserve the right to offer any shortfall to investors at a price no less than \$0.10 per share within 3 months from the close of the Offer.**

**If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.**

## IMPORTANT NOTICES

This Offer Document is dated 10 September 2009.

This Offer is being made without a disclosure document in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus or disclosure document within the meaning of the Corporations Act and a copy of this Offer Document has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus or disclosure document. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

This Offer Document is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account, and this Offer Document has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs of any Applicant.

Before applying for New Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Document, is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Neither the Company, nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past Share price performance of the Company provides no guidance to its future Share price performance.

By returning an Entitlement and Acceptance Form or lodging an Entitlement and Acceptance Form with your stockbroker or otherwise arranging for payment for your New Shares through BPay in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

### No Overseas offering

This Offer Document and the accompanying Entitlement and Acceptance Form does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Document does not constitute an offer to Non-qualifying Shareholders. No action has been taken to lodge this Offer Document in any jurisdiction outside of Australia, or to otherwise permit a public offering of Rights or Shares, in any jurisdiction outside Australia or New Zealand.

This Offer Document is not to be distributed in, and no offer of New Shares is to be made in countries other than Australia and New Zealand. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in section 10. All references to currency are to Australian dollars and all references to time are to AEST, unless otherwise indicated.

### Entire Agreement

Subject to this paragraph, the terms contained in this Offer Document constitute the entire agreement among the Company and you as to the Offer and your participation in the Offer to the exclusion of all prior representations, understandings and agreements among the Company and you.

### Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by the Company or any of its officers.

## TIMETABLE OF IMPORTANT DATES

<b>Event</b>	<b>Date</b>
Initial announcement of Rights Issue and lodgement of Appendix 3B	26 August 2009
Despatch of notices to shareholders informing them of Rights Issue (including ineligible holders)	28 August 2009
Shares quoted on ex-entitlement basis	31 August 2009
Record Date for determining Entitlements	4 September 2009
Despatch of Offer Document and Entitlement and Acceptance Form	10 September 2009
Closing Date	24 September 2009
New Shares quoted on a deferred settlement basis	25 September 2009
Company notifies ASX of under subscriptions	29 September 2009
Anticipated date for allotment and issue of New Shares	2 October 2009
Mail out of transaction confirmation statements	6 October 2009

This Timetable is indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date without prior notice, in accordance with the Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares.

The Directors also reserve the right not to proceed with the whole or part of the Offer any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

## LETTER FROM THE CHAIRMAN

Dear Shareholder,

Pryme Oil & Gas Limited (Pryme) is pleased to present you with this offer to participate in a non-renounceable rights issue on the terms set out in the attached Offer Document. This offer follows our previous announcements to the Australian Securities Exchange and I urge you to read those announcements before making your decision to participate in this offer.

Under the rights issue you will be able to buy two new fully paid ordinary shares, for every five shares you hold at 4 September 2009, at an issue price of \$0.10 cents per share. The Offer Document includes an Entitlement and Acceptance Form that details your entitlement under this offer.

Your Company intends to raise up to \$5.11 million before costs as a result of the rights issue and allocation of any shortfall shares.

The issue price of 10 cents per share is the same price at which the Company made a placement of approximately 16.66 million shares during the last week of August 2009 to raise \$1.67 million. In addition to introducing new professional investors to the Company, the placement was supported by the Company's major shareholders who have also indicated that they will be taking up their entitlements to shares under this rights issue.

The funds raised, together with the proceeds of the recent placement, will be used primarily 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.

Through the past year the oil and gas exploration and production industry experienced significantly reduced prices and restricted access to capital; the commodity price and capital market environments are now improving. Pryme's approach to prudent capital management during this period has enabled the company to progress the relatively low risk Four Rivers project and achieve a very pleasing level of success. At the same time the Company has been evaluating the technical case for deep exploration in the Turner Bayou project area, reviewing the re-entry of the Brian well in the Atocha project and discussing the Atocha project with potential joint venture partners. The Turner Bayou and Atocha projects will be major beneficiaries of the capital raised in the rights issue. Success in either of these projects is expected to add significant value to the Company.

Your Directors and I commend this rights issue to you and thank you for your continuing support of your Company.

Yours sincerely



George Lloyd  
Chairman

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## 1. Description of the Offer

### 1.1 Overview

The Company is making a pro rata non-renounceable offer of New Shares to Eligible Shareholders to acquire 2 New Shares for every 5 Shares held on the Record Date, at an issue price of \$0.10 per New Share. Fractional entitlements will be rounded up to the nearest whole number of New Shares. An Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Offer Document. As a result of this Offer, Eligible Shareholders who do not take up all of their Entitlement are likely to have their percentage shareholding in the Company diluted. The extent of the dilution will depend upon the participation by other Eligible Shareholders and any allocation of Shortfall Shares.

Eligible Shareholders should be aware that investment in the Company involves many risks and Eligible Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances.

### 1.2 No rights trading

The Offer is non-renounceable. There will be no trading of Rights on ASX and Rights may not be sold or transferred.

### 1.3 Shortfall

The Offer is not underwritten but the Directors reserve the right to offer any Shortfall Shares to investors at the discretion of the Directors in accordance with section 4.

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## 2. Non-qualifying Shareholders

The Offer is not being extended to any Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand ("Non-qualifying Shareholders") because of the small number of such Shareholders, the number and value of the Shares they hold, the likely funds that may be raised by extending the offer to Non-qualifying Shareholders and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

Furthermore, the Rights and the New Shares have not been and will not be registered under the US Securities Act and may not be offered, sold or resold in, or to persons in, the United States except in accordance with an available exemption from registration. Accordingly, the Offer is not being made in the United States and Rights will not be distributed to Shareholders with registered addresses in the United States.

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## 3. Shareholder choices - what Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled ("Entitlement") is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

- take up all of the Entitlement in full (refer section 3.1);
- take up part of the Entitlement and allow the balance to lapse (refer section 3.2); or
- allow all of the Entitlement to lapse (refer section 3.3).

Non-qualifying Shareholders may not take any of the steps set out in sections 3.1 and 3.2.

The Company reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date. An Application for your Entitlement may be for any number of New Shares but must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. If it does, your Application will be deemed to be for your full Entitlement.

### 3.1 Taking up all of the Entitlement

If you wish to take up the Entitlement in full, complete the Entitlement and Acceptance Form in accordance with the instructions set out therein. Post your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 3.4 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5.00 pm AEST on 24 September 2009 at the address detailed on your Entitlement and Acceptance Form.

You may also take up all of your Entitlement by arranging for payment of the Application Monies through BPay in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPay, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00 pm AEST on 24 September 2009.

### 3.2 Taking up part of the Entitlement and allowing the balance to lapse

If you wish to take up part of the Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the steps required in accordance with section 3.1. Alternatively, arrange for payment through BPay in accordance with the instructions on the Entitlement and Acceptance Form. If you take no further action, the balance of the Entitlement will lapse.

### 3.3 Allow all of the Entitlement to lapse

If you do not wish to accept any part of the Entitlement, do not take any further action and the Entitlement will lapse. You will receive no payment for your lapsed Entitlement. You cannot sell or transfer your Entitlement to another person.

### 3.4 Payment

The issue price for the New Shares is payable in full on application by a payment of \$0.10 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to "Pryme Oil & Gas Limited" and crossed "Not Negotiable". Alternatively, you may arrange for payment of the Application Monies through BPay in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash or postal notes by mail. Receipts for payment will not be issued.

Do NOT pay by BPay if you wish to be considered for an allocation of Shortfall Shares.

### 3.5 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPay constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

### 3.6 Brokerage

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement to the New Shares issued by the Company. No stamp duty is payable for subscribing for an Entitlement.

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## 4. Shortfall Shares

### 4.1 How to apply for Shortfall Shares

In addition to being able to apply for New Shares in the manner described above, Eligible Shareholders who take up their Entitlement in full will also have the opportunity to apply for Shortfall Shares. Shortfall Shares, if issued, will be issued to Eligible Shareholders at the same price and on the same terms as the New Shares.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for.

### 4.2 Completion of Entitlement and Acceptance Form

Please complete the relevant section on the Entitlement and Application Form if you wish to be considered for an allocation of Shortfall Shares.

Do NOT include payment for any Shortfall Shares.

### 4.3 Placement of Shortfall Shares

Under an exception to the Listing Rule 7.1 requirement for shareholder approval to an issue of securities in excess of 15% of the Company's issued share capital, the Company may issue any Shortfall Shares that are not successfully applied for by Eligible Shareholders, at the discretion of the Directors, provided that:

- the price at which Shortfall Shares are issued is not less than the issue price for the New Shares under the Offer; and
- Shortfall Shares are issued within three (3) months of the closing date of the Offer.

If there is such a shortfall, then the Directors reserve the right to utilise this exception to Listing Rule 7.1, in which case, the Board may, through its advisors or Company executives:

- contact Eligible Shareholders who indicated they wished to be considered for an allotment of Shortfall Shares and seek further information from them to determine whether the Eligible Shareholders may be offered an allocation of Shortfall Shares without a Disclosure Document; and/or
- seek bids or expressions of interest from institutions and other prospective investors for the Shortfall Shares; and
- determine the issue price (subject to clause 4.1) and offer or allot the New Shares on the basis of those bids or information.

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## 5. Risks

The activities of the Company, as in any business, are subject to risks which may impact on the Company's future performance.

Prior to deciding whether to apply for New Shares, Eligible Shareholders should read the entire Offer Document and review all announcements made to the ASX in order to gain an appreciation of the Company, its activities, operations, financial position and prospects. Eligible Shareholders should pay particular attention to the ASX announcements made regarding this Offer and the notice under section 708AA of the *Corporations Act 2001* released on or about 9 September 2009.

Eligible Shareholders should also consider the following summary of risk factors which the Directors believe represent some of the general and specific risks that Eligible Shareholders should be aware of when evaluating the Company and deciding whether to subscribe for New Shares. The following risk factors are not intended to be an exhaustive list of risks to which the Company is exposed.

## Exploration and Development Risks

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable reserves;
- (b) access to adequate capital for project development;
- (c) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;
- (e) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production;
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk such as the presence of shale laminations in the otherwise homogeneous sandstone porosity.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

## Oil and Gas Price Volatility

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.



## Reserves and Resource Estimates

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis the estimates are likely to change. This may result in alterations to development and production plans which may in turn, adversely affect the Company's operations.

## Foreign Exchange Risk

The current operations of the Company are in the United States and the costs of and revenues from operations will be in United States dollars. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the United States dollar and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

## Title and Title Opinions

The system for obtaining development rights to oil and gas leases in Louisiana can be complex given that numerous parties may hold the undivided mineral estate to a particular tract of land. Securing the leases to those mineral estates often requires lengthy negotiation with the various parties.

In order to independently verify that the parties with whom a company is dealing are the correct and sole holders of the mineral estate and to analyse the full rights and restrictions applying to the interest held by those parties requires that a company obtain detailed title opinions from appropriately qualified and experienced lawyers in Louisiana. This can be a lengthy and expensive process and the final opinions are often the subject of numerous qualifications and requirements.

## Environmental Risks

The Company's activities will be subject to the environmental risks inherent in the oil and gas industry. The Company will be subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in Louisiana. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

## Competition

The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

### **Additional Requirements for Capital**

The Company believes that it currently has sufficient working capital to carry out the objectives in the IPO Prospectus. The funding of any further ongoing capital requirements beyond the requirements as set out in this Prospectus will depend upon a number of factors including the extent of the Company's ability to generate income from activities which the Company cannot forecast with any certainty.

Any additional equity financing will be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may not be able to take advantage of opportunities or develop projects. Further, the Company may be required to reduce the scope of its operations or anticipated expansion and it may affect the Company's ability to continue as a going concern.

### **Regulatory**

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

### **General Economic and Political Risks**

Changes in the general economic and political climate in the United States, Australia and on a global basis that could impact on economic growth, the oil and gas prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any oil and gas activity that may be conducted by the Company.

### **Joint Venture Parties, Contractors and Contractual Disputes**

The Company by its subsidiary, Pryme Oil and Gas Inc is a party to a joint venture in respect of the LaSalle Parish Project and the Turner Bayou Prospect and has also entered into a joint venture development agreement with Wave Exploration LLC and Amelia Resources LLC. The Company is thereby reliant upon its joint venture participants complying with their obligations. For example, the operator of a joint venture may fail to implement necessary work programs within the time required for the particular interest, which would have a direct impact on the Company.

With respect to this issue, the Directors are unable to predict the risk of:

- (a) financial failure or default by a participant in any joint venture to which the Company may become a party; or
- (b) insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- (c) insolvency or other managerial failure by any of the other service providers used by the Company or its operators for any activity.

### **Insurance**

Insurance against all risks associated with oil and gas production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

### **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

## Liquidity Risk

There can be no guarantee that there will continue to be an active market for Shares or that the price of Shares will increase. This may affect the volatility of the market price of Shares. It may also affect the prevailing market price at which Eligible Shareholders are able to sell their Shares. This may result in Eligible Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

## Dividend Policy

The Company has paid no dividends on its ordinary shares since its date of incorporation and the Company does not anticipate paying dividends on its Shares in the foreseeable future. The Company anticipates that it will retain all future earnings and other cash resources for the future operation and development of its business and the Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

## Stock Market Conditions

Some of the critical market risks which may affect the operations and financial performance of the Company (regardless of the Company's operating performance) are domestic and international competition, competitive pressures forcing market prices lower, fluctuations in commodity prices, market confidence, supply of and demand for money, supply of and demand for oil and gas, terrorism and other hostilities, changes in fiscal, monetary and regulatory policies, and currency exchange rate fluctuations.

The market price of the New Shares when quoted on the ASX will be influenced by these international and domestic factors affecting sentiment and other conditions in equity and financial markets.

## Investment Risk

An investment in New Shares should be considered speculative. New Shares carry no guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

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## 6. Offer - general information

### 6.1 Offer price

The Company, in making the Offer, has set the issue price of the New Shares at \$0.10 per New Share which represents a discount of 31% to the closing price of the Shares of \$0.145 on 25 August 2009 being the last day of trading before the announcement of the Offer.

### 6.2 Size of the Offer

The Company has 127,715,241 Shares on issue as at the Record Date. Pursuant to this Offer Document, the maximum number of New Shares and Shortfall Shares that may be issued is 51,086,096. Upon completion of the Rights Issue, the Company will have approximately 178,801,337 Shares on issue if all Shortfall Shares are issued. There will be a shortfall due to the fact that Non-qualifying Shareholders will not be offered an Entitlement.

The Company expects to raise gross proceeds of approximately \$5.11 million before costs under the Offer. The funds will be used primarily to supplement working capital to support the continuing drilling of one to two 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.

### 6.3 Closing Date

The Closing Date for acceptance of Entitlements is 5.00 pm AEST on 24 September 2009 (as that date may be varied by the Company without prior notice, in accordance with the Listing Rules). Applications received after 5.00 pm AEST on 24 September 2009 may be rejected and Application Monies refunded without interest. The Company reserves the right not to proceed with the whole or part of the Offer at any time prior to allotment and issue of the New Shares.

### 6.4 Information regarding the Company and the Rights Issue

#### Continuous reporting and disclosure obligations

The Company is a “disclosing entity” (as defined in the Corporations Act) and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company’s Shares. ASX maintains records of company announcements for all companies listed on ASX. The announcements of the Company are available for inspection at ASX and may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au).

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors’ statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

#### Rights Issue Offer Document and disclosure obligations

This Offer Document is issued pursuant to section 708AA of the Corporations Act as an offer document for the offer of securities for issue, under a rights issue, without disclosure to investors under Part 6D.2 of the Corporations Act. Pursuant to the conditions imposed on the Company by section 708AA of the Corporations Act for the making of a rights issue without disclosure to investors, the Company provided ASX with a notice that complied with the requirements of section 708AA(7) on or about 9 September 2009 prior to dispatch of this Offer Document. In addition to certain minor and technical matters, that notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
  - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on control of the Company and the consequences of that effect.

### 6.5 Taxation

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares. The Directors consider that it is not appropriate to give advice regarding the taxation consequences of subscribing for New Shares under this Offer Document or the subsequent disposal of any New Shares allotted and issued under this Offer Document. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants. The Directors recommend that all Eligible Shareholders consult their own professional tax advisers in connection with subscribing for, and subsequent disposal of, New Shares allotted and issued under this Offer Document.

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## **7. ASX quotation and allotment of New Shares**

### **7.1 ASX quotation**

The Company has made an application to ASX for the New Shares to be granted quotation on ASX. If permission is not granted for quotation of the New Shares on ASX, then no allotment and issue of any New Shares will take place and Application Monies (without interest) will be returned in full to Applicants.

Subject to ASX approval, New Shares will trade on a deferred settlement basis from 25 September 2009 as specified in the Timetable.

### **7.2 Allotment and Despatch of Shareholding Statements**

Subject to the New Shares being granted quotation on ASX, the New Shares will be allotted and issued and holding statements despatched in accordance with the Timetable. It is expected that allotment and issue of New Shares will take place on or about 2 October 2009. It is expected that holding statements for the New Shares will be mailed on 6 October 2009.

Application Monies will be held in trust in a subscription account until allotment and issue of the New Shares. This account will be established and kept by the Company on behalf of each Eligible Shareholder who submits an Entitlement and Acceptance Form or arranges for payment through BPay. The Company will be entitled to retain any interest paid on the monies so held, even if the Rights Issue does not proceed.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

### **7.3 CHESS**

The Company participates in the Clearing House Electronic Subregister System ("CHESS"), operated by ASTC, a wholly-owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company does not issue certificates to Shareholders but will instead provide Shareholders with a statement of their holdings in the Company. If you are broker-sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under the Offer Document and give details of your holder identification number, in the case of a holding on the CHESS sub-register and the terms and conditions applicable to the New Shares.

If you are registered in the Issuer Sponsored subregister your statement will be despatched by the Share Registry and will contain the number of New Shares issued under the Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement is routinely sent to Shareholders by the Company's Share Registry at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time; however a charge may be incurred for additional statements.

### **7.4 Rights attaching to New Shares**

From allotment and issue, the New Shares allotted and issued pursuant to the Offer Document will rank equally in all respects with existing Shares.

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## 8. Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Shareholding in the Company.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application. The Company collects your personal information to process and administer your Shareholding in the Company and to provide related services to you. If you do not complete the Entitlement and Acceptance Form in full, the Company may reject your Application. The Company may disclose your personal information for purposes related to your Shareholding, including to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Share Registry.

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## 9. Enquiries

If you have any queries about your Entitlement please contact Company Matters on +61 2 8280 7355.

Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

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## 10. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document and the Entitlement and Acceptance Form.

**AEST** means Australian Eastern Standard Time.

**Applicant** means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or arranging for payment through BPay in accordance with the instructions on the Entitlement and Acceptance Form.

**Application** means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPay in accordance with the instructions on the Entitlement and Acceptance Form.

**Application Monies** means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPay.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the market conducted by it.

**Business Day** has the same meaning as in the Listing Rules.

**Company** means Pryme Oil & Gas Limited ACN 117 387 354.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**Directors** means the directors of the Company.

**Disclosure Document** means a prospectus, profile statement of offer information statement as defined by the Corporations Act 2001 or other such document or further disclosure that would avoid a breach of section 727 of the Corporations Act 2001 by the Company in offering the Shortfall Shares.

**Eligible Shareholder** means a Shareholder as at the Record Date who is not a Non-qualifying Shareholder.

**Eligible Shares** means Shares used to calculate an Entitlement.

**Entitlement** means the entitlement to subscribe for New Shares pursuant to the Offer, as evidenced by the Entitlement and Acceptance form.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Listing Rules** means the official listing rules of ASX.

**New Shares** means Shares to be allotted and issued under the Offer.

**Non-qualifying Shareholder** means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

**Offer** means a pro rata non-renounceable offer to subscribe for New Shares on the basis of 2 New Shares for every 5 Shares of which the Shareholder is the registered holder at the Record Date at an issue price of \$0.10 per New Share, pursuant to the Offer Document.

**Offer Document** means this document.

**Record Date** means 7.00pm on 4 September 2009 (Note: Shares traded on the ASX on or after quotation of shares on an ex-entitlement basis do not affect the Eligible Shares).

**Rights** means the rights to subscribe for New Shares pursuant to this Offer Document.

**Rights Issue** means the issue of New Shares offered pursuant to the Offer.

**Shareholders** mean holders of Shares as registered on the Company's register of members.

**Shares** means fully paid ordinary shares in the capital of the Company.

**Share Registry** means Link Market Services Limited.

**Shortfall Shares** means those New Shares not taken up by Shareholders under the Offer and includes those New Shares not offered to Non-qualifying Shareholders.

**Timetable** means the indicative table set out on page 3 of the Offer Document.

**United States** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

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## 11. CORPORATE INFORMATION

### Directors

George Lloyd (Non Executive Chairman)  
 Justin Pettett (Managing Director)  
 Ryan Messer (Executive Director)  
 Ananda Kathiravelu (Non Executive Director)

### Principal Place of Business

Level 7, 320 Adelaide Street  
 Brisbane QLD 4001

### Legal Advisers

Company Matters  
 Level 12, 680 George Street  
 Sydney NSW 2000

### Share Registry

Link Market Services Limited  
 Level 19, 324 Queen Street  
 Brisbane QLD 4000





ABN 75 117 387 354  
Tel: +61 7 3371 1103 Fax: +61 7 3371 1105  
Level 7 320 Adelaide Street GPO Box 111 Brisbane Queensland 4001  
[www.prymeoilandgas.com](http://www.prymeoilandgas.com)

BRISBANE - HOUSTON





## PRYME OIL & GAS LIMITED

The Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Offer is not being made to any person in the United States or to a United States person. The Offer and/or the Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

### ACCEPTANCE OF OFFER

By returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®.

- you represent and warrant that you have read and understood the Offer Document and the ASX announcements relating to this Rights Issue and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Pryme Oil & Gas Limited.

### HOW TO APPLY FOR NEW SHARES

#### 1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY® visit [www.bpay.com.au](http://www.bpay.com.au).

To calculate the total amount payable by you, multiply the number of New Shares you wish to apply for by A\$0.10.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

#### 2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

##### A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

##### B. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section B. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Pryme Oil & Gas Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Pryme Oil & Gas Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for up to your Entitlement.

##### C. Shortfall Shares

Do NOT include payment for Shortfall Shares. Pryme Oil & Gas Limited may contact you about your expression of interest to receive an allocation of Shortfall Shares.

##### D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary, and your application for Shortfall Shares, if applicable.

### 3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Offer Document electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

#### Mailing Address

Pryme Oil & Gas Limited  
C/- Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

#### Hand Delivery

Pryme Oil & Gas Limited  
C/- Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY NSW 2000

***(Please do not use this address for mailing purposes)***

Make sure you send your Entitlement and Acceptance Form and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 24 September 2009. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Pryme Oil & Gas Limited reserves the right not to process any Entitlement and Acceptance Forms and cheques received after the Closing Date.

**If you require further information on how to complete this Entitlement and Acceptance Form, please contact Company Matters on (02) 8280 7355.**