



17 November 2010

Early Issue of shares under the Rights Issue and Appendix 3B

Pryme Oil and Gas Limited (Pryme) refers to its announcement on 16 November 2010 regarding early issue of shares (**Early Issue**) under the non-renounceable rights issue.

Pryme advises that 9,789,488 fully paid ordinary shares were issued and allotted today, 17 November 2010, to Eligible Shareholders who had applied for shares under the Rights Issue by 5:00pm (AEST) on Tuesday 16 November 2010.

Attached is an Appendix 3B seeking quotation of the above 9,789,488 ordinary shares. The issued capital of Pryme after the Early Issue of shares is 209,840,825 fully paid ordinary shares.

Pryme confirms that the Rights Issue otherwise remains open, in accordance with the announcement made on 1 November 2010, **until 5.00pm (AEST) on 30 November 2010**, unless extended.

The Directors wish to thank shareholders for their continued support and their participation in the Rights Issue.

For further information please contact:

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ASX Code: PYM

OTCQX Code: POGLY

Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the Gulf States of the U.S. The company has oil and gas exploration projects focused on Louisiana, the fifth-largest oil-producing state in the U.S. These projects are funded in part by existing cash flow. Pryme's board of directors and management team has over 100 years of energy industry experience and has uniquely focused local knowledge, underscored by the proven track records of its managers and directors. Directors of the company are George Lloyd (Non Executive Chairman), Justin Pettett (Managing Director) and Ryan Messer (Executive Director) and Greg Short (Non Executive Director).

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 | 9,789,488 |
| 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? | The shares issued will rank equally with the existing class of ordinary shares | | | | |
|-------------|---|--|--------|--------|-------------|-----------------|
| | <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | | | | | |
| 5 | Issue price or consideration | 8 cents per share | | | | |
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | <p>To supplement working capital and ensure that:</p> <ul style="list-style-type: none"> • If a decision is taken to commence a second Turner Bayou Chalk project well prior to significant revenue flows from a successful Deshotels 20-H No.1 well, Pryme will be able to participate at its current working interest level; • In the event of cost overruns on the Deshotels 20-H No.1 well, the Company can continue to fund its proportionate share; and • The Company can continue with its planned land-based drilling program on the periphery of Catahoula Lake once the water level has been lowered to a level permitting access to drill locations. | | | | |
| 7 | Dates of entering +securities into uncertificated holdings or despatch of certificates | 17 November 2010 | | | | |
| 8 | Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable) | <table border="1"> <thead> <tr> <th data-bbox="708 1615 995 1648">Number</th> <th data-bbox="995 1615 1276 1648">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="708 1648 995 1682">209,840,825</td> <td data-bbox="995 1648 1276 1682">Ordinary shares</td> </tr> </tbody> </table> | Number | +Class | 209,840,825 | Ordinary shares |
| Number | +Class | | | | | |
| 209,840,825 | Ordinary shares | | | | | |

+ See chapter 19 for defined terms.

| | | | |
|----|---|-----------|--|
| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | Number | +Class |
| | | 500,000 | \$0.15 options expiring on 20 January 2012 |
| | | 1,106,855 | Performance Rights/Restricted Stock Units |
| 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 | 1 security for every 8 securities held at the Record Date |
| 14 | +Class of +securities to which the offer relates | Ordinary Shares |
| 15 | +Record date to determine entitlements | 14 September 2010 |
| 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 Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7. | Security holders in any country other than Australia or New Zealand will not be sent the offer documents. At the date of this notice the countries are Cook Islands, Panama, Singapore, South Africa, Sweden, Thailand and the United States. |
| 19 | Closing date for receipt of acceptances or renunciations | 30 November 2010 |

+ 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 | Not Applicable |
| 23 | Fee or commission payable to the broker to the issue | Not Applicable |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | Not Applicable |
| 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 | 20 September 2010 |
| 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 | 6 September 2010 |
| 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 <i>in full</i> through a broker? | Not Applicable |
| 31 | How do +security holders sell <i>part</i> 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 19 November 2010

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:



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(Managing Director)

Date: 17 November 2010

Print name: Justin Pettett

+ See chapter 19 for defined terms.