



PRYME OIL AND GAS LIMITED

ABN 75 117 387 354

NOTICE OF GENERAL MEETING

TIME: 10.00am (WST)

DATE: 14 December 2006

PLACE: The Terrace Room
The Chiefly on the Terrace
185 St Georges Terrace
Perth WA

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 do not hesitate to contact the Company Secretary on (08) 9489 7010.

CONTENTS PAGE

Notice of General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	5
Glossary	11
Proxy Form	14

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Pryme Oil and Gas Limited to which this Notice of Meeting relates will be held at 10.00am (WST) on 14 December 2006 at:

The Terrace Room
The Chiefly on the Terrace
185 St Georges Terrace
Perth WA

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form:

- (a) by post to Pryme Oil and Gas Limited, GPO Box 111, Brisbane Queensland 4001; or
- (b) by facsimile to the Company on facsimile number (07) 3371 1105,

so that it is received not later than 10.00am (WST) on 12 December 2006.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Pryme Oil and Gas Limited will be held at The Terrace Room, The Chiefly on the Terrace, 185 St Georges Terrace, Perth WA at 10.00am (WST) on 14 December 2006.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at the close of business on (Insert Date).

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Reports and Accounts

To receive and consider the financial statements of the Company for the year ended 30 June 2006 together with the declaration of the directors, the directors' report, the remuneration report and auditor's report.

1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR PHILIP JUDGE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr Philip Judge, having been appointed as a Director of the Company on 25 September 2006, automatically retires pursuant to clause 13.4 of the Constitution, and being eligible for re-election, be re-elected as a Director of the Company."

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass with or without amendment, the following resolution, as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 1,180,363 Shares to Anglo Energy Company Inc on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Anglo Energy Company Inc and any of its associates.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass with or without amendment, the following resolution, as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 2,667,000 Shares to Anglo Energy"

Company Inc on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Anglo Energy Company Inc and any of its associates.

4. RESOLUTION 4 – ENTRY OF AGREEMENT

To consider and, if thought fit, to pass with or without amendment, the following resolution, as an **ordinary resolution**:

"That, for the purposes of Chapter 2E of the Corporations Act, Shareholders approve the entry into and performance of the agreement between Pryme Oil and Gas, Inc. and Golden West Drilling, LLC on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Golden West Drilling, LLC, Justin Pettett, Ananda Kathiravelu, Ryan Messer and John Dickinson and any of their associates.

DATED: 7 NOVEMBER 2006

BY ORDER OF THE BOARD

**PRYME OIL AND GAS LIMITED
MATTHEW FOGARTY
COMPANY SECRETARY**

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or 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.

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 General Meeting to be held at The Terrace Room, The Chiefly on the Terrace, 185 St Georges Terrace, Perth WA at 10.00am (WST) on 14 December 2006.

This 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 in the Notice of Meeting.

1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR PHILIP JUDGE

Clause 13.4 of the Constitution permits the Directors to appoint at any time a person to be a Director as an addition to the existing Directors. Mr Philip Judge was appointed in this manner on 25 September 2006.

Clause 13.4 of the Constitution requires that a Director so appointed only holds office until the next following general meeting and is then eligible for re-election.

Being eligible, Mr Philip Judge seeks re-election.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES

2.1 Background

On 27 June 2006 the Company announced it had increased its working interest in its south-central Louisiana 3-D Seismic Project to 52% with consideration being 1,180,363 Shares.

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of these Shares (**Ratification**).

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) the Shares were allotted and issued to Anglo Energy Company Inc;
- (b) 1,180,363 Shares were allotted and issued at a deemed issue price of \$0.28 per share on 30 June 2006;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) as the Shares were issued in consideration for the Company's acquisition of an additional working interest in the Company's south-central Louisiana 3-D Seismic Project and LaSalle Parish Project, no funds were raised from the issue.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE

3.1 Background

On 6 July 2006 the Company announced that it had increased its working interest in the LaSalle Parish Project in Louisiana for consideration of the issue of 2,667,000 Shares.

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of these Shares (**Ratification**).

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (c) the Shares were allotted and issued to Anglo Energy Company Inc;
- (a) 2,667,000 Shares were allotted and issued at a deemed issue price of \$0.75 per share on 5 July 2006;
- (b) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) as the Shares were issued in consideration for the Company's acquisition of an additional working interest in the Company's LaSalle Parish Project in Louisiana, no funds were raised from the issue.

4. RESOLUTION 4 – ENTRY INTO AGREEMENT

4.1 Background

On 17 October 2006, the Company through its wholly owned subsidiary Pryme Oil and Gas Inc. entered into a services agreement with Golden West Drilling, LLC (**Golden West Drilling**) pursuant to which the Company agreed to engage Golden West Drilling to provide drilling rig services on a priority basis in connection with all of Pryme Oil and Gas Inc.'s operated properties requiring the use of drilling rigs of the type then in service by Golden West Drilling (**Services Agreement**).

The Services Agreement was subject to the receipt of shareholder approval for the entry into this agreement and the provision and receipt of Services pursuant to the agreement in accordance with the Corporations Act and ASX Listing Rules.

The Directors who all have a personal interest in Golden West Drilling, consider that the Services Agreement is on arm's length terms and does not require Shareholder approval pursuant to Chapter 2E of the Corporations Act but as a matter of prudence and good corporate governance, seeks Shareholder approval for the entry into of the Services Agreement. If all necessary authorisations and approvals are not obtained within 6 months of the date of this Agreement, then the Services Agreement shall be deemed to be at an end and of no force or effect.

The material terms of the Services Agreement are set out below:

- (a) the term of the Services Agreement is five years commencing on the later of ten days after the date on which Golden West Drilling places its first drilling rig in service, or the date shareholder approval to enter into the Services Agreement is obtained by the Company;
- (b) the Services Agreement shall be automatically renewed for successive periods of one year unless either party notifies the other of its intent not to renew not less than 60 days prior to the expiration of the initial or any renewal term;
- (c) Golden West Drilling will provide drilling rig services in connection with all of Pryme Oil and Gas Inc.'s operated properties requiring the use of drilling rigs of the type then in service by Golden West Drilling (**Services**);
- (d) a limitation to the commitment of both parties applies in that both parties recognise and acknowledge that, depending on future circumstances:
 - (i) the Company may require Services beyond the physical, geographic, or time limit capability of Golden West Drilling;
 - (ii) Golden West Drilling may lack the capacity to provide all Services required by the Company; and
 - (iii) Golden West Drilling may have more capacity than may be needed by the Company from time to time.

Nothing in the agreement shall be construed as:

- (i) precluding the Company from contracting with third parties for the provision of Shares beyond the capabilities of Golden West Drilling; and
- (ii) requiring that Golden West Drilling provide all Services requested by the Company from contracting with third parties during times when the Company is not in need of Services from Golden West Drilling.

The intent of the agreement is that only to the extent reasonable and feasible considering all factors shall Golden West Drilling be the provider of Services to the Company;

- (e) in consideration for providing the Services, Pryme Oil and Gas Inc. will pay Golden West Drilling no more than the then-current market rates for such Services in the locations in which the Services are provided or for which the lowest bid is attainable, with the current market rates to be established at arm's length; and
- (f) Golden West Drilling agrees to secure and bear the cost of insurance usual and customary in the industry for the Services provided.

The Directors consider that the entry into this agreement is in the best interests of the Company because it secures drilling services for the Company's future projects. In the absence of this arrangement, the Company would not have the security of being able to engage a drilling contractor to carry out drilling services and may face delays in proceeding with work on its projects due to the unavailability of drilling service contractors. The Directors would like to stress that the agreement is not binding on behalf of the Company and that the Company is free to use any available drilling contractor/s that it sees fit.

The Directors will ensure that at all times the value of the Services Agreement shall be less than 5% of the Company's equity interests.

4.2 Relationship of Parties to the Services Agreement

The Directors of the Company together (with the exception of Mr Philip Judge) control Golden West Drilling Holdings Pty Ltd which has a majority interest in Golden West Drilling. Accordingly, Golden West Drilling is a related party of the Company, as it is controlled by the Directors of the Company.

4.3 Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to Section 208 apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In the current circumstances, the Services Agreement constitutes a "financial benefit" as defined in the Corporations Act. Accordingly, as Golden West Drilling is a related party of the Company, the Services Agreement will constitute the provision of a financial benefit to a related party of the Company.

The Directors consider that the Services Agreement is on arms length terms and does not require Shareholder approval pursuant to Chapter 2E of the Corporations Act but as a matter of prudence and good corporate governance, seeks Shareholder approval under Section 208 of the Corporations Act to permit the Company to enter into the Services Agreement.

4.4 Technical Information Required by Section 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Golden West Drilling:

- (a) the related party to whom the financial benefit will be given is Golden West Drilling, an entity controlled by the Directors of the Company;
- (b) the financial benefit to be provided to Golden West Drilling is the Company's engagement of Golden West Drilling to provide drilling services to the Company's projects on a priority basis;
- (c) the value of the Services Agreement cannot be determined as at the date of this Notice because Golden West Drilling does not yet have operational rigs and at this stage the Company does not have a drilling program in place. As noted above the Services Agreement is a discretionary agreement and does not prevent the Company from engaging alternative drilling contractors;
- (d) Golden West Drilling is currently refurbishing 2 rigs for use on the Company's projects in Louisiana and Mississippi that will have a working range of 3,000 feet (914 metres) to 9,500 feet (2,895 metres) in depth.

The fees charged by Golden West Drilling will be no more than current market rates for drilling services; and

- (e) Philip Judge, who does not have a material personal interest in the outcome of Resolution 4 recommends that Shareholders vote in favour of Resolution 4 as they are of the view that the Services Agreement is on fair and reasonable terms. All other Directors decline to make a

recommendation in relation to Resolution 4 due to the fact that they have a material personal interest in its outcome.

GLOSSARY

Board means the board of directors of the Company.

Company means Pryme Oil and Gas Limited (ABN 75 117 387 354).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Explanatory Statement means the explanatory statement to the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice and **Notice of Meeting** means the notice of general meeting accompanying this Explanatory Statement.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

PROXY FORM

APPOINTMENT OF PROXY
PRYME OIL AND GAS LIMITED
ABN 75 117 387 354

GENERAL MEETING

I/We

being a Member of Pryme Oil and Gas Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

OR

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at 10.00am (WST), on 14 December 2006 at The Terrace Room, The Chiefly on the Terrace, 185 St Georges Terrace, Perth WA and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all the resolutions.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Re-election of Mr Philip Judge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Entry into Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

In relation to these Resolutions, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on these Resolutions, please place a mark in this box

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will 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 these Resolutions and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman intends to vote in favour of these Resolutions.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO RESOLUTIONS 1 TO 4 YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO RESOLUTIONS 1 TO 4 WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

Signed this _____ day of _____ 2006 _____ %

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

PRYME OIL AND GAS LIMITED
ABN 75 117 387 354

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.