

**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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Pryme Energy 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  | (a) Fully paid ordinary shares<br>(b) Options   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) Maximum of 516,680,985 fully paid ordinary shares to be issued under a renounceable rights issue announced on 30 June 2014 ( <b>Rights Issue</b> ).<br><br>(b) Maximum of 258,340,493 attaching options to be issued under the Rights Issue ( <b>the Options</b> ).<br><br>(c) Maximum of 46,245,422 fully paid ordinary shares under the <b>Adjusting Offer</b> as follows:<br><br>(i) Maximum of 33,586,412 fully paid ordinary shares issued to the participants of the March 2014 rights issue offer (other than Directors and their related parties); and<br><br>(ii) Maximum of 12,659,010 fully paid ordinary shares issued to Directors and their related parties to the extent they participated in the March 2014 Rights Issue. |

+ See chapter 19 for defined terms.

<p>3 Principal terms of the +securities (e.g. 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)</p>	<p>(a) &amp; (c) Fully paid ordinary shares</p> <p>(b) The Options will convert on a one-for-one basis with an exercise price of 2 cents exercisable at any time prior to 5:00pm (AEST) on 23 July 2016.</p>
<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>(a) &amp; (c) Yes, the shares issued will rank equally with the existing class of fully paid ordinary shares traded under the code PYM.</p> <p>(b) No, the Options will not rank equally with the existing class of quoted securities. The Options will comprise a new class of security to be quoted on ASX.</p>
<p>5 Issue price or consideration</p>	<p>(a) Rights Issue: 1 cent per share</p> <p>(b) Options: Nil consideration</p> <p>(c) Adjusting Offer: No subscription price (recipients paid 2 cents per share under the March 2014 Rights Issue)</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised from the Rights Issue and upon exercise of the Options will be used to:</p> <p>(a) fund the Capitola Oil Project;</p> <p>(b) provide general working capital; and</p> <p>(c) pay the costs of the Rights Issue offer process including the underwriting fee.</p> <p>Please refer to the Prospectus lodged with ASX on 30 June 2014 for further information.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>

+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	23 April 2014
6c	Number of +securities issued without security holder approval under rule 7.1	2,500,000
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	516,680,985 Rights Issue Shares with 258,340,493 Options issued under the Rights Issue under Exception 1 of Listing Rule 7.2 (pro-rata issue).
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	As per Annexure 1, post issue, the issue capacity is as follows: <ul style="list-style-type: none"> <li>• Listing Rule 7.1: 80,049,824 fully paid ordinary shares</li> <li>• Listing Rule 7.1A: 85,863,497 fully paid ordinary shares.</li> </ul>

+ See chapter 19 for defined terms.

7	<p><b>+Issue dates</b></p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<p>(a) Rights Issue: 23 July 2014</p> <p>(b) Options: 23 July 2014</p> <p>(c) Adjusting Offer:</p> <p>(i) Participants of the March 2014 rights issue (other than directors and their related parties: - 6 August 2014</p> <p>(ii) Directors and their related parties who participated in the March 2014 rights issue offer – 6 August 2014</p>
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8	<p>Number and <b>+class</b> of all <b>+securities</b> quoted on ASX (<i>including</i> the <b>+securities</b> in section 2 if applicable)</p>	Number	<b>+Class</b>
		907,380,397	Fully paid ordinary shares
		258,340,493	Options expiring 23 July 2016

9	<p>Number and <b>+class</b> of all <b>+securities</b> not quoted on ASX (<i>including</i> the <b>+securities</b> in section 2 if applicable)</p>	Number	<b>+Class</b>
		Nil	-

10	<p>Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	None
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**Part 2 - Bonus issue or pro rata issue**

11	<p>Is security holder approval required?</p>	<p>No security holder approval is required for the Rights Issue and Attaching Options</p>
12	<p>Is the issue renounceable or non-renounceable?</p>	<p>Renounceable</p>
13	<p>Ratio in which the <b>+securities</b> will be offered</p>	<p>3 new Rights Issue Shares for every 2 fully paid ordinary shares held at the Record Date and 1 attaching Option for every 2 Rights Issue Shares subscribed</p>
14	<p><b>+Class</b> of <b>+securities</b> to which the offer relates</p>	<p>(a) &amp; (c) Fully paid ordinary shares (b) Options</p>
15	<p><b>+Record</b> date to determine entitlements</p>	<p>4 July 2014</p>
16	<p>Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?</p>	<p>No</p>

+ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of entitlements, they will be rounded up to the nearest whole number.
18	Names of countries in which the entity has <sup>+</sup> 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.	All countries other than Australia and New Zealand.
19	Closing date for receipt of acceptances or renunciations	17 July 2014
20	Names of any underwriters	Patersons Securities Limited
21	Amount of any underwriting fee or commission	A corporate fee of \$100,000 and an underwriting fee of 6% of the dollar amount raised from all sources under the Rights Issue Offer (including any non-underwritten amounts raised) being \$310,008 if fully subscribed.  Details of the sub-underwriter options are set out in the prospectus dated 30 June 2014 and lodged with the ASX on 30 June 2014.
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 <sup>+</sup> security holders	Not applicable
25	If the issue is contingent on <sup>+</sup> security holders' approval, the date of the meeting	The Adjusting Offer to Directors and their related parties is contingent on shareholder approval. An Extraordinary General Meeting of the shareholders is expected to be held on 6 August 2014.
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	8 July 2014

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<sup>+</sup> See chapter 19 for defined terms.

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	Not applicable
28	Date rights trading will begin (if applicable)	2 July 2014
29	Date rights trading will end (if applicable)	10 July 2014
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	By completing the appropriate section in the accompanying Entitlement and Acceptance Form ( <b>Form</b> ) and lodgement of the Form with the your stockbroker as soon as possible or otherwise providing instructions to your stockbroker regarding the number of rights the security holder wishes to sell on ASX.
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	By completing the accompanying Entitlement and Acceptance Form ( <b>Form</b> ) for the number of Rights Issue Offer Shares and Attaching Options you wish to take up and following the steps required in accordance with Section 4A.2(b) of the Prospectus. You may then provide instructions to your stockbroker regarding the number of rights you wish to sell on the ASX.
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	A standard renunciation form must be completed, the form can be obtained from your stock broker or the Share Registry.
33	+ Issue date	23 July 2014

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+ See chapter 19 for defined terms.

### 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

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

Items 38 to 42 are not applicable.

**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.
- 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 is not available now, we 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: 30 June 2014  
(Director)

Print name: JUSTIN PETTETT

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+ See chapter 19 for defined terms.



# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	289,708,568
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>516,680,985 (Issued under the Rights Issue announced on 30/06/2014)</p> <p>44,845,422 (Issued under the March 2014 Rights Issue on 16/04/2014)</p> <p>1,400,000 (Issued under the March 2014 Rights Issue on 4/06/2014)</p> <p>6,000,000 (Issued to vendors of the Capitola Oil Project on 14/03/2014 and refreshed by shareholders at the Annual General Meeting 23/04/2014)</p>
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	858,634,975

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	128,795,246
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>2,500,000 on 16 April 2014</p> <p>46,245,422 (Shares issued or to be issued under Adjusting Offer)</p>
“C”	48,745,422
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	128,795,246
<p><b>Subtract</b> “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	48,745,422
<p><b>Total</b> [“A” x 0.15] – “C”</p>	<p>80,049,824</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	858,634,975
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	85,863,497
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil
<b>“E”</b>	0

+ See chapter 19 for defined terms.

<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	85,863,497
<b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i>	0
<b>Total</b> ["A" x 0.10] – "E"	85,863,497 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.