29 June 2015

Acquisition of Mississippian Lime Acreage Oklahoma

HIGHLIGHTS

- **Acquisition of acreage in oil rich region of the Mississippian Lime, Oklahoma**
- **Joint venturing with ASX-listed Empire Energy Limited to grow and develop Mississippian Lime acreage position throughout Kay and Noble Counties in Oklahoma**

Pryme Energy Limited (Pryme) is pleased to announce that it has purchased 2,230 net acres in an oil rich region of the Mississippian Lime in Oklahoma. In conjunction with the acquisition Pryme will enter a 50/50 joint venture with Empire Energy Limited (Empire; ASX: EEG) with the objective of growing and developing its footprint within the Mississippian Lime (Newkirk JV).

Among the significant tight oil plays in the United States, one of the Mississippian Lime's distinguishing traits is its lower-cost, shallower nature. Production per well in this play, which straddles the Oklahoma and Kansas border, may sometimes average less than other plays, but countering these lower production numbers are the advantages of lower well costs and increased access to infrastructure. The Mississippian Lime remains one of the nation's more active plays after North Dakota's Bakken, Texas' Eagle Ford, and the Permian Basin. It's one of several plays that have helped turn around U.S. crude oil production.

The initial work program will comprise two vertical wells targeting known oil and gas producing horizons including the Wilcox formation, the Mississippian Lime and other shallower hydrocarbon bearing objectives. The proposed initial well locations are offset to current oil and gas production from both the Wilcox and the Mississippian Lime. The estimated cost of drilling and completing each well is approximately US$525,000 with a dryhole cost of approximately US$180,000 per well to the 100% Working Interest. Costs will be shared 50/50 on a heads up basis with Empire and drilling is expected to commence within the 3rd quarter of 2015.

The acreage was acquired from ASX-listed Raya Group Limited (ASX: RYG) (Raya). The consideration comprised 100 million fully paid Pryme shares and A$250,000 cash. In addition, conditional consideration of A$175,000 will be payable in respect of each of the first two wells in the event the gross 1P reserves from each well is certified, within 6 months after the commencement of production from the second well, to be equal to or greater than 31 thousand barrels of oil (Mbo) and 200 million cubic feet of natural gas (MMcf).

Newkirk JV Project

Empire is the operator of the Newkirk JV and the holder of 4,936 net acres within the joint venture's area of mutual interest (AMI) which covers Kay and Noble Counties in Oklahoma. Subject to the performance of the first two wells, consideration will be given to increasing the acreage under lease within the AMI and balancing each party's lease holdings such that each of Empire and Pryme has a 50% working interest in each lease within the joint venture area.

Economics – Initial Newkirk JV Project Wells

The initial wells will be located within Pryme's leases and close to existing infrastructure including oil and natural gas refining plant, salt water disposal facilities and power. Based on each well demonstrating gross 1P proven reserves of 30 Mbo and 200 MMcf of natural gas, the estimated net present value at current oil and gas prices of each well at a 10% discount rate is US$147,000 with an internal rate of return of 30%. The performance of nearby operators in the vertical Mississippian Lime play confirms this estimate.

As outlined in the Pinnacle Energy Services LLC reserve report, announced by Raya on 24 February 2015 (the Pinnacle Report), wells can be drilled on 40 acre spacing. On this basis Pryme will be able to drill at least 58 wells throughout its acreage. This would result in project economics that could yield Pryme US$32 million in undiscounted cash flow and US$10 million in net present value at a 10% discount (NPV10). We hope to improve well economics as we move ahead by optimising completions and well designs.

- Net Revenue Interest 81.25%
- Initial potential (oil rate): 46 Bbls per day
- Drilling and completion costs: US$525,000 per well (Pryme 50% WI US$262,500)
- Dryhole cost: US$180,000 per well (Pryme 50% WI US$90,000)
- Vertical well type curve based on the Pinnacle Report (see table 1 below)
- Finding and development costs – US$16.70 per BOE (100% WI)
- 74% liquids by volume (55% oil and 19% condensate)
- Attractive returns at low commodity prices (see table 2 below)

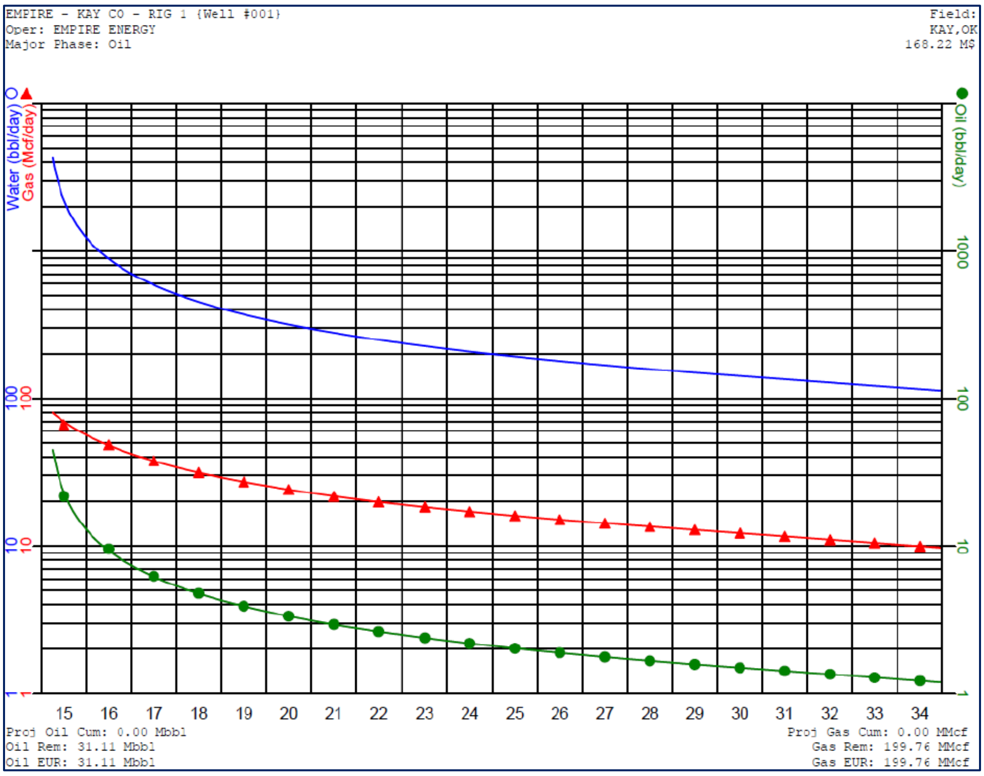

Table 1

ABN: 75 117 387 354
Tel: +61 7 3371 1103 | Fax: +61 7 3371 1105
Level 7 320 Adelaide Street Brisbane Qld 4000 Australia | GPO Box 111 Brisbane Qld 4001
www.prymeenergy.com
BRISBANE – HOUSTON

Single Well Economics Net to Pryme (50% WI)				
Oil US$/Bbl*	$55.00	$65.00	$75.00	$85.00
Gas US$/Mcf**	$3.64	$3.64	$3.64	$3.64
NPV 10 US$	$113,570	$181,190	$248,850	$316,530
IRR %	25%	37%	51%	68%
Payback Yrs	3.1	2.3	1.8	1.4

*Oil price includes US$3.00 differential per barrel (Example: $55.00 case the actual oil price used to calculate NPV, IRR and payback is $52.00)
**This is the natural gas price in the first year then 1 January 2015 NYMEX prices from year 2 onwards

Table 2

Pryme Corporate Strategy

Pryme's corporate strategy is to focus on high quality exploration projects which offer significant scalability of production, cash flows and reserves with an emphasis on liquids rich petroleum systems with "stacked pay" vertical well opportunities to minimize risk and maximize returns. The first phase of the strategy was the acquisition of the Capitola Oil Project located along the Eastern shelf of the Permian Basin, Texas.

The acquisition of the Mississippian acreage and entry into the Newkirk JV project are a further reflection of this strategy. Participation in the project will provide shareholders with a low risk and high impact exposure to an established play.

"Pryme is now well-placed in two attractive oil and gas regions of the United States. The Permian Basin in Texas and the Mississippian Lime in Oklahoma," said Justin Pettett, Pryme's Managing Director. "We have thoroughly reviewed many opportunities over the past two years and we believe that the Mississippian Lime in Oklahoma, with robust economic performance even in times of low oil prices, is a perfect complement to our Capitola Oil project. We look forward to beginning our drilling program with Empire Energy over the coming months."

For further information please contact:

Justin Pettett
Managing Director
Pryme Energy Limited
Telephone: +61 7 3371 1103

Ryan Messer
Chief Operating Officer
Pryme Energy Limited
Telephone: +1 713 401 9806

Website: www.prymeenergy.com **ASX Code: PYM** **OTCQX Code: POGLY**

Competent Person Statement and Disclaimer

Technical information contained in this presentation in relation to the projects of the Company have been reviewed by Mr Greg Short, BSc. Geology (Hons), a Director of Pryme who has more than 34 years' experience in the practise of petroleum geology. Mr Short consents to the inclusion in this presentation of the information in the form and context in which it appears.