

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 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, 24/10/2005.

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 | Convertible Note |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1 Convertible Note (as 2 of possible 2 Convertible Notes under the Convertible Notes facility) |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 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)

The key terms of Convertible Note 2 with Belmont Park Investments Pty Ltd (BPI) are as follows:

1. The principal under the Convertible Note is A\$1.5 million, which must be drawn down by 30 May 2011.
2. The maturity date of the Convertible Note is 12 months after the first drawdown of Convertible Note 1 (which was on 1 April 2011).
3. The interest payable on the Convertible Note is 9.381% per annum, with interest payable on maturity.
4. The facility fee for the Convertible Note is 2.5% of the principal.
5. The principal, interest and facility fee for the Convertible Note may be converted into fully paid ordinary shares of the Company at BPI's election at any time following initial drawdown of Convertible Note 1 (which was on 1 April 2011) up to the maturity date, at a price of \$0.30 per share (with such issue price being adjusted in the event that the Company reorganises its share capital or undertakes a rights issue);
6. The maximum number of shares in the capital of the Company that can be issued to BPI under Convertible Note 2 is 5,594,050 (for principal, interest and the facility fee).
7. The Convertible Note is unsecured.
8. The Convertible Note cannot be repaid prior to maturity unless Pryme raises \$5,000,000 or more in new equity at a share price equal to or greater than \$0.30 per ordinary share at any time prior to maturity, in which case Pryme can elect to repay the Convertible Note either through (at BPI's election) the issue of shares, repayment in cash or a combination of the two.
9. The Company has given various warranties, covenants and undertakings to BPI under the Convertible Note in relation to its activities.
10. The Convertible Note becomes immediately due and payable on certain events of default.

+ See chapter 19 for defined terms.

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment 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"> • 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 	<p>No.</p> <p>The principal, interest and facility fee of the Convertible Note may, at the election of Belmont Park Investments Pty Ltd, be converted into ordinary shares that rank equally with the PYM ordinary shares that are quoted, with the conversion price being \$0.30 per ordinary share.</p> <p>The Convertible Note is unsecured. It will rank ahead of ordinary shares for payment of distributions out of PYM's profits.</p> <p>On a winding up of PYM, the Convertible Note will rank equally with the claims of other unsecured creditors, but ahead of ordinary shareholders.</p>
<p>5 Issue price or consideration</p>	<p>\$1,500,000</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 through the issue of Convertible Note 2 are to be used to supplement working capital including contributing to funding the Company's share of drilling costs for wells in the Turner Bayou Chalk project.</p>
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>-</p>

+ See chapter 19 for defined terms.


8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		225,611,182	Ordinary Shares
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 20 January 2012
		553,427	Performance Rights/Restricted Stock Units under 2009 Long Term Incentive Plan Award
		1,931,002	Performance Rights/Restricted Stock Units under 2010 Long Term Incentive Plan Award
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	2	Convertible Notes (2 of possible 2 Convertible Notes under Convertible Note facility)
		Same as policy on all existing quoted ordinary shares. The Convertible Note will rank ahead of ordinary shares for payment of distributions out of the Company's profits (if any).	

- Items 11 to 42 have been deleted -

+ 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.
 - 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:  Date: 28 April 2011
(Director/~~Company secretary~~)

Print name: Justin Pettett

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