



Pryme Energy Ltd

ASX Code: PYM

OTCQX Code: POGLY

Annual General Meeting of Shareholders

23 April 2014



Disclaimer, Forward Looking Statements and Competent Person Statement

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Reserves or prospective resources have been prepared by Mr Robert H. Patterson, a petroleum engineer who is a qualified petroleum reserves and resource evaluator as defined under ASX Listing Rule 5.41. Mr Patterson holds a Bachelor of Science in Chemical Engineering and has over 30 years experience in engineering studies, evaluation of oil and gas properties, drilling, completion, production and process engineering of oil and gas operation and evaluation of properties in the USA. Mr Patterson has consented to the use of the reserve and/or prospective resource figures in this presentation. Mr Patterson is a member of the Society of Petroleum Engineers and is a registered Professional Engineer in the state of Texas.

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 33 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.

Pryme Capitalisation Summary

ASX Code
OTCQX Code

PYM
POGLY

Shares on issue (following rights issue)
Market capitalisation

343,053,990
A\$8.5 million

Share price range (12 months)
Current Price (22 April 2014)
Rights Issue offer price

A\$0.012-A\$0.037
A\$0.025
A\$0.02 per share



Oil storage facility

Major shareholders

Panorama Ridge	11.21%	Cornerstone shareholder since 2007
Belmont Park Investments	11.07%	Cornerstone shareholder since 2007
Mr Anthony Rispoli	3.22%	Long term US based shareholder
Joieto	2.45%	George Lloyd – Pryme Chairman
Pettett	2.43%	Justin Pettett – Pryme Managing Director
Sourcerock Investments	2.15%	Ryan Messer – Pryme Executive Director/COO
Vassallo Family Super Fund	1.99%	Long term shareholder since IPO in 2006

Top 20 shareholders

52.0%

Cash position (31 March 2014, pre Rights Issue)

A\$1.0 million

Credit facility

US\$6.5 million

Credit facility has recourse to Turner Bayou Project only. Otherwise non-recourse to Pryme group of companies and projects. Expected near-term assignment of facility.



Financial Update

Production:

- Raven (35% WI) and Four Rivers (8%-25% WI)

Existing Production (net to Pryme)

Oil	52	Bbls/day
Natural Gas	92	Mcf/day*

Total/Day	70	BOE/day
Annual net revenues	A\$2.4 million	

*Natural gas is converted at a ratio of 6.1:1 into barrels of oil equivalent

Overheads:

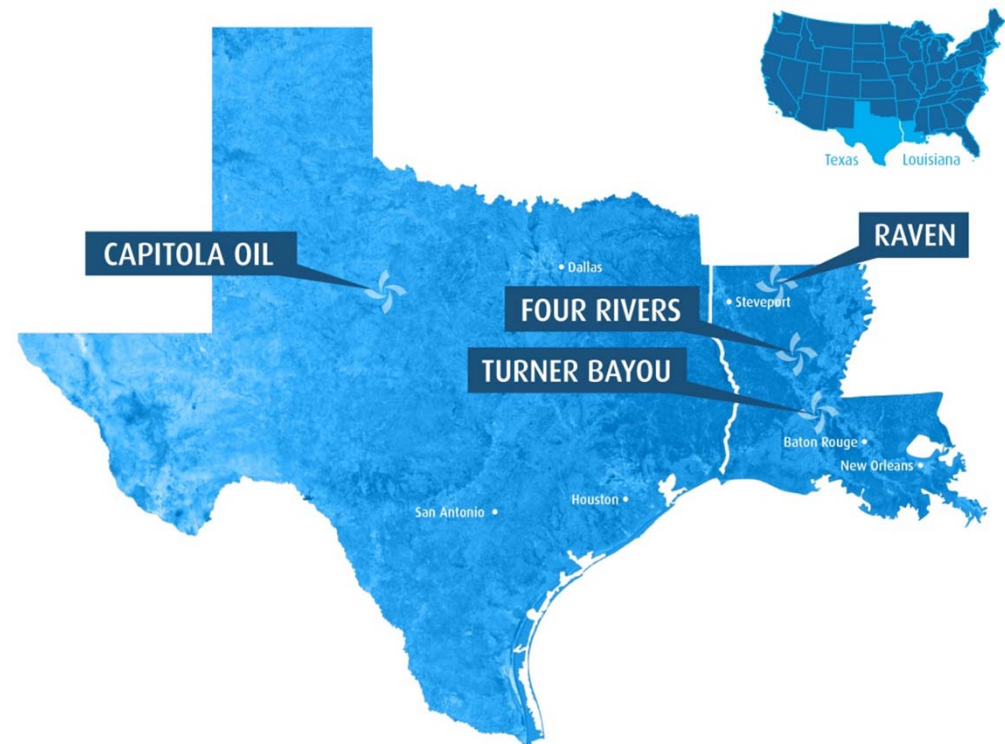
- Annual corporate overheads reduced to approximately A\$1.2m

Macquarie Credit Facility:

- Recourse only to the Turner Bayou project (current 40%-61.53% WI)
 - Expected near term resolution which, if delivered eliminates non-recourse debt whilst retaining small upside interest

Funding update:

- Cash of A\$1.0m as at 31 March 2014 (prior to Rights)
- Rights Issue raised additional A\$0.9m
- Pryme intends to place the shortfall shares under the rights issue



Pryme project locations throughout USA



Rights Issue and Shortfall Funding

- Pryme intends to place the shortfall shares under the Rights Issue
 - Helmsec Global Capital appointed as lead manager
 - Shortfall shares to be issued at offer price of A\$0.02 per share
 - Rights/shortfall priced at a 29% discount to 15 day VWAP prior to rights issue announcement
 - Last traded at A\$0.025 cents per share
- Funds raised will be utilised for the acquisition and drilling program of the Capitola Oil Project, and working capital

Sources	A\$m	Uses	A\$m
Cash	1.0	Capitola for CY2014:	
Rights Issue	0.9	- Lease payments	1.7*
Est. cash inflows (existing assets) in CY2014	0.5*	- Well expenditures	up to 4.6*
Placement of shortfall	up to 5.0	Working capital and other costs	1.1
Total sources	7.4	Total uses	7.4

**A\$m amounts assume 0.90 AUDUSD exchange rate*

- Pryme has some flexibility in managing the amounts and timing of its CY2014 well expenditures
- The Capitola well program in CY2014, if typical well profiles are achieved, has the potential to greatly increase Pryme's earnings and cashflow
- Pryme intends that future funding of Capitola will involve a mix of sources including the potential for debt-based sources depending on the results of drilling and production over time
 - There are funders that are showing interest in Capitola and Pryme pending these results

Corporate Update

Capitola Oil Project (Capitola)

- **Capitola** (earning up to 75% WI, 56.25% NRI): achieving typical well profiles from the drilling program which have the potential to greatly increase Pryme's earnings and cashflow
- Located in the west central region of Texas at the edge of the eastern shelf of the Permian Basin
- Phase 1 activities and payments are planned for Q2/Q3 2014
- Phase 2 is planned for the remainder of CY2014
- Devon Energy recently applied for three additional Cline Shale wells around Capitola. A second step-out well to the Bishop 1H well (1 mile west, road and location work underway), the Parker 1H well (2 miles east) and the Harris 3H well (8 miles south-west) from Capitola
- Gunn Oil Company has applied for a vertical well permit 1 mile north of Capitola to test multiple Canyon Sands and deeper objectives to 7,500 feet
- Strong endorsement for Capitola's acreage

Production facilities on the Devon Bishop 1H Cline Shale well





Investment Highlights

Pryme's business model:

- Solid existing oil production and reserves
- Capitola: low risk + growth + upside asset
- Demonstrated ability to find/transact growth assets
- Experienced Board and management



Capitola Oil Project

Low risk development with exploration upside
Oil prolific Permian Basin, Texas
9,333 acres within existing, proven oil fields*
Step-out and down spacing opportunities from wells drilled in known proven sands
Multi-stacked reservoir – target 10 potential productive intervals
Lower risk/lower cost vertical production wells
Potential to drill 200+ wells on 40 acre spacing over time
Secondary water/gas flood recovery opportunity in Claytonville
Each vertical well's performance, if delivered to typical IP/well curve/EUR expectations (US\$90/bbl, \$4/mcf), gives +45% IRR and <12 months payback per well (lower Canyon Sand only)



Exciting emerging Cline Shale play upside
Exciting, burgeoning Texas shale play 140 mi long and 70 mi wide
Analysts estimate it to be larger than the Bakken Shale in North Dakota and the Eagle Ford Shale in South Texas combined
Early mover advantage for Pryme
Area of strong activity: Devon Energy, Apache, Range Resources and Laredo Petroleum
Pryme to benefit from others activity and results without own expenditure
Pryme acreage offset to Devon Energy's best producing Cline Shale well in region (Bishop 1H)
Recent Devon wells in close vicinity to Capitola a strong endorsement: Bishop 2H well (1 mi), Parker 1H well (2 mi), and BK Harris 3H well (8 mi)

*Sweetwater field has produced approx. 4.5 MMbbl of oil; Claytonville field has produced 1.5 MMbbl of oil; over 150 previous well bores within Pryme's Capitola acreage

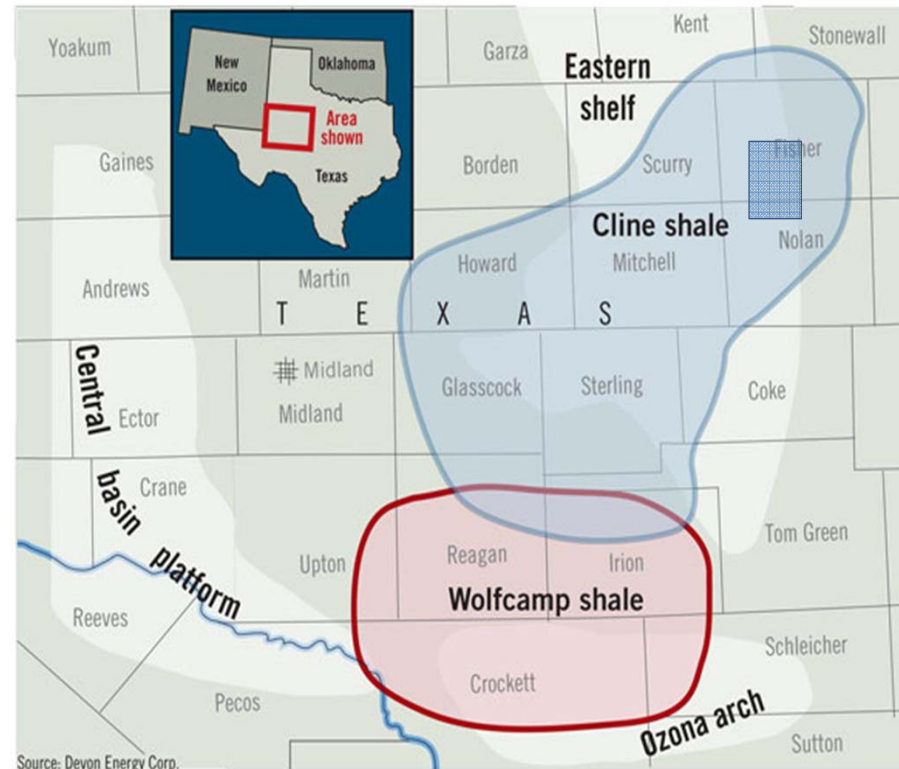


Capitola Oil Project - Overview

- The farm-in provides up to 75% WI, 56.25% NRI (50% WI in the Cline Shale) in 9,333 acres of oil and gas leases with three primary targets
 - Breckenridge Lime
 - Canyon Sands
 - Cline Shale
- Other operators in region have leased very large tracts of minerals and are drilling many wells in the Cline Shale and shallower objectives with great success including Devon, Range Resources, Laredo, Firewheel, Gunn
- Devon’s Bishop 1H well, adjacent to Capitola, is one of their best producers in the region. Devon recently permitted the Bishop 2H (offsetting the 1H well and stepping closer to Capitola acreage), the Parker 1H well 2 miles east, and the BK Harris 3H well 8 miles SW from Capitola
- Low risk area with production data and well information
- Exploiting well defined new targets with more advanced drilling and completion and stimulation technology
- Over 150 wells drilled throughout Capitola acreage; several millions of barrels of oil produced from existing, proven fields

“Significant upside in a proven oil play for Pryme and its shareholders” Justin Pettett, Managing Director

PERMIAN BASIN SHALE FORMATIONS



Capitola Oil Project acreage shown in blue rectangle in Fisher and Nolan Counties, Texas

Capitola Oil Project - Pay summary of primary objectives

Breckenridge Lime MD 4,500 feet

- Conventional objective (vertical and horizontal completion opportunities)
- Carbonate encased in shale just above Canyon Sands
- Shelf edge feature - porosity development and potential fracturing

Canyon Sands

- Conventional objective (vertical and horizontal completion opportunities)
- 4900' Sand MD 4,900 feet (Proved) - secondary sand development
- Upper Sand MD 5,000 feet (Proved) - secondary sand development
- A-D Sands MD 5,200 feet (Proved) - primary sand target, 2.0 MMBO gross remaining recoverable (1.125 MMBO net to Pryme)
- 5200' Sand MD 5,200 feet (Proved) - primary target, 1.8 MMBO gross remaining recoverable (1 MMBO net to Pryme)
- Lower Sand MD 5,500 feet - multiple show wells, offset operator having great success in this zone

Cline Shale MD 6,000 feet - extensive regional source play

- Unconventional (mainly horizontal completions)
- Core data indicates strong hydrocarbon generation

 Produces in the area
 Primary objectives

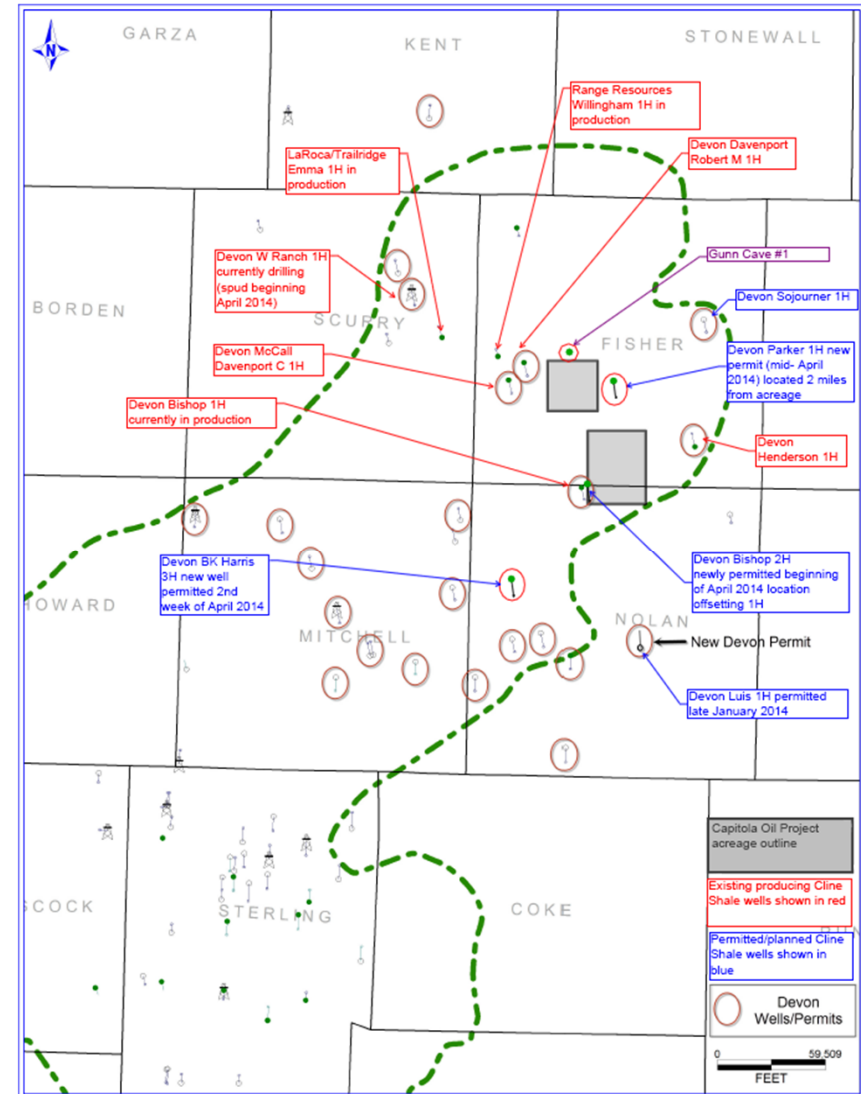
SYSTEM	STAGE	GROUP	
Permian	Wolfcamp	Tannehill	
		Saddle Creek	
		Flippen	
		Crystal Falls	
Pennsylvanian	Virgil	Cisco Group	King
			Breckenridge
			Gunsight
			Swastika
	Missouri	Canyon Group	Home Creek
			Ranger
			Winchell
			Palo Pinto
			Cross Cut
	Des Moines	Strawn Group	Morris
			Capps
			Fry
			Jennings
			Gardner
Gray			
Atoka	Bend Group	Odom	
		Caddo	
		Big Saline	
Morrow		Marble Falls	
Mississippian	Chester		
	Meramec	Barnett	
	Osage	Chappel	
Ordovician	Upper		
	Middle		
	Lower	Ellenburger	
Cambrian	Upper	Wilberns	
		Hickory	
			Granite Wash
		PreCambrian	

Capitola Oil Project - Cline Shale

- Analysts calculate the Cline Shale as roughly 140 miles long and 70 miles wide and liken it to the next Eagle Ford or Bakken play with more recoverable oil and gas than both combined
- Also referred to as the Three Fingers Black Shale
- High Total Organic Content (TOC) 2-8%
 - Approximately 5-6% average TOC on Pryme acreage
- Porosity of 3-12%
- Natural fractures aid production
- Shallow at 6,000 feet (1,828 metres)
- Formation thickness of 200-500 feet (60-150 metres)
- Light sweet crude generally 38-42 gravity
- 85% oil and liquids-rich gas



Devon McCall Cline Well Flare (within 2 miles of acreage)



Cline Shale known outline showing horizontal well activity and acreage position in the north east section of the play



Capitola Oil Project - Objectives

Stage I Objectives

- Vertical wells in productive fields - establish production from known productive sands
- Testing prospective intervals with shows
- Take core and log data from prospective intervals on each of the two acreage blocks
 - Evaluate sands to complete field study on redevelopment opportunity
 - Evaluate Breckenridge Lime and Canyon Sands for horizontal completions
 - Learn from surrounding Cline activity and compile data on Cline penetrations on acreage

Stage II Objectives

- Vertically test infill locations in Canyon Sands
- Develop Lower Canyon Sands
- Possible test in Breckenridge Lime
- Vertically test Cline Shale

Stage III Objectives

- Horizontal well development in the Cline Shale
- Horizontal well development in Canyon and Breckenridge

Secondary Targets

- Flippen
- Caddo/Odom
- Ellenberger



Typical Capitola vertical well lift system



Capitola Oil Project - Project potential

- Significant upside in a proven oil play for Pryme and its shareholders
- Multiple “stacked” conventional targets with Cline Shale upside (large independents currently proving up play)
- 200+ vertical locations to drill in Pryme acreage targeting multiple proven zones and other secondary objectives
- 60 horizontal locations in the Cline Shale alone drilled on 160 acre spacing
- Typical vertical fracked well costs approximately US\$950,000 to drill and complete and is expected to produce anywhere from 50,000 to 140,000 BOE assuming an initial production rate of 60 to 140 BOE/day
- Typical horizontal fracked Cline well costs approximately US\$6,600,000 to drill and complete and is expected to produce anywhere from 100,000 to 600,000 BOE assuming an initial production rate of 120 to 710 BOE/day

Recoverable Oil*	Low estimate	Best estimate	High estimate	Fractional recovery**
Breckenridge Lime	1.4 MMBOE	19.2 MMBOE	49.8 MMBOE	12.5%
Canyon Sands	6.9 MMBOE	8.7 MMBOE	10.6 MMBOE	18.0%
Cline Shale	0.8 MMBOE	5.9 MMBOE	13.8 MMBOE	6.0%
Total (BOE)	9.1 MMBOE	33.8 MMBOE	74.2 MMBOE	

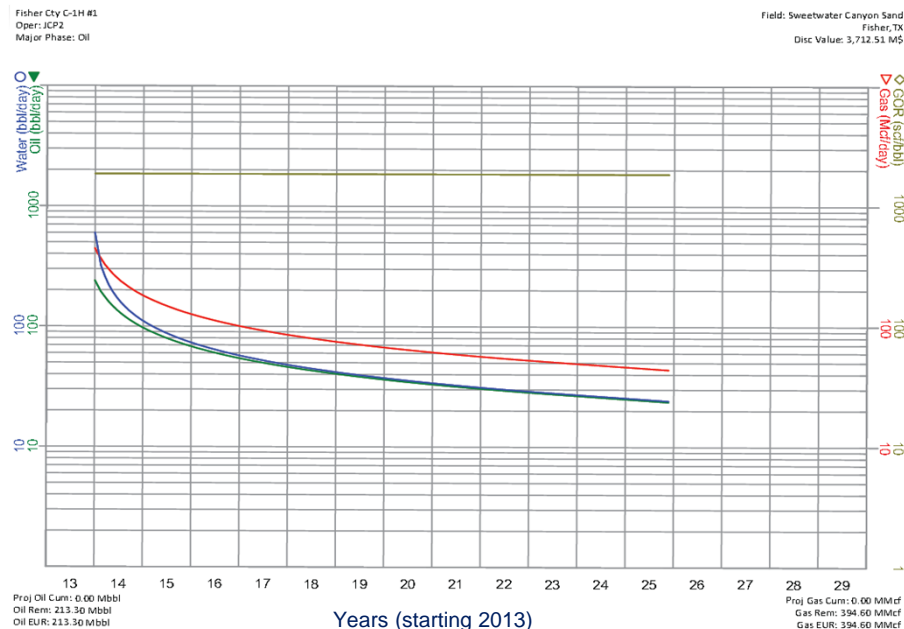
*Recoverable Oil calculated by determining Remaining Oil in Place and applying a fractional recovery percentage as at the date of this presentation. All figures are net to Pryme and have been determined using deterministic method for the Canyon Sands and probabilistic method for the Breckenridge Lime and Cline Shale under SPE-PRMS. Natural gas is converted to BOE on the basis of 6 Mcf of natural gas is equivalent to 1 BOE.

**Fraction recovery is calculated 1) Breckenridge Lime assumes general accepted recovery for solution gas drive reservoir, 2) Canyon Sands by material balance calculations, and 3) Cline Shale assumes generally accepted recovery for unconventional resource plays.

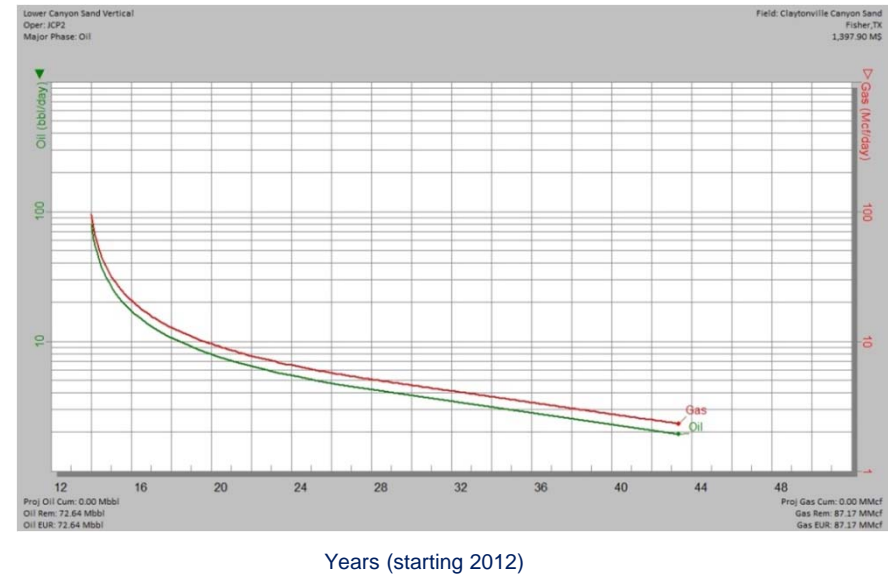
The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Pryme confirms in this subsequent public report that it is not aware of any new information or data that materially affects the information included in the relevant market announcement made on 11 February 2014 and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Capitola Oil Project - Typical well profile

- Development of the Breckenridge Lime and Canyon Sands formation will be by way of vertical wells initially to depths less than 6,000 feet (1,828 metres)
- Typical vertical fracked well costs approximately US\$950,000 to drill and complete and is expected to produce from 50,000 to 140,000 BOE assuming an initial production rate of 60 to 140 BOE/day



Cline Shale horizontal well type decline curve



Breckenridge and Canyon Sands vertical well type decline curve

- Development of the Cline Shale formation will be by way of horizontal wells at depths of approximately 6,000 feet (1,828 metres)
- Typical horizontal Cline Shale fracked well costs approximately US\$6,600,000 to drill and complete and is expected to produce anywhere from 100,000 to 600,000 BOE assuming an initial production rate of 120 to 710 BOE/day



Capitola Oil Project - Strategic advantages

- Drill to earn structure - minimal upfront cash payment (US\$100,000) and issue of shares to vendor
- Back-in after payout enables Pryme to cover all costs before carried working interest reverts
- Vendors paying their share and participating 25% WI from well 4 onwards
- Partnered with professional landmen with extensive leasing experience and connections in order to expand project
- Long term shallow oil development strategy within emerging oil shale play upside

Strategic Technical Advisers

Pete Lehle (Petroleum Geologist)

Based in Houston, Pete is an AAPG Certified Petroleum Geologist with over 30 years experience. He initially worked on international projects primarily in South east Asia and North and West Africa. Since 1986, he has worked with several independent oil companies exploring for and developing fields along the Texas Gulf Coast, in South Louisiana, the East Texas Basin, and along the Eastern Shelf of the Permian Basin.

Ryan Holcomb (Petroleum Engineer)

Over 10 years direct experience in the Permian Basin, Texas, with a focus on operations, secondary recovery implementation and facility design. Permian Basin roles with Pioneer Natural Resources to perform operational and reservoir engineering services and Whiting Petroleum as operations engineer from 2006. Based in Midland, Texas, Ryan is the President of H2P Operating, LLC and contract operator of the Capitola Oil Project.

Don Ellison (Petroleum Engineer)

Registered Petroleum Engineer in the State of Texas (www.tbpe.state.us), with over 45 years experience in petroleum engineering. Manager of production engineering for one of the largest independently owned oil and gas producers in Texas. The founder and developer of the first upstream joint venture between Tatneft, the state-owned oil and gas company of the Russian Republic of Tatarstan, and a US oil company.

Robert Jordan (Landman)

Professional landman with over 36 years experience covering all phases of the oil and gas exploration and production cycle. Based in Abilene, Texas, he has worked every major trend and play in Texas with extensive experience and expertise leasing highly prolific trends securing mineral acreage in high leasing activity locations.

The path forward

- Producer with exploration and development upside
- Drill out 10 well program in Four Rivers “stacked” Middle Wilcox oil sand project - conventional exploration
 - Pryme free carried through casing point with option to increase WI on a prospect by prospect basis
- Expected to optimize position in Turner Bayou shortly; if delivered:
 - Assignment of non-recourse debt whilst retaining small ownership interest in upside
 - Minimal ongoing exposure to Turner Bayou
- **Focus on the exploration and development of Capitola**
- Continue to build technical team
- Recovery of share price and company value
- Deliver significant year-on-year share price growth



BML (crude oil purchaser) hauling oil from the Gunn Oil Martin tank battery NW of Capitola



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ASX Code: PYM

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Appendices – Capitola and Glossary

Capitola Oil Project - Breckenridge Lime and Canyon Sands

Breckenridge Limestone

- The Breckenridge Limestone is located at approximately 4,500 TMD and shallower and is a conventional objective containing both vertical and horizontal completion opportunities
- It is a Cisco Group carbonate (marine and nonmarine carbonate and silicilastic rocks conducive to the formation of oil and gas) that forms a slope apron across much of the region
- Its deposition transitions from shelf margin to basin at an inactive slope wedge. It is much thicker at this slope wedge, and log data indicates porosity development on average of 10% and calculated initial water saturations of 25%
- Review of mudlogs in the area indicate standard practices were to “mud-up” and drill overbalance before penetrating the Breckenridge as it was known to be a lost circulation zone. The Breckenridge is productive in other areas of the Eastern Shelf such as the Fennell Field in Runnels County (one county south of our acreage)

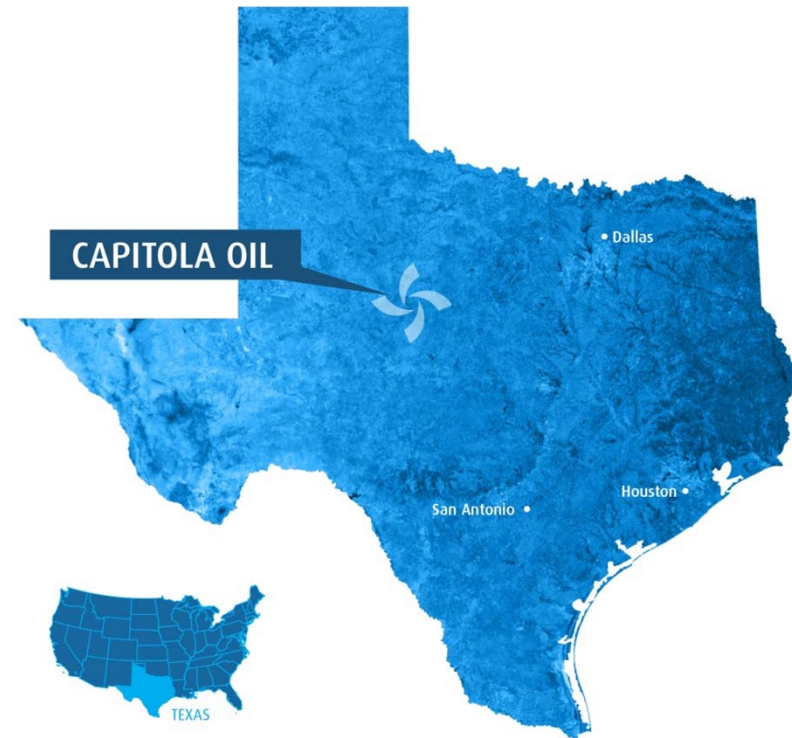
Canyon Sands

- The Canyon Sands objective is located at approximately 4,900 feet to 5,500 feet TMD and is also a conventional objective containing both vertical and horizontal completion opportunities
- The Canyon Group sandstones of the eastern shelf in Fisher County are typically products of sand deposits occurring at submarine canyons cut into the shelf, and they are found with multiple deposits of sand in groups either stacked or offset along strike
- These Canyon Sands are a productive, proven interval within our acreage, reserve analysis indicates significant remaining recoverable reserves. Although the primary pay zone of the Canyon Sand field has produced since the mid 1950's, other canyon sand deposits both above and below show potential hydrocarbon production based on log data
- Multiple wells have been drilled and completed in lower canyon sands in previously untested areas immediately south of our acreage within the last 2 years



Capitola Oil Project - Location and geology

- The Eastern Shelf of the Permian Basin is emerging as a multiple shale and “stacked” carbonate resource play proven in recent drilling with IP’s of up to 1,000 BOE/day from horizontal drilling (200 BOE/day from vertical wells)
- Acreage located in Nolan and Fisher Counties, Texas, over two proven productive fields also containing redevelopment and secondary recovery opportunities
- The basin was once covered by the Permian Sea, which was hindered by a restricted outlet when it began to recede
 - The resulting inland sea evaporated over time in the hot dry locale
 - This ultimately led to formation of thick deposits of organic-rich sediments, creating one of the world’s most productive oil regions
- 1,500 vertical and 71 horizontal wells drilled in recent years through the Cline Shale
- All primary targets (Breckenridge Lime, Canyon Sands and Cline Shale) have been encountered on all well data, seismic, wireline logs and mud logs across all 9,200 acres



If Texas was a country it would be the 9th largest oil producing nation in the world surpassing Brazil, Venezuela, Nigeria, Mexico and Kuwait at 2.7 million barrels per day. This is mainly attributable to activity in the Permian Basin and Eagle Ford. (forbes.com)



Capitola Oil Project - Earn-in terms

- Pryme to earn into a 75% WI (56.25% NRI) in 9,333 acres to all depths from the surface to the top of the Cline Shale (7,000 net acres to Pryme) and a 50% WI (37.5% NRI) in all depths from the top of the Cline Shale and deeper (4,666 net acres to Pryme)
- Pryme is operator of the project and will earn its interest by drilling 9 vertical wells and 1 horizontal well into the stacked formations above the Cline shale on a well by well basis in a phased program over 2 years
- The project vendors are landmen and engineers with considerable Permian Basin experience; they will continue to be involved in and support the project. Pryme will fund 100% of the project cost for the first 3 wells. The vendors are entitled to a 25% WI in the first 3 wells after Pryme has recovered 100% of its costs for those wells combined (Back-in after Payout). The vendors are also entitled to participate in, and fund their share of costs at a 25% WI level, all wells from well 4 onwards
- Pryme has paid US\$100,000 cash and issued 6 million shares in Pryme Energy Limited to the vendors to secure the project. Pryme has the option to commit to the first phase of the project within three months. Phase I entails the drilling of 2 wells before August 1, 2014 and the payment of additional lease costs of US\$750,000 by May 6, 2014. Phase II entails the drilling of 3 wells before February 1, 2015 and the payment of additional lease costs of US\$750,000 by August 1, 2014.
- Pryme will earn its acreage proportionately (on a well by well basis) through the drilling of 10 wells **targeting the Breckenridge Lime, Canyon Sands and Cline Shale and other secondary objectives at its sole discretion** over the next 2 years
- Pryme will pay additional cash consideration of US\$2.5 million through three staged payments beginning in the second half of 2014 as the project is proven up through the two year project term
- **The commitment to drill wells and the payment of cash over the next 2 years is at the sole discretion and option of Pryme aligning payments to the vendor to the success of the project**



Glossary

A\$	Australian Dollars
US\$	United States Dollars
Bbls/day	Barrels (of oil) per day
MMBO	Million Barrels of Oil
MMBOE	Million Barrels of Oil Equivalent
BOE	Barrels of Oil Equivalent
BOE/day	Barrels of Oil Equivalent per day
BOE/month	Barrels of Oil Equivalent per month
Mcf	Thousand cubic feet (of natural gas)
Mcfd	Thousand cubic feet (of natural gas) per day
NRI	Net Revenue Interest
WI	Working Interest
TVD	Total Vertical Depth
TMD	Total Measured Depth
MD	Measured Depth
OOIP	Original Oil in Place
3.28 feet	Equals 1 metre
CY	Calendar Year

