



26 May 2014

Sale of Turner Bayou Project Macquarie Bank Non-Recourse Loan Extinguished

HIGHLIGHTS

- **The Non-Recourse Loan Agreement with Macquarie Bank will be terminated and all remaining obligations extinguished leaving Pryme debt free**
- **Pryme retains the option to fund and own a 5% working interest in any new wells drilled in the Turner Bayou project**

Pryme Energy Limited (**Pryme** or **the Company**) is pleased to announce that its wholly owned subsidiary Pryme Oil and Gas LLC (**Pryme LLC**) has entered an agreement to sell its interest in the Turner Bayou project to a US publicly listed company which wishes to remain anonymous for commercial reasons (**the Purchaser**). Pryme LLC retains an option to participate at a 5% working interest level in any future Turner Bayou wells.

The outstanding non-recourse loan amount of US\$6.8 million under the Macquarie Bank Limited Non-Recourse Loan Agreement (**Macquarie Facility**) will be extinguished, and Pryme LLC's obligations under the Macquarie Facility will be released.

Pryme's Managing Director, Justin Pettett, said "this sale leaves Pryme with no debt and provides the Company with a modest option to participate, entirely at its election, in future Turner Bayou wells."

Mr Pettett continued, "the resolution of the Macquarie Facility allows Pryme to focus entirely on the development of its recently acquired Capitola Oil Project in the Permian Basin, Texas (see announcement dated 11 February). The activities of US exploration and production companies surrounding the Capitola Oil Project, including the US\$29 billion Devon Energy Corporation, continue to accelerate with attention being focussed on the conventional oil prospectivity as well as on the exciting Cline Shale play."

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About Pryme Energy

Pryme Energy Limited is an Australian listed company engaged in oil and gas exploration, development and production. Pryme's project portfolio includes liquid rich producing assets together with substantial oil development and exploration acreage in the U.S.

The Company's Exploration and Production focus is on high growth oil and gas projects offering scalability of production, cash flows and reserves. Pryme currently has several producing projects together with a significant acreage position. The Company's immediate focus is the development of its Capitola Oil Project located in an active region of the Cline Shale resource play along the Eastern Shelf of the Permian Basin, Texas. The project's core development and exploitation opportunities are shallower multiple "stacked" sandstones and limestones to depths of 7,000 feet which are effectively produced from vertically drilled wells. Pryme's value driven model is executed through exploiting shallower, well defined intervals with advanced completion and stimulation technology within known produced oil fields together with exposure to the emerging Cline Shale resource play.

Pryme's shares are publicly traded on the Australian Securities Exchange (ASX ticker: PYM) and also as American Depositary Receipts on the OTCQX (ADR ticker: POGLY).