



ASX: PYM OTCQX: POGLY

Experienced Management Team
Predictable Exploration Environment
Poised for Growth

Investor Presentation
27 May 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.



Key Highlights

Pryme Energy Limited (ASX: PYM OTCQX: POGLY) is a publicly listed exploration and production company, headquartered in Houston, Texas with corporate offices in Brisbane, Australia and additional technical and specialised resources located in Midland, Texas.

- Early stage rapid growth company
- Focus on oil and liquid rich gas
- Underpinned by stable production in Louisiana
- Permian Basin, Texas the new focus
- Targeting shallow, low risk vertical well exploitation in Capitola Oil Project to generate growth
- Exposure to emerging Cline Shale resource play being actively pursued around Capitola acreage
- Experienced management and operating team located in Houston and Midland, Texas



Pryme Capitalisation Summary

ASX Code	PYM
OTCQX Code (American Depositary Receipts)	POGLY
Shares on issue (following rights issue)	343,053,990
Market capitalisation	A\$7.0 million
Share price range (12 months)	A\$0.012-A\$0.037
Rights Issue offer price	A\$0.02 per share
Proven Reserves (NPV10)	US\$10.4 million
Proven Reserves (Undiscounted)	US\$14.5 million



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
Jojeto	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 ownership 52.0%

Cash position (31 March 2014, pre Rights Issue)	A\$1.0 million
Plus cash raised under rights issue	A\$0.9 million
Amount under shortfall placement	up to A\$5.0 million

Experienced Board and Management Team

Justin Pettett (Managing Director, CEO)

- Pryme's founding CEO since April 2006.
- 19 years professional experience, 13 years in U.S. E&P industry with over 180 wells drilled throughout Gulf Coast U.S. resulting in field discoveries
- Managed private U.S. based start-up company which grew to over 500 Bbls per day and divested to local operator
- Member of American Association of Petroleum Geologists and Australian Institute of Company Directors

Greg Short (Technical Director, Geology)

- 33 years with Esso/Exxon Mobil in production and operations and 15 years in management positions
- Head of Exxon U.S. Gulf Coast exploration activities. Very strong technical background in exploration, development and production, geoscience, exploration operations and management
- BSc. (Geology) (Hons) from the University of New England

Ryan Messer (Executive Director , COO)

- Pryme's founding COO since April 2006
- 20 years business experience, 13 years in U.S. E&P industry. Operations specialist with technical teams spread across 5 active U.S. basins and over 180 tests
- Managed team that led discovery of eight new fields in Louisiana
- Business Administration (BS BA) , majoring in Marketing and Finance. Continuing education in engineering and economics - Colorado School of Mines

George Lloyd (Chairman)

- Over 25 years senior management, listed company focused in the resources and energy sectors
- Extensive experience in corporate strategy, M&A and exploration management
- Bachelor of Engineering and a Master of Business Administration from the University of New South Wales. Graduate of Stanford University

Demonstrated ability to find and transact growth assets

Experienced Board and Management Team

Ryan Holcomb (Petroleum Engineering)

- Over 10 years direct experience in the Permian Basin, Texas. Focus on operations, secondary recovery implementation and facility design.
- Worked for Pioneer Natural Resources performing operational and reservoir engineering services and Whiting Petroleum as operations engineer from 2006.
- Based in Midland, Texas, Ryan is the lead engineer for the Capitola Oil Project.

James Turbyfill (Project Geologist)

- AAPG Certified Petroleum Geologist with over 30 year's Permian Basin geologic experience
- Has worked with several independent oil companies exploring for and developing fields throughout the Permian Basin with a focus on the Eastern Shelf of the Permian Basin
- Bachelor of Science (Geology) Western Carolina University
- Based in Midland Texas, "Turby" is the project geologist for Capitola.

Robert Jordan (Land and Development)

- 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.

Don Ellison (Petroleum Engineering)

- 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 Tom O'Conner Field, owned by one of the largest independent 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.
- Discovered two large Red Fork fields in Oklahoma.

Demonstrated ability to find and transact growth assets



Financial Update - Producer with exploration and development upside

Production:

Existing Production (FY2013 net to Pryme)

Oil	52	Bbls/day
Natural Gas	92	Mcf/day

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

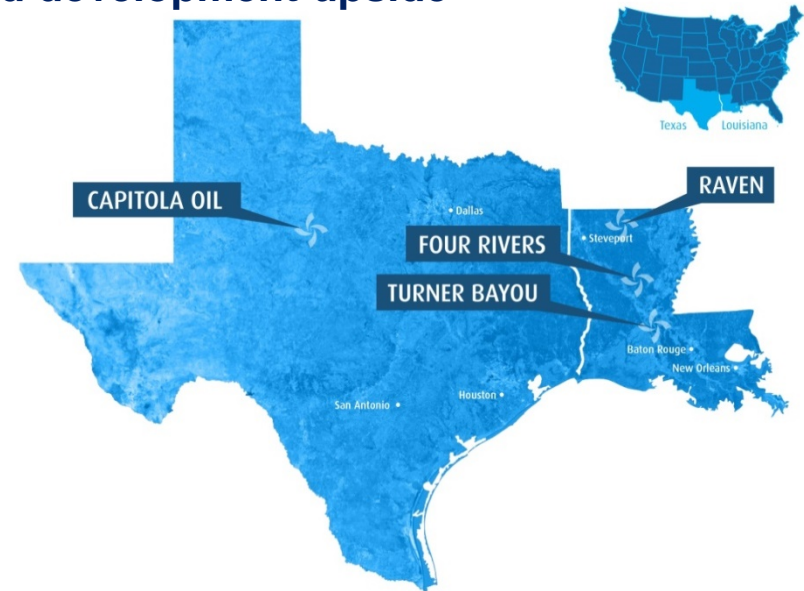
*Natural gas is converted at a ratio of 6.1:1 into barrels of oil equivalent

Overheads:

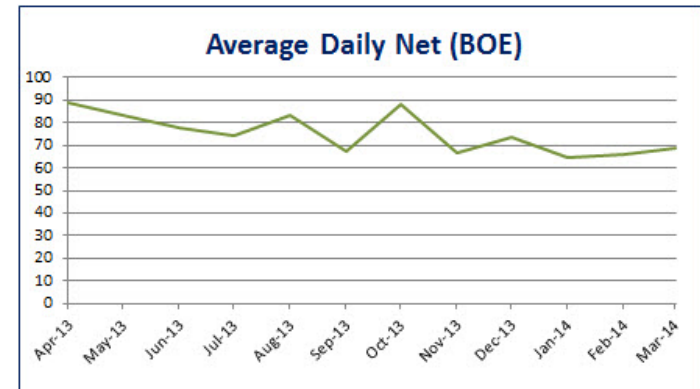
- Annual corporate overheads reduced to approximately A\$1.2m

Legacy Assets:

- Raven** – existing production from Cotton Valley Sands. New development underway in Deep Horizontal Bossier gas play on our acreage by Wild Horse Resources. “Monster” offset wells with IP’s over 25 MMcf/Day.
- Four Rivers** – current production from 25 producers. Multiple PUDs exist. Shallow stacked pay oil exploration project. Currently we earn a 4% carried working interest on select prospects through operations. Will expand project post execution on Capitola Oil Project.
- Turner Bayou** – sold to U.S. listed company and Macquarie debt facility to be extinguished. Pryme retains a 5% “heads up working interest” option on future wells.



Pryme project locations throughout USA



Production from legacy assets

Rights Issue and Shortfall Funding

- Pryme intends to place up to \$5.0 million shortfall under the Rights Issue
- 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 (31 March 2014)	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

Placement of shortfall

- Helmsec Global Capital appointed as lead manager
- Shortfall shares to be issued at offer price of A\$0.02 per share a 29% discount to 15 day VWAP prior to rights issue announcement
- Last traded on 26 May at A\$0.021 cents per share
- 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 lenders and E&P companies that are showing interest in Capitola and Pryme pending these results

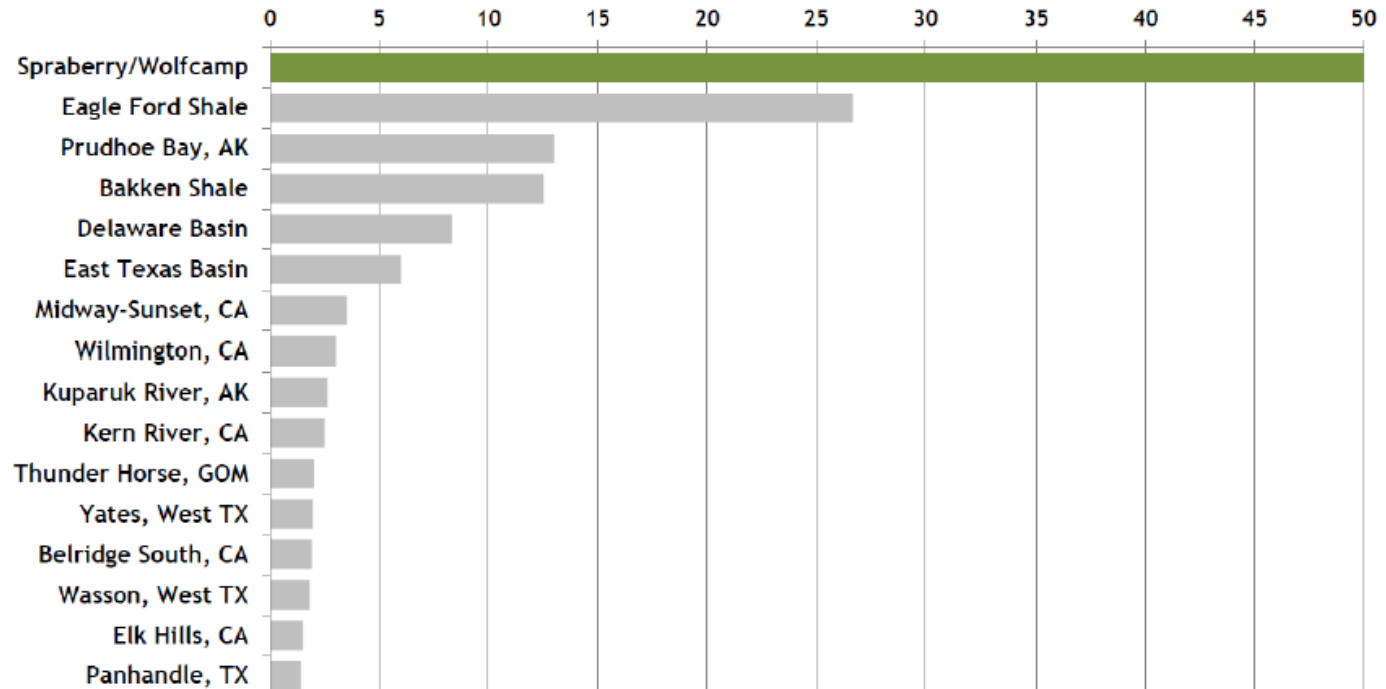


Why Focus on the Permian Basin?

- Most active basin in the United States
- The basin is the largest resource in the U.S. (rig count and recoverable resources)
- Predictable vertical well economics – “stacked pays”
- Increased use of enhanced recovery practices has produced substantial impact on U.S. oil production making up 71% of all oil production in Texas and 17% of total U.S. production
- According to consultants, Bentek Energy, production in the Permian Basin is estimated to grow 60% between now and 2016, reaching a total of 1.8 million barrels per day

Estimated Recoverable Resource* (BBOE)

Spraberry/Wolfcamp (Permian Basin) is the largest resource in the U.S.



*Cumulative production + estimated recoverable resource. Source DOE, EIA, ITG and other sources

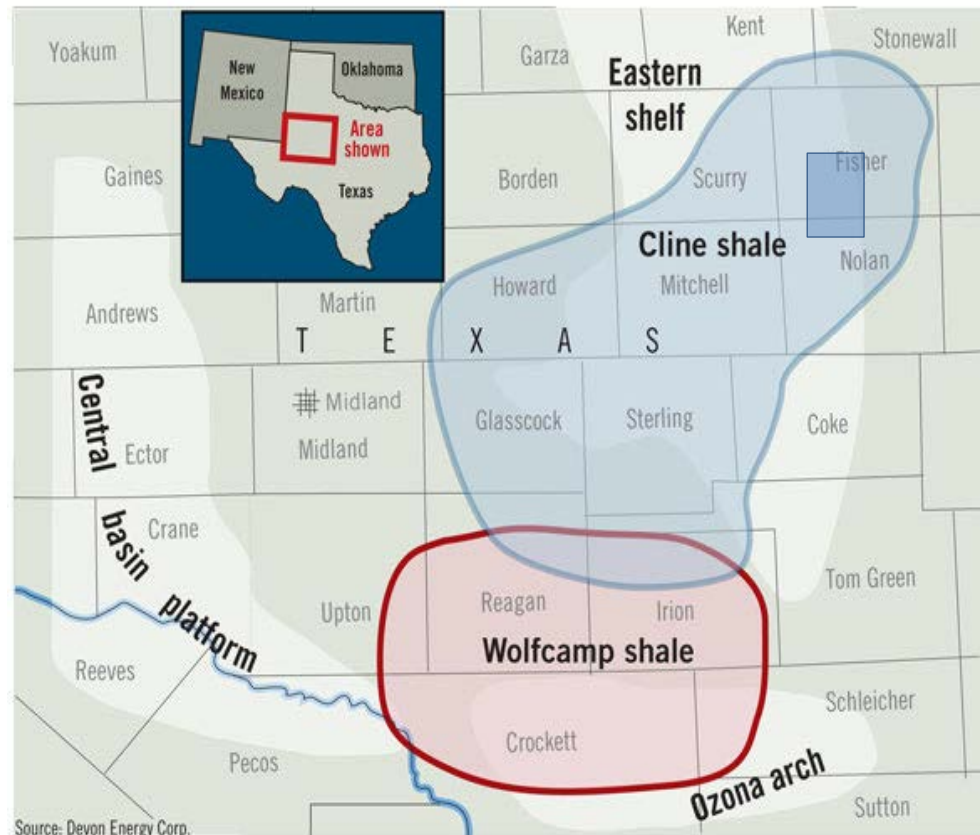


Capitola Oil Project - Permian Basin, TX

- Located in the west central region of Texas at the edge of the Eastern Shelf of the Permian Basin
- 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 multiple objectives
 - Breckenridge Lime
 - Flippen
 - Canyon Sands
 - Caddo/Odom (Strawn)
 - Cline Shale
 - Ellenberger
- Other operators in region have leased very large tracts of minerals and are drilling many wells in the Cline Shale and other objectives with great success including Devon, Range Resources, Laredo, Firewheel, Gunn
- Acreage located in existing Sweetwater and Claytonville oil fields
- Low risk development play with production and well data
- Exploiting 'well defined' new targets with more advanced completion and stimulation technology
- Over 150 wells drilled throughout Capitola acreage; several millions of barrels of remaining recoverable oil from existing, produced 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 – Multiple Vertical Well Opportunities

Low Risk Development Objectives (“down-spacing” opportunities in Canyon Sands)

- 4900 Foot Sand MD 4,900 feet (Proved) – secondary objective
- 5200 Foot Sand MD 5,200 feet (Proved) - primary target, 1.8 MMBO gross remaining recoverable (1 MMBO net to Pryme)
- A-D Canyon Sands MD 5,200 feet (Proved) - primary sand target, 2.0 MMBO gross remaining recoverable (1.125 MMBO net to Pryme)

Exploiting untested sands with shows (comingle with “down-spaced sands”)

- Upper Sand MD 5,000 feet (oil and gas shows) – Sweetwater block
- Lower Sand MD 5,500 feet (untested) - will test at Sweetwater’s south block
- Lower Sand MD 5,500 feet (tested live oil) - Claytonville block - multiple show wells, offset operator having great success in this zone

Secondary Recovery Potential at Claytonville block (“water flood” Canyon Sand)



- 5200 Foot Sand MD 5,200 feet (Proved) - primary target, 1.8 MMBO gross remaining recoverable (1 MMBO net to Pryme)
- Will acquire core data and run analysis and feasibility study on results

Breckenridge Lime MD 4,500 feet (vertical and horizontal completion opportunities)

- Productive in several fields in Nolan County
- Carbonate encased in shale just above Canyon Sands
- Shelf edge feature - porosity and resistivity development along shelf edge - potential fracturing
- Will acquire cores in initial wells of development to answer permeability question

Local Stratigraphic Column

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
				Morris
	Des Moines	Strawn Group		Capps
				Fry
				Jennings
				Gardner
			Gray	
			Odom	
			Caddo	
Atoka	Bend Group		Big Saline	
Morrow			Marble Falls	
Mississippian	Chester			
	Meramec		Barnett	
	Osage		Chappel	
Ordovician	Upper			
	Middle			
	Lower		Ellenburger	
Cambrian	Upper		Wilberns	
			Hickory	
		Granite Wash		
	PreCambrian			

 Produces in the area
 Primary objectives

Capitola Oil Project – Vertical Well Activity

Capitola – Shallow (75% WI, 56.25% NRI in 9,333 acres (7,000 net acres to Pryme) to all depths above the Cline Shale)

- Phase 1 - drilling of two wells planned for Q3 2014
- Phase 2 - drilling of three wells planned for Q4 2014

Strong endorsement for Capitola’s acreage evidenced by:

- Increasing nearby vertical well activity with great initial results, including Gunn’s recent permit 1 mile north of Claytonville block
- Gunn and others having success comingling multiple intervals in vertical completions nearby

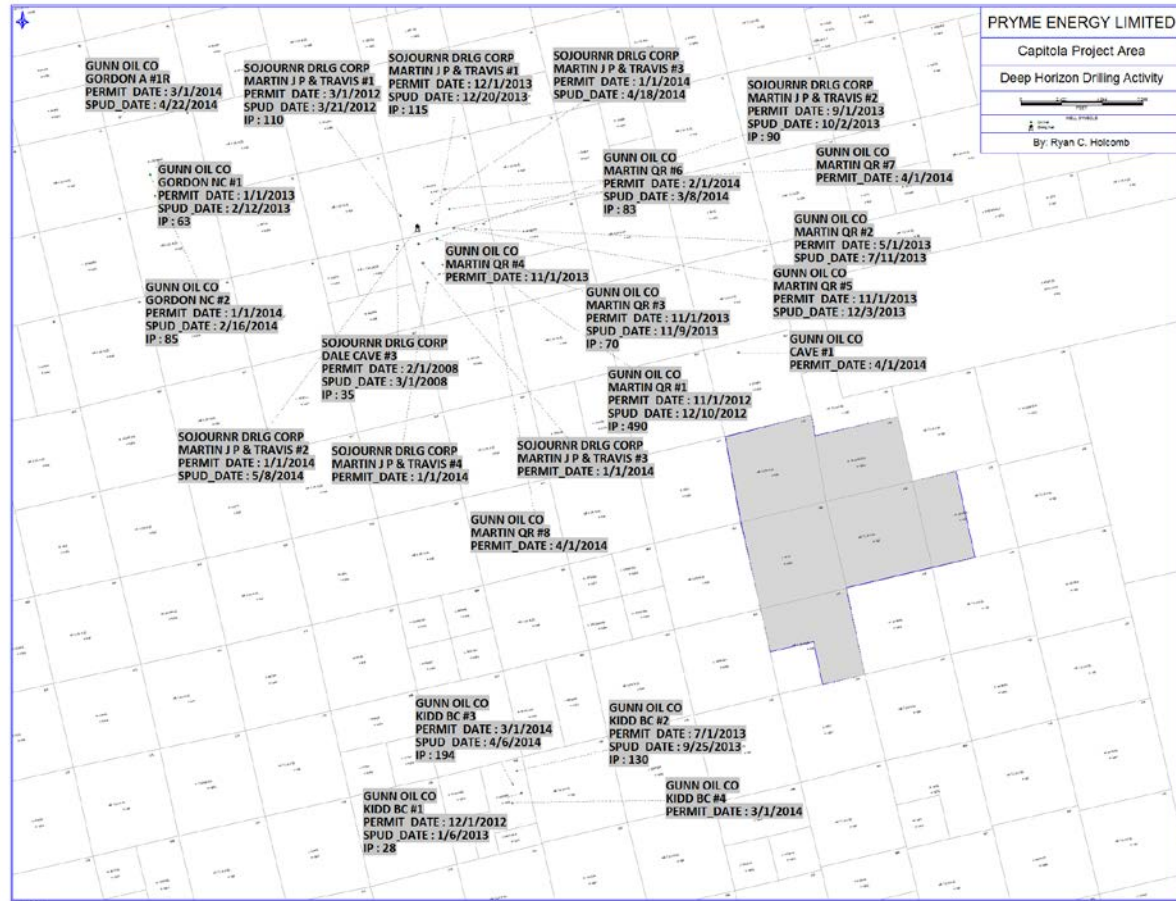
Pryme will leverage relationships to exchange operational and geologic data – reduces learning curve

Primary Targets

- Breckenridge Lime
- Canyon Sands
- Cline Shale

Secondary Targets

- Flippen
- Caddo/Odom (Strawn)
- Ellenberger



Pryme’s Claytonville block with local vertical activity, mainly driven by Gunn Oil

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)



Production facilities on the
Devon Bishop 1H Cline Shale
well



Capitola Oil Project – Cline Activity

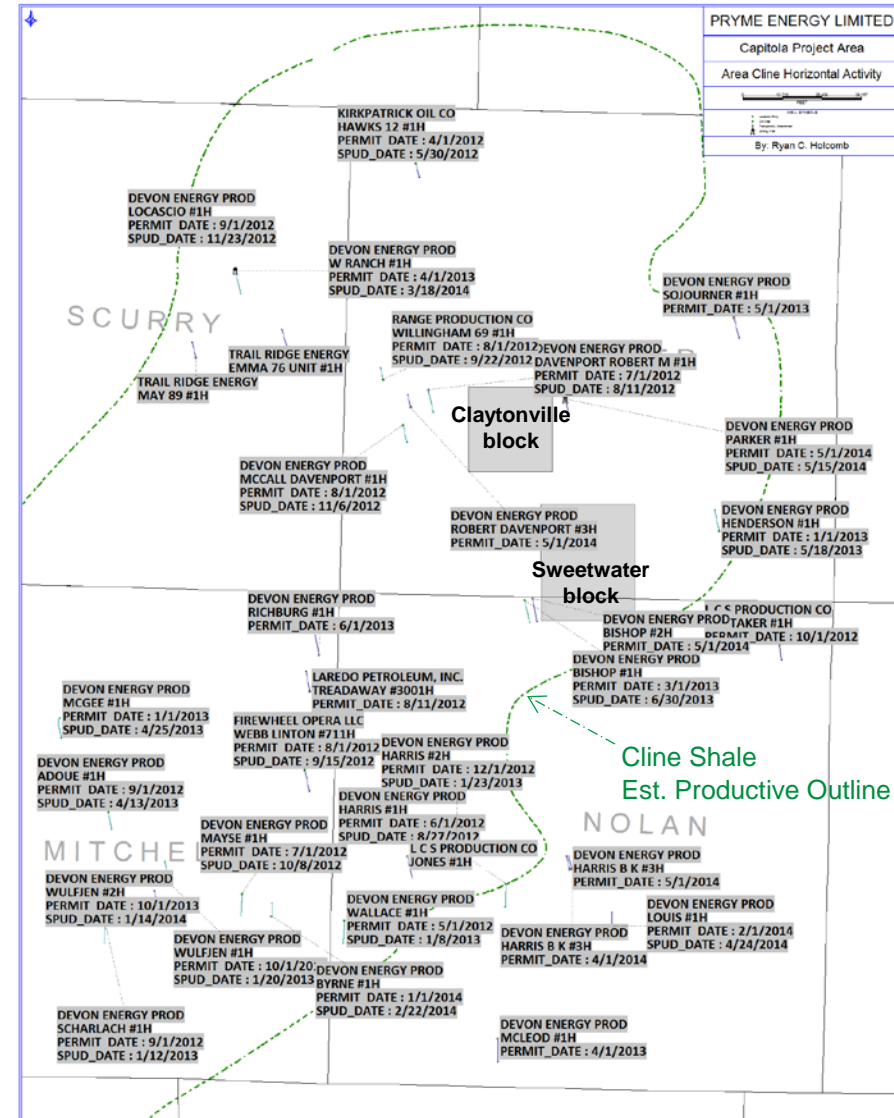
Capitola - Cline (50% WI, 37.50% NRI in 9,333 acres (4,666 net acres to Pryme) to the Cline and deeper)

Continued endorsement for Capitola's acreage evidenced by recent activity:

- Devon Energy recently applied for three additional Cline Shale wells around Capitola.
- Devon permitted a direct offset to Bishop 1H well (1 mile west of Pryme acreage, road and location work underway)
- Devon currently drilling Parker 1H well (2 miles east of Pryme)
- Devon recently permitted Harris 3H well (8 miles south-west of Pryme)



Devon Parker 1H well, currently drilling for Cline Shale 2 miles from Pryme acreage



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)

Well Characteristics	Potential Locations*	Well Costs (USD)**	BOE/day IP Range	EUR (BOE)
Breckenridge Lime	Up to 200	\$850,000 - \$950,000	60 - 140	50,000 – 140,000
Canyon Sands				
Cline Shale	Up to 60	\$6,600,000	120 - 710	100,000 – 600,000

*Based on 40 acre spacing for vertically drilled wells and 160 acre spacing for horizontally drilled wells

**Well costs include drilling, stimulation and completion costs including surface facilities and production equipment

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 - Objectives

Stage I Objectives

- Vertical wells in productive fields - establish production from known productive sands
- Testing prospective intervals with shows including the Cline Shale
- 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 develop infill locations in Canyon Sands
- Develop Upper & Lower Canyon Sands
- Possible test in Breckenridge Lime
- Vertically develop Cline Shale if feasible

Stage III Objectives

- Horizontal well development in the Cline Shale – longer term strategy depending on neighbours' Cline shale success
- Horizontal well development in Canyon and Breckenridge



Typical Capitola vertical well lift system

Investment Summary

Pryme's key drivers:

- Stable existing oil production and reserves
- Capitola: low risk + scalable + upside = growth
- Demonstrated ability to find/transact growth assets
- Experienced Board and Management
- Focused on delivering significant year-on-year share price growth



Capitola Oil Project

Low risk development project with exploration potential
Oil prolific Permian Basin, Texas
9,333 acres within existing, proven oil fields*
Low risk/low cost vertical production wells - Step-out and down spacing opportunities from wells drilled in known proven sands
Multi-stacked reservoir – target 10 potential productive intervals
Ability to comingle reservoirs to enhanced economics
Scalable development potential (200+ wells based on 40 acre spacing)
Secondary water/gas flood recovery opportunity at Claytonville



Emerging Cline Shale play upside – Future Sale or Farm-out
Developing Resource “shale” play - Texas 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 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

Vision

To grow Pryme into a top tier junior oil and gas company capable of delivering high returns to shareholders through the exploration and development of high quality US onshore projects

Strategy

- Continue to add quality technical people with diverse backgrounds and experiences to the Pryme Team
- Focus on projects which offer increasing scalability of production, cash flows and reserves through high quality exploration opportunities with upside throughout US basins
- Target liquids rich petroleum systems with “stacked pay” opportunities to minimize risk and optimize returns
- Focus on emerging unconventional plays, to avoid the high entry cost in more mature plays (shallow to intermediate depth)

Execution

- **Legacy Assets** – Expand Four Rivers shallow oil exploration (free carried) and manage other existing positions to extract value, i.e. Raven, Turner Bayou & Condor.
- **Capitola Oil Project** – Build cash flow and reserves through exploiting proven and potential reservoirs. Secure acreage position in Cline Shale and leverage information from offset operators and data acquired during Capitola development to build value in reserves.
- **Increase Depth of Portfolio** - Investors can expect increased breadth in project portfolio throughout 2014 with a focus on exploration and development in Four Rivers and Capitola throughout the year



Contact details

Australia

Justin Pettett

Managing Director/CEO

Pryme Energy Limited

Telephone: +61 7 3371 1103

Website: www.prymeenergy.com

ASX Code: PYM

OTCQX Code: POGLY

USA

Ryan Messer

Executive Director/COO

Pryme Energy Limited

Telephone: +1 713 401 9806



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

Appendices – Further Capicola Information, Risk Factors & Glossary

Capitola Oil Project - Breckenridge Lime and Canyon Sands

Breckenridge Limestone

- The Breckenridge Limestone is located at approximately 4,500 feet and shallower and is a conventional objective containing both vertical and horizontal completion opportunities
- It is a Cisco Group carbonate (marine and non-marine carbonate and siliclastic 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)

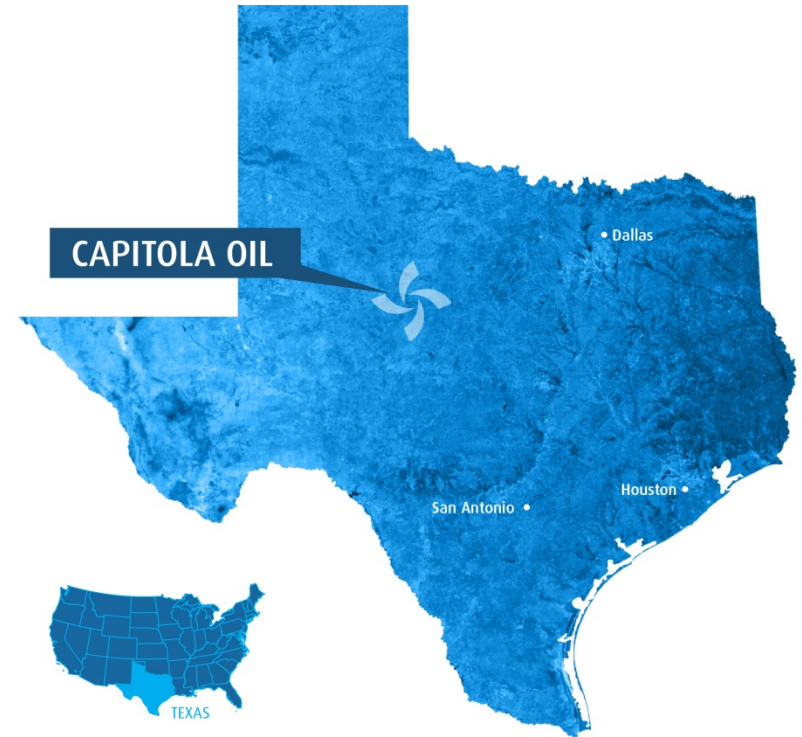
Canyon Sands

- The Canyon Sands objective is located at approximately 4,900 feet to 5,500 feet 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 9,333 acres



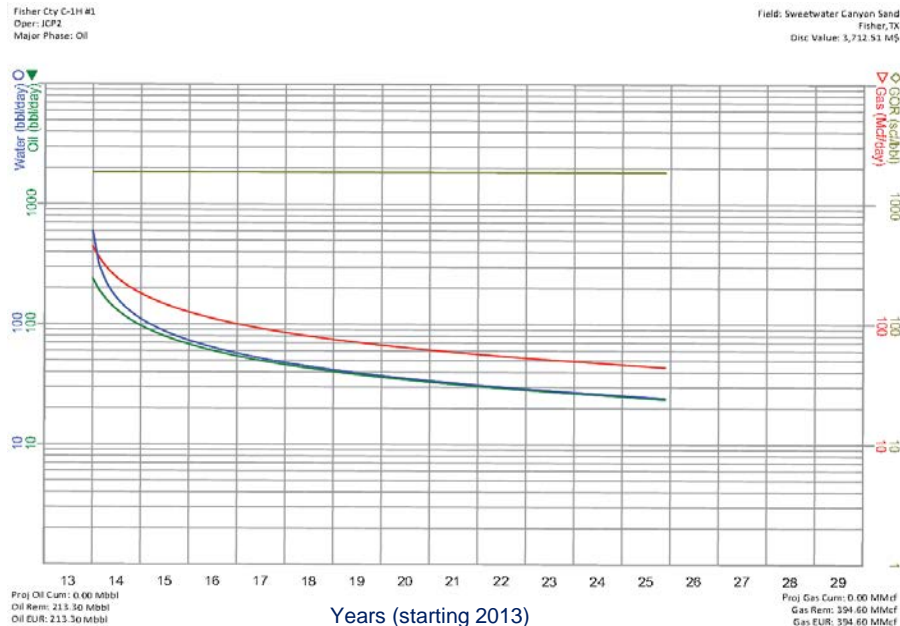
If Texas was a country it would be the 9th largest oil producing nation in the world surpassing Brazil, Venezuela, Nigeria, Mexico and Kuwait at 2.7 million barrels per day. This is mainly attributable to activity in the Permian Basin and Eagle Ford. (forbes.com)

Capitola Oil Project - Earn-in terms

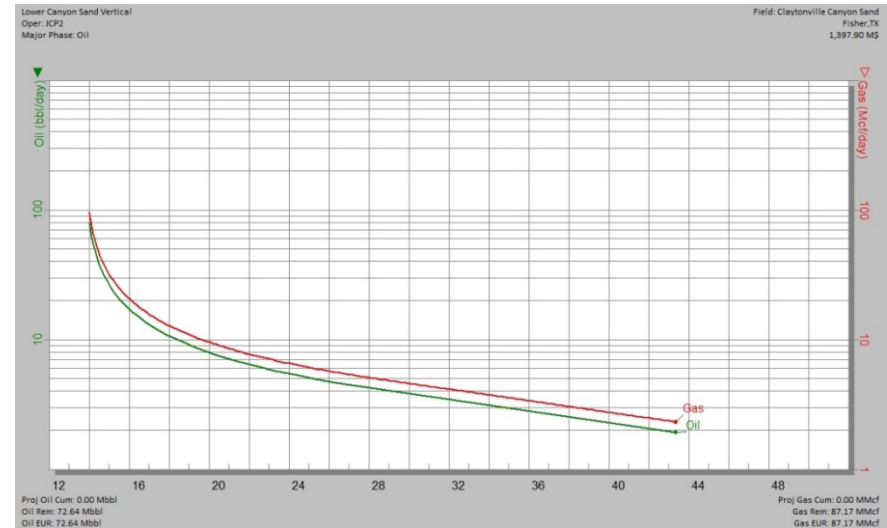
- Pryme to earn into a 75% WI (56.25% NRI) in 9,333 acres to all depths from the surface to the top of the Cline Shale (7,000 net acres to Pryme) and a 50% WI (37.5% NRI) in all depths from the top of the Cline Shale and deeper (4,666 net acres to Pryme)
- Pryme is operator of the project and will earn its interest by drilling 9 vertical wells and 1 horizontal well into the stacked formations 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
- Phase I entails the drilling of 2 wells before August 1, 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
- With each well drilled Pryme will earn 7.5% of 9,333 acres (or 700 net acres) to all depths from the surface to the top of the Cline Shale and 5.0% of 9,333 acres (or 466 net acres) in all depths from the top of the Cline Shale and deeper.
- **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**

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

- Longer term, the development of the Cline Shale formation could 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

Risk Factors

The activities of the Company are subject to risks which may impact on the Company's future performance. The following summary of risk factors represent some of the general and specific risks in relation to an investment in Pryme's shares. The following risk factors are not intended to be an exhaustive list of risks to which the Company is exposed:

- Exploration and Development Risks
- Oil and Gas Price Volatility
- Reserves and Resource Estimates Risks
- Foreign Exchange Risks
- Title and Title Opinions Risks
- Environmental Risks
- Competition Risks
- Additional Requirements for Capital
- Regulatory Risks
- General Economic and Political Risks
- Joint Venture Parties, Contractors and Contractual Disputes
- Insurance Risks
- Potential Acquisitions Risks
- Liquidity Risks
- Dividend Policy Risks
- Stock Market Conditions Risks
- Investment Risks

Further detail and examples in relation to these risks are contained in the rights issue offer document previously distributed to shareholders and released to ASX on 25 March 2014.

Glossary

A\$	Australian Dollars
US\$	United States Dollars
Bbls/day	Barrels (of oil) per day
EUR	Estimated Ultimate Recovery
MD	Measured Depth
MMBO	Million Barrels of Oil
MBOE	Thousand Barrels of Oil Equivalent
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
NPV10	Means net present value at a 10% discount
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

