



PRYME ENERGY LIMITED
ABN 75 117 387 354
NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:00am (Brisbane time)

DATE: 23 April 2014

PLACE: Link Market Services
Level 15, 324 Queen Street
Brisbane QLD 4000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please contact the Managing Director on +617 3371 1103.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM**) of the Shareholders of Pryme Energy Limited (**Pryme** or **the Company**) will be held at 11:00am (Brisbane time) on Wednesday 23 April 2014 at Link Market Services Limited, Level 15, 324 Queen Street, Brisbane, Queensland.

The Explanatory Statement to this Notice of Meeting provides additional information on the matters to be considered at the AGM. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 31 December 2013.

Unless the Company's Share Registry has been notified otherwise, Shareholders have not been sent a hard copy of the Annual Report. All Shareholders can view the Annual Report, which contains the Financial Report for the year ended 31 December 2013, on the Company's website (www.prymeenergy.com); go to "Announcements and Reports" and then "Annual Reports".

B. QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Independent Audit Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by Shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit. A list of written questions submitted by Shareholders will be made available at the start of the Meeting and any written answer tabled by the Auditor at the Meeting will be made available as soon as practicable after the Meeting.

C. ITEMS FOR APPROVAL

1. Re-election of Director – Mr Ryan Messer

To consider and, if thought fit, pass the following as an ordinary resolution of Shareholders of the Company:

"That, Mr Ryan Messer, who retires in accordance with clause 13.2 of the Company's Constitution, having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company."

2. Ratification of Private Placement of Shares (Capitola Shares)

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Shareholders of the Company:

"That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of a total of 6,000,000 shares that were issued on 14 March 2014 without shareholder approval for non-cash consideration to the vendors of the Capitola Oil Project as part consideration for the acquisition of the Capitola Oil Project, on the terms as described in the Explanatory Statement which forms part of this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 2 by any participants in the issue and any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

3. Increase in share issue capacity under Listing Rule 7.1A

To consider and, if thought fit, pass the following resolution as a special resolution of Shareholders of the Company:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A, and for all other purposes, the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum be approved.”

Resolution 3 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by shareholders entitled to vote on Resolution 3 must be in favour of the resolution.

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 3 by a person (and any such associates of such a person) who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution is passed. At this point in time, there are no potential allottees to whom shares may be issued under this resolution.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Remuneration Report

To consider and, if thought fit, to pass the following as an advisory resolution of the Company:

“That, the Company’s Remuneration Report for the financial year ended 31 December 2013 (set out in the Directors’ Report) be adopted.”

The Remuneration Report is set out in the 2013 Annual Report. Please note that, in accordance with section 250R(3) of the Corporations Act, the vote on this resolution is advisory only, and does not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 in contravention of section 250R or 250BD of the Corporations Act:

- by or on behalf of a member of the Key Management Personnel whose remuneration is included in the Remuneration Report;
- by or on behalf of a closely related party (such as close family members and any controlled companies) of a member of Key Management Personnel whose remuneration is included in the Remuneration Report; or
- as a proxy of any of the above.

However, the Company need not disregard a vote cast on Resolution 4 if it is cast:

- as a proxy for a person who is entitled to vote, in accordance with the voting directions (For, Against or Abstain) on the proxy appointment and in accordance with the exception under section 250BD of the Corporations Act; or
- by the Chairman of the Meeting as an undirected proxy where the Chairman has been expressly authorised to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the Key Management Personnel.

By order of the Board



**Swapna Keskar
Company Secretary
21 March 2014**

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 11:00am (Brisbane time) on 21 April 2014 will be entitled to attend and vote at the Meeting as a shareholder.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Voting by Proxy

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 to exercise its powers as proxy at the Meeting.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the share registry of the Company no later than 11.00am (Brisbane time) on 21 April 2014, being 48 hours before the AGM. Proxies must be received before that time by one of the following methods:

- | | |
|---------------|---|
| By post: | Pryme Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 |
| By facsimile: | In Australia (02) 9287 0309
From outside Australia +61 2 9287 0309 |
| By delivery: | Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 |

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11:00am (Brisbane time) on 21 April 2014, being 48 hours before the AGM.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act 2001. The representative should bring to the Meeting a properly executed letter or other document confirming its authority to act as the company's representative.

Shareholder questions

If you wish to put a question to the Chairman of the Meeting or Auditor and you are not able to attend the AGM, please email your question to the Chief Financial Officer at Sandra@prymeenergy.com. To allow time to collate questions and prepare answers, questions are to be received by the Chief Financial Officer by 5:00pm (Brisbane time) 16 April 2014.

Questions submitted in writing to the Chief Financial Officer will be put to the Chairman or Auditor at the Board's discretion.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Link Market Services Limited, Level 15, 324 Queen Street, Brisbane, Queensland at 11:00am (Brisbane time) on 23 April 2014.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions at the Annual General Meeting.

RESOLUTION 1: RE-ELECTION OF DIRECTOR – MR RYAN MESSER

In accordance with clause 13.2 of the Company's Constitution, Mr Ryan Messer retires by rotation and, being eligible, offers himself for re-election as a Director.

Mr Messer, a co-founder of Pryme, graduated from the University of Central Florida with a degree in Business Administration, majoring in Marketing and Finance and is a member of the Independent Petroleum Association of America.

Mr Messer has 14 years of experience in international business, five of which were in management positions in the technology sector focused on developing business within Fortune 500 accounts. During the past eight years Mr Messer has been involved in the energy sector in the areas of oil and gas project finance, asset acquisition and divestiture, asset allocation, and risk assessment. He has experience in managing field and land rig operations, developing midstream assets and assisting in the formation of technical teams, all of which were derived from the drilling of over 130 wells, and the resulting field development, spread across five basins within North America.

The Directors, with Mr Messer abstaining, unanimously recommend that Shareholders vote in favour of this Resolution.

RESOLUTION 2: RATIFICATION OF PRIVATE PLACEMENT OF SHARES (CAPITOLA SHARES)

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of ASX Listing Rule 7.1.

Accordingly, Resolution 2 is seeking ratification for the issue of 6,000,000 shares issued on 14 March 2014 as part-consideration for acquisition of the Capitola Oil project without Shareholder approval. The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1.

Nevertheless, the Company is requesting Shareholders ratify the issue of the shares the subject of Resolution 2 for the purpose of ASX Listing Rule 7.4 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 6,000,000 fully paid ordinary shares were issued on 14 March 2014.
- The shares were issued for non-cash consideration.
- The shares are fully paid ordinary shares in the capital of the Company and are issued on the same terms and conditions as the Company's existing shares. The shares issued rank equally with the existing class of fully paid ordinary shares traded under the code PYM.
- The shares were issued to the following persons (being vendors of the Capitola Oil project, located in the Permian Basin Texas):

Deem Revocable Management Trust	Belew Partners Ltd	W&S Resources, Inc
Ashton Royalties, LLC a Tx LLC	Matthew N. Card	Pantechs Energy, LLC
JCP2 Exploration, LLC	WABR, LLC	
S and A Roach Partners, Ltd	Kurt M Daniel	

- As the shares were issued for non-cash consideration, no funds have been raised through the issue of these shares. The shares are issued as part consideration for the acquisition of the Capitola Oil Project, located in the Permian Basin Texas, as further detailed in the ASX announcement dated 11 February 2014.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting.

The Directors unanimously recommend Shareholders vote in favour of this Resolution.

RESOLUTION 3: INCREASE IN SHARE ISSUE CAPACITY

1. General

ASX Listing Rule 7.1A enables small to mid cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placements over a 12 month period (**10% Placement Facility**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- (a) have a market capitalisation of \$300 million or less; and
- (b) not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will also satisfy both these criteria at the date of the Meeting.

Accordingly, Resolution 3 is seeking approval of ordinary shareholders by special resolution for issue of such number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine and on the terms described in this Explanatory Statement, which forms a part of the Notice of Meeting.

At the date of this Notice, the Company has on issue 295,708,568 ordinary shares. If Resolution 2 is approved, the Company will have the capacity to issue:

- i) 43,456,285 equity securities under ASX Listing Rule 7.1; and
- ii) 28,970,856 equity securities under ASX Listing Rule 7.1A, subject to shareholder approval being sought under Resolution 3.

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 3 will be to allow the Directors to issue the equity securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

2. Information Required by ASX Listing Rule 7.3A

The minimum price at which the equity securities will be issued will be no less than 75% of the volume weighted average price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.

If Resolution 3 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing ordinary shareholders face the risk of economic and voting dilution as a result of the issue of equity securities which are the subject of this resolution, to the extent that such equity securities are issue, including:

- (a) the market price for the ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for those ordinary shares on the issue date, or the equity securities may be issued as part consideration for the acquisition of a new asset,

which may have any effect on the amount of funds raised by the issue of the equity securities.

The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of the company's ordinary shares and the current number of ordinary securities for Variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where Variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues or ordinary securities that do not require shareholder approval (for example, a pro rata entitlement issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" Listing Rule 7.1A.2		Dilution		
		\$0.015 50% decrease in issue price	\$0.03 Issue price	\$0.06 100% increase in issue price
Current Variable "A" is the current number of shares on issue 295,708,568 ordinary shares	10% voting dilution	29,570,856 shares	29,570,856 shares	29,570,856 shares
	Funds raised	\$443,562.84	\$887,125.68	\$1,774,251.36
50% increase in current Variable "A" 443,562,852 ordinary shares	10% voting dilution	44,356,285 shares	44,356,285 shares	44,356,285 shares
	Funds raised	\$665,344.27	\$1,330,688.55	\$2,661,377.10
100% increase in current Variable "A" 591,417,136 ordinary shares	10% voting dilution	59,141,713 shares	59,141,713 shares	59,141,713 shares
	Funds raised	\$887,125.69	\$1,774,251.39	\$3,548,502.78

The table has been prepared on the following assumptions:

- Resolution 2 is approved.
- The Company issues the maximum number of ordinary shares available under the Placement Facility in ASX Listing Rule 7.1A.
- No Unlisted Options (including any options issued under the 10% Placement Facility) are exercised into ordinary shares before the date of the issue of the equity securities under ASX Listing Rule 7.1A.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the meeting.

- (vi) The table shows only the effect of an issue of ordinary shares under ASX Listing Rule 7.1A, not under the Company's 15% placement capacity available under ASX Listing Rule 7.1.
- (vii) The issue of equity securities under the 10% Placement Facility consists only of Shares. If the issue of equity securities includes Unlisted Options, it is assumed that those Unlisted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (viii) the issue price is \$0.03 being the closing price of the shares on ASX on 10 March 2013.

If any of the ordinary shares being approved by this resolution are issued, they will be issued within 12 months of the date the AGM i.e. by 23 April 2015 and the approval being sought by this resolution will cease to be valid if ordinary shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2 prior to 23 April 2015.

The Company may seek to issue the equity securities for the following purposes:

- i) cash consideration. In such circumstances, the Company intends to use the funds raised towards working capital or acquisition of new assets or projects (including expenses associated with such acquisition or identification, evaluation and, if warranted, the acquisition of working interests in new projects; the exploration cost of new projects; and the maintenance and, if warranted, further exploration of existing projects; and
- ii) non-cash consideration for the acquisition of new assets and projects. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of any equity securities that may be issued (subject to shareholder approval of Resolution 3) have not been determined as at the date of this Notice, but may include existing shareholders as well as new shareholders who are not related parties or associates of the Company. Any potential allottees will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

- i) the methods of raising funds that are available to the Company (including but not limited to, rights issue or other issues in which existing share holders can participate), while balancing interest from potential allottees with the interests of existing shareholders;
- ii) the effect of the issue of the equity securities on the control of the Company. Allocation will be subject to takeover thresholds;
- iii) the financial situation and solvency of the Company and its projected need for working capital at any given time; and
- iv) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new assets or projects, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or projects.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any equity securities.

3. Previous Approval Under ASX Listing Rule 7.1A

- (a) The Company has previously obtained shareholder approval under ASX Listing Rule 7.1A at its 2013 Annual General Meeting held on 24 April 2013.
- (b) In the twelve months preceding the date of the 2014 AGM, the Company has issued a total of 6,000,000 fully paid ordinary shares, which represents 2.07% of the total number of shares on issue at the commencement of the 12 month period (being 24 April 2013) and may issue up to 295,708,568 fully paid ordinary shares under the 1:1 non-renounceable rights issue at \$0.02 (**Rights Issue**) as announced to the ASX on 14 March 2014. The Rights Issue represents 102% of the total number of shares on issue at the commencement of the 12 month period (being 24 April 2013). Details of the above share issues are as follows:
 - o 6,000,000 fully paid ordinary shares were issued under ASX Listing Rule 7.1. Shareholder approval is being sought for the issue of these shares at this AGM, under Resolution 2.

Details of this share issue are included under Resolution 2; however the specific disclosure required under ASX Listing Rule 7.3A.6 is also included in the table below.

- No shares were issued under ASX Listing Rule 7.1A.
- A total of up to 295,708,568 fully paid ordinary shares may be issued under the Rights Issue; the date of issue of securities under the Rights Issue being 16 April 2014 and date of issue of any shortfall shares being no later than 8 July 2014

Details of All Issues of Equity Securities during the Twelve Months Preceding 24 April 2014		
Date of Issue	14 March 2014 (Capitola Shares)	14 March 2014 Rights Issue
Number of equity securities issued	6,000,000	295,708,568
Class of equity securities	Fully paid ordinary Shares. The shares issued rank equally with the existing class of fully paid ordinary shares traded under the code PYM	Fully paid ordinary Shares. The shares issued rank equally with the existing class of fully paid ordinary shares traded under the code PYM
Names of persons to whom equity securities were issued	W&S Resources, Inc Pantechs Energy, LLC JCP2 Exploaration, LLC S and A Roach Partners, Ltd Belew Partners Ltd Deem Revocable Management Trust WABR, LLC Matthew N. Card Kurt M Daniel Ashton Royalties, LLC a Tx LLC	Shares will be offered to eligible shareholders who hold shares in Pryme at the record date of 24 March 2014 under a 1 for 1 Rights Issue.
Issue price and discount to market price (if any)	Shares were issued for non-cash consideration.	\$0.020 per share The shares were issued at a discount of 44.4% to the closing price of 13 March 2014.
Total cash consideration	Not applicable	\$5,914,171.36
Use of cash consideration	Not applicable	The funds raised under the Rights Issue, after the expenses of the Rights Issue and normal working capital requirements, will be used primarily to fund the Company's share of costs in the Capitola Oil Project located in the Permian Basin, Texas As at the date of this Notice, the Rights Issue has not yet closed and shares have not yet been allotted; as a result, none of the funds raised from the Rights Issue have been spent. Pryme will use all the funds raised from the Rights Issue, after the Rights Issue expenses and normal working capital requirements, to fund the Company's share of costs in the Capitola Oil Project located in the Permian Basin, Texas

Total non-cash consideration	Shares were issued as part consideration for acquisition of the Capitola Oil Project located in the Permian Basin Texas. Current value of the non cash consideration at an issue price of \$0.02 shares is \$120,000	Not applicable
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A Voting Exclusion Statement is set out under Resolution 3 in the Notice of Meeting.

At the date of the Notice, the proposed allottees of any securities which may be issued in accordance with this resolution are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Securities which may be issued in accordance with this resolution), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Resolution 3 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by shareholders entitled to vote on Resolution 3 must be in favour of the resolution.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

RESOLUTION 4: REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires that the section of the Directors' Report dealing with the remuneration of director and key management personnel (**Remuneration Report**) be put to the vote of shareholders for adoption by way of a non-binding vote.

If there is a vote of 25% or more against the Remuneration Report at the 2014 AGM, and another vote of 25% or more at the 2015 AGM, then a resolution will be put to the 2015 AGM to put the Board (other than the Managing Director) up for re-election (**Spill Resolution**). If the Spill Resolution passes, then the Company must hold a Spill Meeting within 90 days at which all Directors (other than the Managing Director) who were Directors at the time the Remuneration Report that received the second strike will retire and may resubmit themselves for re-election.

The Remuneration Report details the remuneration policy for the Company and:

- reports the remuneration arrangements for Company Executives and Non-Executive Directors (Pryme Personnel);
- explains Board policies in relation to the nature and value of remuneration paid to Pryme Personnel; and
- discusses the relationship between the policy and Company performance.

The Report is available on pages 23 to 27 in the Company's 2013 Annual Report (available on the Pryme website, go to "Announcements and Reports" and then "Annual Reports").

The Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments on the Report.

Resolution 4 is an advisory resolution only (as stipulated by Section 250R(3) of the Corporations Act and does not bind the Directors or the Company.

A voting exclusion statement is set out under Resolution 4 in the Notice of Meeting.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

SHAREHOLDER PROXY FORM

I/We being a member(s) of Pryme Energy Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box) OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **11:00 am on Wednesday, 23 April 2014, at Link Market Services Limited, Level 15, 324 Queen Street, Brisbane QLD 4000** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.


Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1 Re-election of Director - Mr Ryan Messer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of Private Placement of Shares (Capitola Shares)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Increase in share issue capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00 am on Monday, 21 April 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



by mail:

Pryme Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.