



28 October 2014

The Company Announcements Platform
Australian Securities Exchange
Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Capitola Oil Project Update and Investor Presentation

Please find enclosed a copy of a presentation to be made by our Managing Director, Justin Pettett at the Queensland Exploration Council tonight.

A copy of this presentation is available at the ASX and can be viewed on the Company's website www.prymeenergy.com.

For further information please contact:

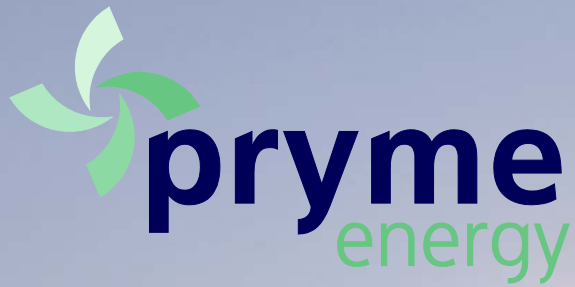
Justin Pettett
Managing Director
Pryme Energy Limited
Telephone: +61 7 3371 1103

Ryan Messer
Chief Operating Officer
Pryme Energy Limited
Telephone: +1 713 401 9806

Website: www.prymeenergy.com

ASX Code: PYM

OTCQX Code: POGLY



ASX: PYM OTCQX: POGLY

Experienced Management Team
Permian Basin Focused
Predictable Exploration Environment
Poised for Growth

Investor Presentation
28 October 2014



Disclaimer, Forward Looking Statements and Competent Person Statement

This presentation has been prepared by Pryme Energy Limited (the “Company” or “Pryme”). This presentation is being provided to investors for the sole purpose of providing preliminary background financial and other information to enable recipients to review the business activities of the Company. It is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any securities in the Company.

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Prospective investors should make their own independent evaluation of an investment in the Company or seek advice from their financial adviser, accountant, lawyer, stockbroker or other professional adviser. Nothing in this presentation should be construed as financial product advice, whether personal or general, for the purposes of Section 766B of the Corporations Act, or otherwise. This presentation does not amount to, involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold a financial product.

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 oil and gas exploration and production company focused on the exploration and development of stacked multi-pay resource opportunities in the Permian Basin, Texas. Operating out of 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
- Permian Basin, Texas focused
- Targeting shallow, low risk vertical well exploitation in Capitola Oil Project to generate growth
- Experienced management and operating team located in Houston and Midland, Texas
- Underpinned by stable shallow oil production in Louisiana



Pryme Capitalisation Summary

ASX Code (shares)	PYM
ASX Code (options)	PYMO
OTCQX Code (American Depositary Shares)	POGLY
Shares on issue	907,380,397
Options on issue (2yr/2.0 cent exercise price)	458,340,516
Market capitalisation	A\$8.1 million
Share price range (12 months)	A\$0.008-A\$0.035
Current Price (20 October 2014)	A\$0.009 per share
CY2013 net revenue to Pryme	A\$2.4 million
Annual corporate overheads	A\$1.2 million
Cash (pre drilling)	A\$4.1 million
Proven (1P) Reserves (NPV10)	US\$10.4 million
Proven (1P) Reserves (Undiscounted)	US\$14.5 million



Current Exploration Activities – Capitola Oil Project

- Well 1 – Drilled - Mahaffey Bishop PU 1 (Sweetwater) - 34 net feet of oil and gas saturated sandstone within primary target
- Well 2 - Drilling - McCain 189-F1 (Claytonville) – Target: stacked Canyon Sands, Ellenberger, Palo Pinot and Strawn
- Well 3 - Drilling - Hopes Boles PU 1 (Sweetwater) Target: Breckenridge Lime, Canyon Sands and Cline Shale

Experienced Board and Management Team

George Lloyd (Chairman)

- Over 30 years senior management, board and corporate advisory experience with a listed company focus in the resources, energy and engineering services 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. Stanford University Executive Program

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

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

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

Experienced Geoscience and Technical Team

Ryan Holcomb (Capitola Petroleum Engineer)

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 (Capitola Geologist)

AAPG Certified Petroleum Geologist with over 30 year's Permian Basin geologic experience and 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 and is based in Midland Texas.

Robert Jordan (Capitola 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 Engineer)

Based in Houston, Texas Don is a 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.

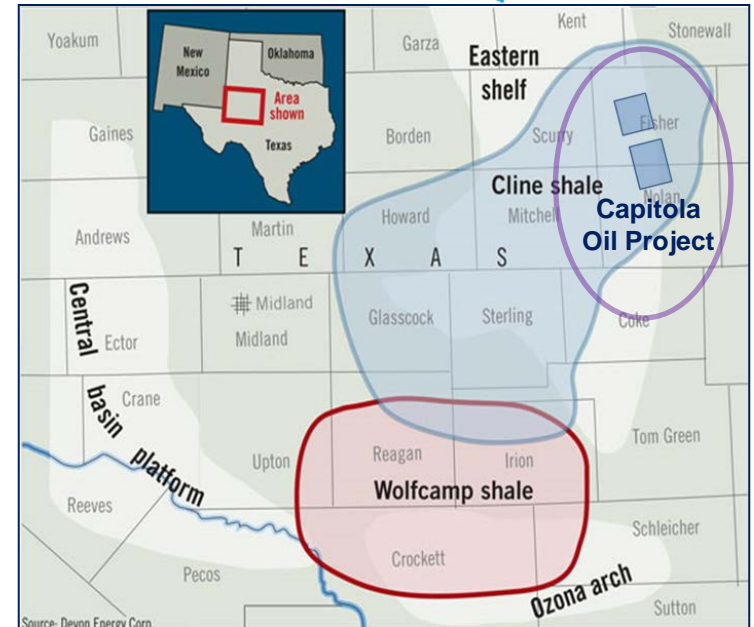
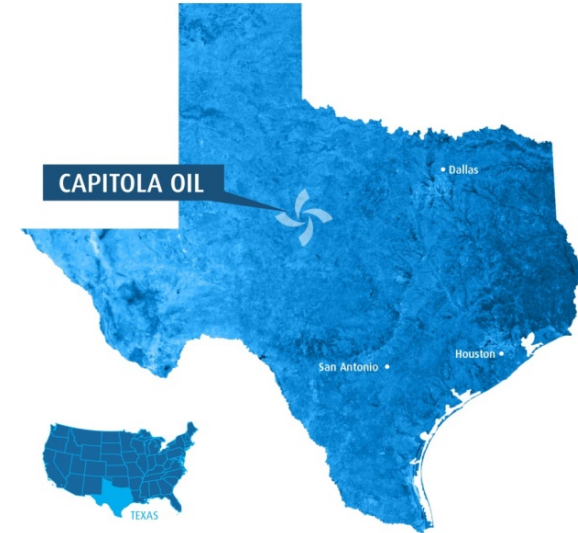
Pete Lehle (Geologist)

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.



Capitola Oil Project – Permian Basin, Texas

- Located along the Eastern Shelf of the Permian Basin in Nolan and Fisher Counties, Texas
- Farm-in (earn-in) structure provides up to 75% WI, 56.25% NRI (50% WI in the Cline Shale) in 9,333 acres of oil and gas leases containing multiple objectives
- Project acreage is contained within two lease blocks, each contiguous and referred to as Sweetwater (approx. 7,000 acres) and Claytonville (approx. 2,333 acres) to the north of Sweetwater
- Acreage overlies two proven oil fields containing redevelopment and secondary recovery opportunities. Exploiting 'well defined' new targets with more advanced completion and stimulation technology
- Over 150 wells drilled throughout Capitola acreage; several million barrels of remaining recoverable oil from existing, produced fields
- Primary targets (Breckenridge Lime, Canyon Sands and Cline Shale) have all been identified in well data, seismic data, wireline logs and mud logs across Capitola Oil Project area
- Large operators including Devon, Range Resources, Laredo, Firewheel and Gunn surround Capitola with large tracts of acreage, drilling many wells through all horizons with good success
- Pryme is the operator of the Capitola Oil project





Positive initial drilling results

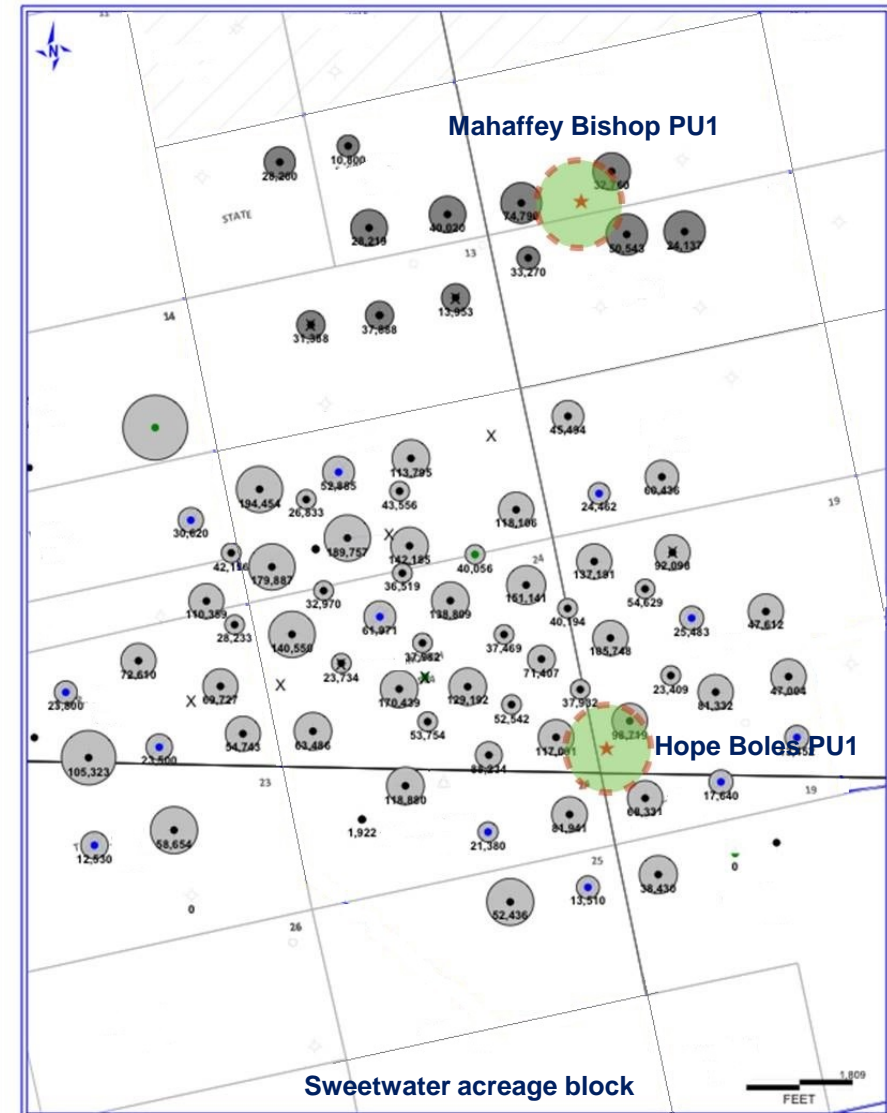
Mahaffey Bishop PU1

- Reached target depth of 6,090 feet (1,856 metres)
- Mud log data collected while drilling, and electric logs run post drilling, indicate that the primary objective, the A Sand within the Canyon Sand formation, contains 34 feet net (10 metres) of oil and gas saturated sandstone
- The well also encountered a number of hydrocarbon shows in the Cline Shale as well as in other intervals within the wellbore
- Production casing has been set and cemented in the wellbore in preparation for completion

Hope Boles PU1

- Currently drilling to target depth of 6,050 feet (1,844 metres)
- Targeting stacked objectives including the Canyon Sand series and the Cline Shale along with several other secondary targets

The Sweetwater (this slide) and Claytonville (next slide) acreage maps show the allocated cumulative production and estimated drainage area from wells which produced from the Canyon Sand formation in the Sweetwater and Claytonville fields. Pryme's wells are strategically sited to down-space the Canyon Sands while also testing other objectives above and below this target.





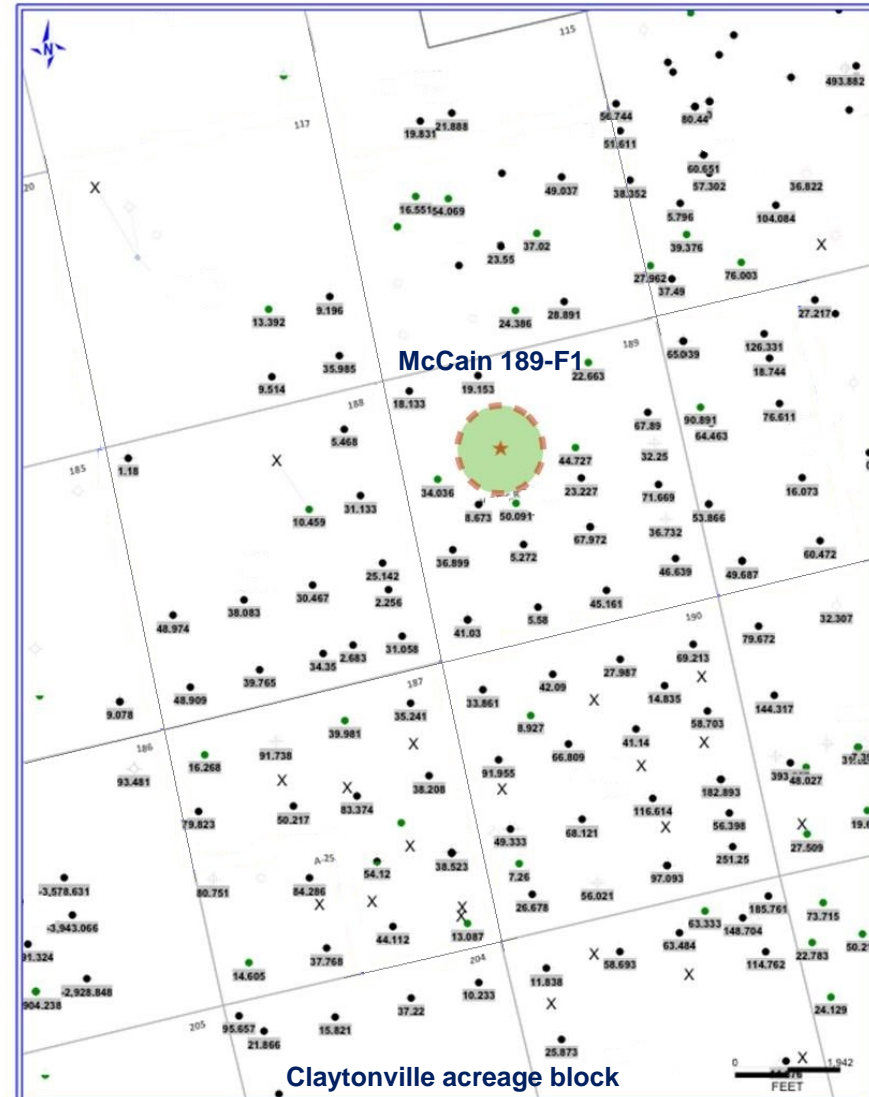
Drilling Continues in Capitola

McCain 189-F1

- Currently drilling to target depth 7,300 feet (2,225 metres)
- Targeting multiple stacked objectives including:
 - the productive Canyon Sands and other untested Canyon Sands
 - Palo Pinto
 - Cline Shale
 - Strawn
 - Ellenburger



Drilling of the McCain 189-F1 well within the Capitola Oil Project



Capitola Oil Project – Multiple Opportunities

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

- 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 (commingle 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 in Claytonville block Canyon Sands



- 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	King		💧	
		Cisco Group	Breckenridge		💧
			Gunsight		
			Swastika		
	Home Creek				
	Missouri	Canyon Group	Ranger		"Canyon Sands" 💧
			Winchell		💧
			Palo Pinto		💧
			Cross Cut		
			Morris		"Cline" 💧
			Capps		
	Des Moines	Strawn Group	Fry		
			Jennings		
			Gardner		
Gray					
Odom			💧		
Caddo			💧		
Marble Falls					
Atoka	Bend Group	Big Saline			
		Marble Falls			
Morrow					
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

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 commingling multiple intervals in vertical completions nearby

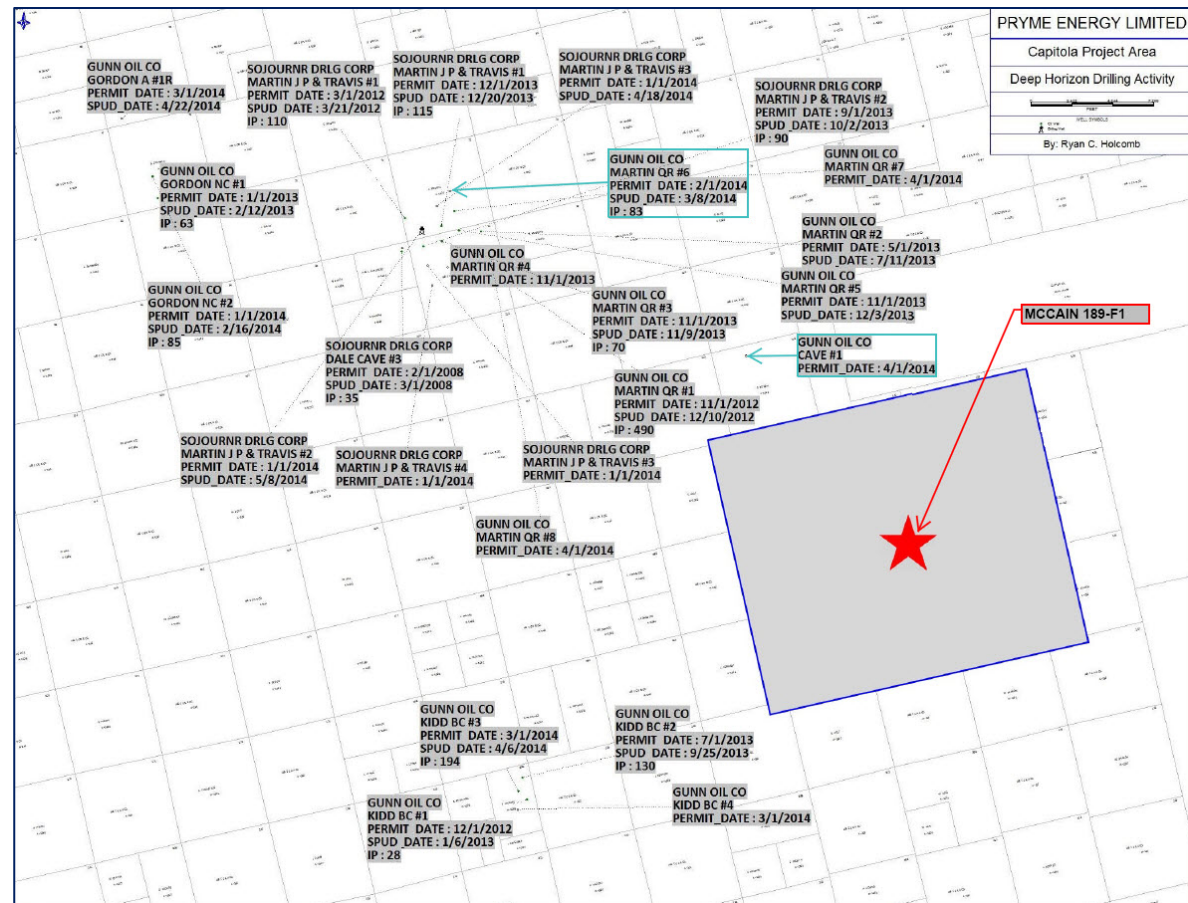
Pryme will leverage relationships to exchange operational and geologic data – reduces learning curve

Primary Targets

- Breckenridge Lime
- Canyon Sands
- Cline Shale

Secondary Targets

- Flippen
- Caddo/Odom (Strawn)
- Ellenberger



Pryme's Claytonville block with recent nearby vertical activity, primarily driven by Gunn Oil. All wells permitted and drilled since 2012

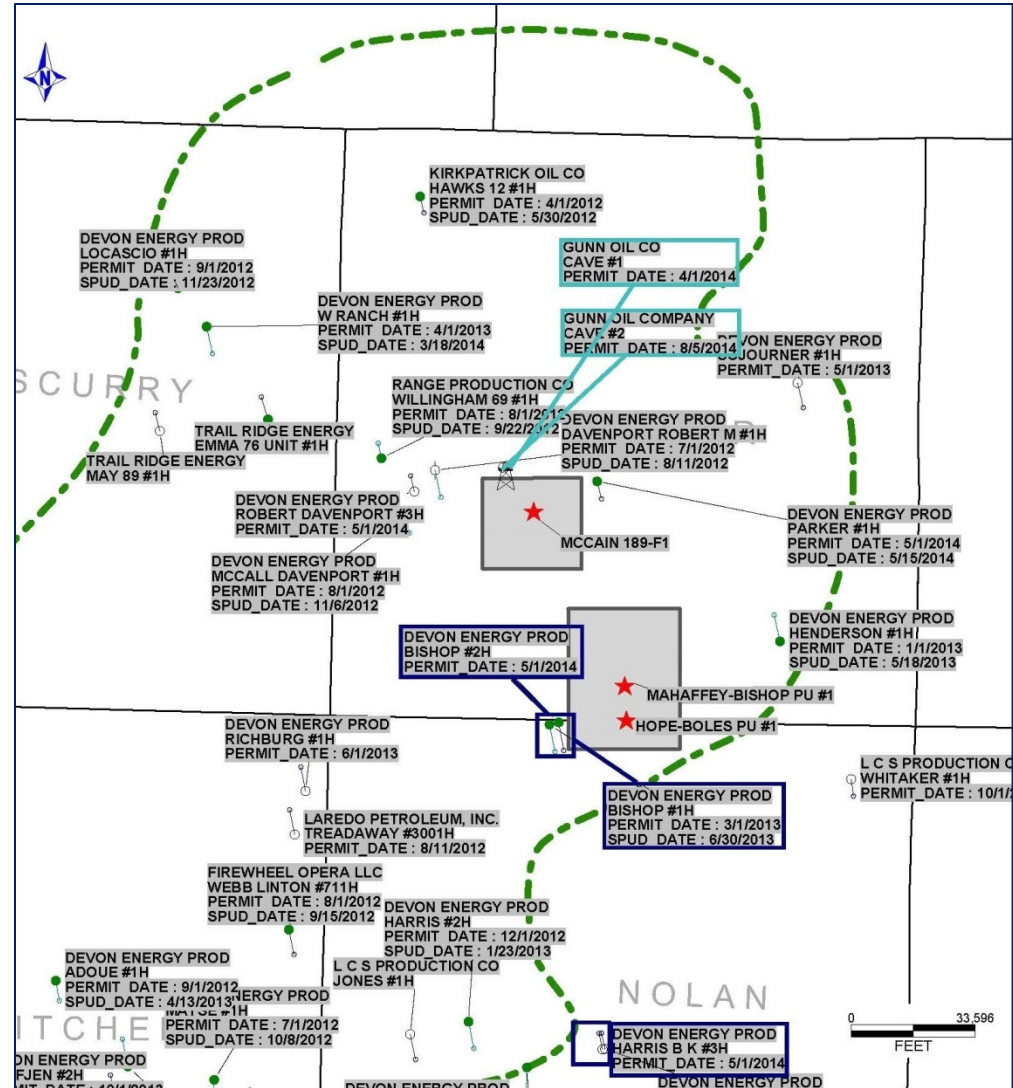
Horizontal Well Activity

Endorsement for Capitola's acreage evidenced by recent activity:

- Devon Energy recently brought online two additional horizontal wells in proximity to Capitola
- A direct offset to Bishop 1H well (1 mile west of Pryme acreage, road and location work underway), the Bishop 2H flowing oil and burning large flare
- Devon BK Harris 3H well (8 miles SW of Pryme) horizontally drilled through the Canyon Sands. Currently flowing oil and burning large gas flare
- Devon BK Harris 4H horizontal Canyon Sands well. Site works completed, drilling to start soon.



Devons Bishop 1H and 2H wells flaring gas and flowing oil from the Cline Shale



Prymes Sweetwater block (southern acreage block) with local horizontal activity, primarily driven by Devon Energy

Capitola Oil Project – Multiple well targets

- Multiple “stacked” conventional targets with Cline Shale upside (large independents currently proving up play)
- Additional upside exists in potential for horizontal development of Canyon Sands and at least 4 other intervals which have not been quantified in this analysis and which produce in the immediate area

3 Primary Targets (shallow circa 6,000 feet)

- Breckenridge Lime – (Higher risk huge shallow oil upside potential) — old logs indicate porosity and hydrocarbons, but not proven producer. Could provide substantial upside if commercial flows are proven
- Canyon Sands - (Low risk foundation of production and cash flow) — down spacing existing produced oil reservoirs and commingling oil and gas shows - old fields, lots of well data, proven producers within acreage
- Cline Shale - (Medium risk no cost option for Pryme) — being drilled by large offset operators, gives Pryme options to farm out or create a significant liquidity event in the near future (at no cost to Pryme to develop)

Well Characteristics	Potential Locations*	Well Costs (USD)**	BOE/day IP Range	EUR (BOE)	Estimated NPV10 ^{##} Per Well (Mid-Case [#])
Breckenridge Lime	Up to 200	\$850,000 - \$950,000	60 - 140	50,000 – 140,000	US\$1.1 million
Canyon Sands					
Cline Shale	Up to 60	\$6,600,000	120 - 710	100,000 – 600,000	US\$3.4 million

*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

[#] Mid-case for Breckenridge Lime and Canyon Sands based on 87BOE/day IP and 87,000BOE EUR. Cline Shale based on 340BOE/day IP and 376,000BOE EUR.

^{##} Net present value is the difference between the future cash inflow and the future cash outflows with a 10% discount net to Pryme using typical decline production curves from actual production a US\$90 per barrel oil price and US\$4 per Mcf natural gas price flat for the life of the well

Capitola Oil Project Potential – Significant Resource on Low Estimate

Development Strategy

- Drill low risk vertical wells (circa 7,500 feet in depth) to build production, cash flow and HBP acreage (all depths)
- Leverage large offset operators (Devon, Range) drilling horizontally through the Cline Shale and Canyon Sands to increase Pryme’s acreage value
- Evaluate Canyon Sand horizontal oil potential at circa 5,200 feet (significant project development)
- Evaluate shallow oil potential in the Breckenridge Lime at circa 4,500 feet (upside potentially larger than Cline)

Independent resource potentials

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.

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 wells in region (Bishop 1H and 2H wells)
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



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