



24 December 2015

Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Vesting of Management Options

Pryme Energy Limited (**Pryme** or **the Company**) refers to the 90,738,040 unlisted Management Options issued by the Company on 6 August 2014, following approval of shareholders of the Company at the Extraordinary General Meeting held on 6 August 2014 (**Management Options**).

The Management Options vest in tranches subject to achievement of performance conditions (which are detailed in the Notice of Extraordinary General Meeting dated 30 June 2014 and Prospectus dated 30 June 2014); will be quoted upon vesting; will convert into fully paid ordinary shares of the Company on one-for-one basis at an exercise price of \$0.02 and will expire at 5.00pm on 23 July 2016.

Pryme advises that Tranche 2 of the performance conditions of the Management Options has been achieved. As a result, a total of 22,684,510 of the Management Options have vested.

An Appendix 3B seeking quotation of the 22,684,510 Management Options is attached.

Yours sincerely,

A handwritten signature in black ink, appearing to read "S Keskar".

Swapna Keskar
Company Secretary

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Pryme Energy Limited

ABN

75 117 387 354

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--------------------------------------|
| 1 | +Class of +securities issued or to be issued | Listed Management Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 22,684,510 Listed Management Options |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Listed Management Options |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes, the vested Management Options will rank equally with the existing class of options traded under the code PYMO.</p>
<p>5 Issue price or consideration</p>	<p>Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Tranche 2 of the performance conditions of the Management Options issued to Management on 6 August 2014 have been achieved. As a result, a total of 22,684,510 Management Options have vested and are convertible into fully paid ordinary shares of the Company on a one-for-one basis at an exercise price of \$0.02 per share.</p> <p>Accordingly, the Company is seeking quotation of the 22,684,510 vested Management Options.</p> <p>(Please refer to the Notice of Extraordinary General Meeting dated 30 June 2014 for further details of the Management Options)</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b ó 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not applicable</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>Not applicable</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	Not applicable
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A ó complete Annexure 1 and release to ASX Market Announcements	As per Annexure 1, post issue, the issue capacity is as follows: Under Listing Rule 7.1: 36,107,059 securities
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	23 December 2015

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	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	1,007,380,397	Fully paid ordinary shares
	458,340,516	Options expiring 23 July 2016
	22,684,510	Management Options expiring 23 July 2016

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	68,053,530	Management Options expiring 23 July 2016

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	None
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Part 2 - Pro rata issue

Items 11 to 33 are not applicable.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

Items 38 to 42 are not applicable.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
(Director)

Date: 24 December 2015

Print name: JUSTIN PETTETT

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	907,380,397
<p><i>Add</i> the following:</p> <p>“ Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2</p> <p>“ Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval</p> <p>“ Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>Nil</p> <p>Nil</p> <p>Nil</p>
<i>Subtract</i> the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil

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Appendix 3B
New issue announcement

"A"	907,380,397
Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply %A+by 0.15	136,107,059
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> " Under an exception in rule 7.2 " Under rule 7.1A " With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	100,000,000 fully paid ordinary shares issued on 1 July 2015.
"C"	100,000,000
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
%A+x 0.15 <i>Note: number must be same as shown in Step 2</i>	
Subtract %C+ <i>Note: number must be same as shown in Step 3</i>	100,000,000
Total [%A+x 0.15] . %C+ <i>[Note: this is the remaining placement capacity under rule 7.1]</i>	36,107,059

+ See chapter 19 for defined terms.

Part 2 **Not applicable**

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
<p>“A”</p> <p><i>Note: number must be same as shown in Step 1 of Part 1</i></p>	
Step 2: Calculate 10% of “A”	
<p>“D”</p>	<p>0.10</p> <p><i>Note: this value cannot be changed</i></p>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p>Notes:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
<p>“E”</p>	

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Appendix 3B
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<p>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</p>	
<p>$\%A+x 0.10$</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract $\%B+$</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p>Total $[\%A+x 0.10] . \%B+$</p>	<p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p>

+ See chapter 19 for defined terms.