

First Well in Capitola Oil Project Reaches Total Depth Completion Underway

HIGHLIGHTS

- **34 net feet of oil and gas saturated sandstone within primary target**
- **Hydrocarbon shows encountered in Cline Shale and other intervals**
- **Rig currently mobilizing to second Capitola well**

Pryme Energy Limited (Pryme) is pleased to announce that the first well to be drilled in the Capitola Oil Project, the Mahaffey Bishop PU 1 in the Sweetwater acreage block, has reached its total depth of 6,090 feet (1,856 metres.) Mud log data collected while drilling, and electric logs run post drilling, indicate that our 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.

The drill rig is now demobilizing and will move to the second Capitola Oil Project well, the Hope Boles PU1 in the southern region of the Sweetwater acreage block, where drilling is expected to commence early this week.

Drilling of the third Capitola Oil Project well, the McCain 189-F1 in the Canyonville acreage block, is also scheduled to commence this week.

“Well completion will begin in November following drilling and casing of the three wells in the initial program,” said Ryan Messer, Pryme’s COO and Executive Director. “In the meantime we will incorporate the well data into the design of the completion and fracking program. We are encouraged by the data acquired and are optimistic about the well’s contribution to the project. Completion will be followed by flow testing to determine the well’s production capability.”



Drilling of the Mahaffey Bishop PU1 well within the Capitola Oil Project



About the Capitola Oil Project

The Capitola Oil Project is located in an active region of the Eastern Shelf of the Permian Basin just north of the town of Sweetwater, Texas. The project contains a number of shallow, "stacked" formations to depths of 6,000 feet, with established production history from vertical wells. These overlie the Cline Shale formation which is the subject of an emerging resource play of national significance. Pryme's value creation strategy is to develop the shallower, well-defined targets using advanced drilling, completion and stimulation technology, and to exploit the emerging Cline Shale resource play as the major US E&P companies which surround Pryme's acreage demonstrate its value.

There are three primary targets in Capitola along with numerous secondary targets. The primary targets, which persist throughout our acreage, are the Breckenridge Lime at 4,500 feet deep, the Canyon Sand series at approximately 5,200 feet in depth and the Cline Shale at 6,000 feet deep. Pryme is earning a 75% working interest in 9,333 acres (7,000 net acres) in all mineral rights from the surface through to the top of the Cline Shale and a 50% working interest (4,666 net acres) in all other rights including the Cline Shale.

The Capitola Oil Project acreage is contained within two contiguous lease blocks referred to as Sweetwater (approx. 7,000 acres) and Claytonville (approx. 2,333 acres) to the north of Sweetwater. Pryme is the operator of the Capitola Oil project.

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Competent Person Statement and Disclaimer

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.