

Capitola Oil Project Operations Update

HIGHLIGHTS

- **Drilling of the Shari Lynn No.1 underway**
- **Mahaffey Bishop PU1 producing at 80 barrels of oil per day**
- **Hope Boles PU1 production at 32 barrels of oil per day and building**
- **Fracture stimulation of McCain 189-F1 completed**

Drilling of the Shari Lynn No.1 well, the fourth well to be drilled in the Capitola Oil project, is underway. The well is located in the Sweetwater acreage block approximately 1 mile west of the Mahaffey Bishop well. The Shari Lynn is currently drilling ahead at 1,842 feet (561 metres) towards a target depth of 5,400 feet (1,645 metres) vertically intersecting the productive Canyon Sand series. Pryme has a 100% Working Interest (WI) (75% Net Revenue Interest (NRI)) in the Shari Lynn well and its surrounding production unit.

On drilling the Shari Lynn well Pryme will have earned a 37.5% WI (3,500 net acres) in the Capitola Oil Project Shallow Rights and a 25% WI (2,334 net acres) in the Deep Rights.

Drilling of a fifth Capitola well is planned for early March. On drilling of this well Pryme will have earned a 45% WI (4,200 net acres) in the Shallow Rights and a 30% WI (2,800 net acres) in the Deep Rights. Due to the current market conditions, including the price of oil, Pryme has elected to limit its earned interest in Capitola to 45% in the Shallow Rights and 30% in the Deep Rights.

Mahaffey Bishop PU1 (100% WI / 75% NRI before payout (75% WI and 56.25% NRI after payout))

Production from the Mahaffey Bishop well has stabilised at 80 barrels of oil per day (60 barrels net to Pryme) which is being produced via a rod beam pump from the Canyon Sand series. The Cline Shale formation was isolated due to excessive water production. The Initial Potential (IP) of the well was recorded as 85 barrels of oil per day (63 barrels net to Pryme) based on the oil production over a 24 hour period.

Hope Boles PU1 (100% WI / 75% NRI before payout (75% WI and 56.25% NRI after payout))

The Hope Boles PU1 is currently producing oil, gas and frack fluids back to surface. As with the Mahaffey Bishop, the Cline Shale interval has been isolated due to excessive water production. At the time of this announcement the oil production rate was 32 barrels per day (24 barrels net to Pryme.) We expect this rate to increase as frack fluid is produced and the well cleans up.

McCain 189-F1 (100% WI / 75% NRI before payout (75% WI and 56.25% NRI after payout))

The McCain 189-F1 has been fracture stimulated and completed in the Canyon Sand, Palo Pinto and the Cline Shale intervals. Work to bring the well into production, including the installation of a rod beam



pump, has been completed and the well is currently producing back frack fluids. The McCain well encountered approximately 170 net feet (51 net metres) of oil and gas saturated sandstones, limestones and shales during drilling.

“With the Mahaffey Bishop producing consistently at 80 barrels of oil per day, we are encouraged about the production potential from the Capitola Oil Project,” said Justin Pettett, Pryme’s Managing Director and CEO. “We look forward to adding to our total Capitola production. We have achieved a significant increase in companywide oil production and will be updating the market in the coming weeks as production is established from additional wells.”

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 horizontal development of formations where feasible.

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 proposes to earn a 45% working interest in 9,333 acres (4,200 net acres) in all mineral rights from the surface through to the top of the Cline Shale (Shallow Rights) and up to a 30% working interest (2,800 net acres) in all other rights including the Cline Shale (Deep Rights.)

The Capitola Oil Project acreage is contained within two blocks of contiguous leases 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.



Drilling of the Shari Lynn #1 well



Pumping unit on the Hope Boles PU1 well



Installation of the pump unit on the McCain 189-F1 well