

Completion Update - Capitola Oil Project

HIGHLIGHTS

- Fracture stimulation of Mahaffey Bishop PU1 completed
- Pump to produce Mahaffey Bishop into production facilities to be installed this week
- Update on completion timing of McCain 189-F1 and Hope Boles PU1

Pryme Energy Limited (Pryme) is pleased to announce that the first well drilled in the Capitola Oil Project, the Mahaffey Bishop PU1 in the Sweetwater acreage block, has been fracture stimulated in both the Cline Shale and the Canyon Sand intervals. The well was stimulated to plan and responded as expected; oil and gas from both intervals will be commingled for production. The well is currently being set up to pump. Initial production rates will be determined following the installation of the pumping unit and the removal of frack fluid from the two intervals.

"The fracking went very smoothly and as designed with both fracks staying in zone and constant pressure being maintained throughout the proppant injection phases of the stimulation process," said Justin Pettett, Pryme's Managing Director. "The pumping unit will be installed this week and will allow the well to produce into production facilities which are already in place."

Pryme has a 100% Working Interest (WI) (75% Net Revenue Interest (NRI)) in the Mahaffey Bishop PU1 well before payout (75% WI and 56.25% NRI after payout).



Fracture stimulation of the Mahaffey Bishop PU1



Production facilities for the Mahaffey Bishop PU1 well

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

Completion of the McCain 189-F1, which is located in the Claytonville acreage block, will be carried out over the next two weeks. Approximately 170 net feet (51 net metres) of oil and gas saturated sandstones, limestones and shales were encountered during drilling of the well. The first stage of completion will involve testing the Ellenburger formation, the deepest hydrocarbon bearing formation encountered, and completion in the Cline Shale and Canyon sand intervals will follow.

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

The fracture stimulation of the Hope Boles PU1, located in the Sweetwater acreage block, is scheduled for the end of December. It is intended that the well will have a similar frack design to the Mahaffey Bishop. However, observations from the performance of the Mahaffey Bishop well will be taken into account before finalising the design. Surface production facilities are currently being installed.

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.