

Capitola Oil Project and Corporate Update

HIGHLIGHTS

- **Shari Lynn No.1 in production**
- **Capitola reserve report and field study expected to be received in early July**
- **Daniel Lanskey, founding Managing Director of AusTex Oil Limited a successful US operating oil and gas production company, joins the board of Pryme**

Current daily production from the Capitola Oil Project is steady at approximately 135 Bbls of oil (100 barrels of oil net to Pryme) and 180 Mcf of natural gas (135 Mcf of natural gas net to Pryme). The Mahaffey Bishop and McCain wells continue to produce at levels around their initial production rates.

The Shari Lynn No.1 well in the Sweetwater acreage block (100% Working Interest, 75% Net Revenue Interest) is the fourth well to be drilled in the project. It is currently producing approximately 10 barrels of oil and 40 barrels of water per day. Although too early to conclude, the relatively high water production may indicate that a water bearing zone above the treated interval of the Canyon Sand formation may be contributing. If this is the case the relatively high water flow may impede oil production until a remedy is implemented. Analysis of the well and surrounding geology is presently underway to identify the source of water (frack fluid or formation water) and determine potential actions needed to increase oil production. The initial potential of the well will be determined following the establishment of steady oil production.

“Whilst the Shari Lynn has produced oil at the rate of approximately 10 barrels of oil per day for the past month we need more time to evaluate the well’s potential and its sustainable rate of production,” said Justin Pettett, Pryme’s Managing Director.

The initial reserve report and field study for the Capitola Oil Project is expected to be received in early July. This engineering assessment will drive the future development of the project including well locations, and design and implementation of secondary reservoir support to enhance oil recovery.

“There are a number of opportunities throughout the two fields within the Capitola Oil project and this report will give us guidance on how to effectively develop the asset and an estimate of the capital needed to do so,” said Ryan Messer Pryme’s Executive Director and COO. “Even in the current price environment our well economics are still favourable and place Capitola ahead of many other “resource plays”. The Capitola Oil project is cash flow positive as a result of the sustained rate of production from the Mahaffey and McCain wells which show very little decline.”

New Non-Executive Director

The Directors of Pryme have invited Mr Daniel Lanskey to join the Board as a Non-Executive Director. Dan was the founding Managing Director of AusTex Oil Limited (ASX: AOK) and successfully led AusTex through the acquisition of acreage in Oklahoma’s Mississippian Lime formation and establishment of production exceeding 1,000 barrels per day of oil.



"I welcome Dan to the board and look forward to working with him" said George Lloyd, Pryme's Chairman. "Mr Lanskey's Industry connections both within Australia and North America will prove beneficial to Pryme and its shareholders, not only in respect of the newly established Newkirk JV Project but in all areas of the company's activities."

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 7,500 feet, with established oil production history from vertical wells. 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.

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

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.