



ASX / Media Release

23 April 2014

2014 Chairman's Address

In February this year Pryme entered into an agreement for the acquisition of the Capitola Oil project in the eastern shelf of the Permian Basin in Texas. Capitola, which represents the culmination of about two years of project identification and assessment activities, has the potential to transform Pryme into a profitable oil producer and generate great value for shareholders. We expect to start on our first Capitola well in the next few weeks and plan to drill the first five wells of a ten well drilling program through the remainder of 2014.

Capitola is a project that meets all of our new project criteria. It has a risk managed earn-in structure; it offers the prospect of low risk conventional production from several productive horizons, which are accessible through shallow vertically drilled wells (these wells will be drilled in the early stages of the project and are expected to create a lot of value for the company); and it has great upside with the Cline Shale potential which is already being demonstrated by major E & P companies that surround us.

In addition to being a very good address, the Capitola project area is target rich and provides plenty of scope for significant field development based on each of the three major oil bearing formations.

Justin and Ryan will provide more background on Capitola later in today's meeting.

In March we announced funding initiatives to raise about \$5.9 million which is largely earmarked for the Capitola project. The approach we have taken is to offer new shares to existing shareholders by way of a rights issue and then to place the rights issue shortfall with new investors. We are very pleased that Helmsec Global Capital has agreed to undertake the placement of the shortfall and are confident of a good outcome.

We are also getting close to completing our exit from the Turner Bayou project and hope to be in a position to make an announcement about this within the next few weeks. We are disappointed in the performance to date of Turner Bayou but believe that the experience of the past few years will place the project participants in a strong position to realize its potential which we still value highly.

The performance of the Turner Bayou project has led to a severe underperformance of Pryme shares. However, we believe that, with the Capitola project, we are offering existing shareholders the opportunity to recapture lost value and more, and offering all shareholders the opportunity to grow with the company as it develops the project.

The identification, evaluation and conclusion of the agreement on Capitola, together with the near resolution of Turner Bayou, have required an intense effort on the part of our employees and our external advisors. They have all demonstrated a commendable commitment to Pryme and to putting the company in the best position possible to create great returns for shareholders after a difficult and challenging couple of years.

In particular, I want to single out our Managing Director, Justin Pettett, our Chief Operating Officer, Ryan Messer, and our Chief Financial Officer, Sandra Gaffney, who have all demonstrated a passion for the business and a dedication to value creation that are second to none.



I also want to thank our shareholders, those who subscribed to the recent rights issue as well as those who, for whatever reason, did not. We rely on you for support and look forward to rewarding you for your commitment to the Company.

George Lloyd
Chairman

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Competent Person Statement and Disclaimer

The information contained in this announcement has 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 reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbons in place in the form and context in which they appear.