

Newkirk Project Reserves Report

HIGHLIGHTS

- 2P Reserves net to Pryme up by 80% to 5.1 million BOE
- NPV10 valuation of US\$12.8 million net to Pryme based on 1 November 2015 price deck

Pryme Energy Limited (Pryme or the Company) is pleased to provide an update on its Newkirk Project in Oklahoma. The project is located within the prolific Mississippi Lime play region along the Nemaha Ridge near Ponca City, Kay County.

Since 1 July 2015 Management has expanded the Newkirk Project by leasing an additional 1,729 net acres taking the Company's total acres under lease in the project to 4,049 net acres.

2P Reserves of 5.1 million barrels of oil equivalent, with an effective date of 1 November 2015, have been estimated for the expanded project, an increase of approximately 80%. The NPV10 valuation of the of future net income to Pryme attributable to the Reserves, based on the NYMEX future price deck for oil and gas as at 1 November 2015, has been estimated to be US\$12.8 million.

The Reserves estimate and the estimate of future net income to Pryme attributable to the Reserves are shown in the table below. The Reserves estimate is for 2P (Probable) Reserves only; 3P (Possible) Reserves and Contingent Resources have not been estimated.

The Reserves and future income estimates were reviewed by Keith Drennen and J.P. Dick of Pinnacle Energy Services LLC (Pinnacle), Registered Engineers in the state of Oklahoma in accordance with the Society of Petroleum Engineers, 2007 Petroleum Resources Management System.

Newkirk Project						
Reserve Category	# Wells	Net Remaining Reserves 1 November, 2015			Future Net Income (US\$)	
		Oil (MBSL)	Natural Gas (MMCF)	Oil Equivalent (MBOE)**	Undiscounted (000's)	NPV10* (000's)
Probable (2P)	101	2,500	15,967	5,118	\$65,493	\$12,775
Total	101	2,500	15,967	5,118	\$65,493	\$12,775

* NPV10 means net present value at a 10% discount

** Natural gas is converted to BOE on the basis that 6.1 Mcf of natural gas is equivalent to 1 BOE.

"We have added to our Mississippian acreage in Oklahoma at a time when oil and gas prices are low and the lease bonuses have followed," said Justin Pettett, Pryme's Managing Director. "This is a strategy we put in place in response to low commodity prices and to place the Company in a stronger



position when commodity prices turn. The Newkirk Project leases are paid up for 3 years and may be extended for a further 2 years at Pryme's option to cover us for a total of 5 years."

Reserve Methodology and Assumptions

Oil volumes are generally expressed in thousands of stock tank barrels (MBO), where one barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of standard cubic feet (MMCF) at 60 degrees Fahrenheit and the contract pressure base.

Net income is determined by deducting capital costs, operating expenses, severance and ad valorem taxes, and mineral owner royalties from revenue. The net present value of future income has been determined at a discount rate of 10% (NPV10).

Oil and gas prices are based on NYMEX crude oil (West Texas Intermediate) and the NYMEX natural gas (Henry Hub) five-year strip futures prices as of November 1, 2015. Oil price estimates range from US\$47.90 per barrel in 2015 to US\$61.27 per barrel in 2024 and thereafter. Natural gas prices range from US\$2.30 per MCF in 2015 to US\$4.22 per MCF in 2026 and thereafter. Oil and gas prices were adjusted for differences between the futures market commodity price and the wellhead netback price to account for product quality and transportation.

The barrel of oil equivalent (BOE) is a unit of energy based on the approximate energy released by burning one barrel (42 U.S. gallons or 158.9873 litres) of crude oil. One barrel of oil is generally deemed to have the same energy content as 6.1 Mcf of natural gas.

Operating and capital costs are based on actual expenses, as provided by Pryme. Pinnacle did not confirm the accuracy of these expenses.

Reserve estimates were based on established performance trends, pore-volume analysis and analogy to similar fields. The reserves presented in this report are estimates only and should not be construed as being exact quantities. They may or may not be recovered and, if recovered, the revenues, costs, and expenses therefrom may be more or less than the estimated amounts.

Because of governmental policies, uncertainties of supply and demand, and international politics, the actual sales rates and the prices actually received for the reserves, as well as the costs of recovery, may vary from the assumptions included in this report. In addition, estimates of reserves may increase or decrease as a result of future operational decisions, mechanical problems, the price of oil and gas and / or economic limits due to the latter.

All reserve estimates have been carried out in accordance with sound engineering principles and generally accepted industry practice. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering data and all conclusions only represent informed professional judgments.

The titles to the properties have not been examined by Pinnacle, nor has the actual degree or type of interest owned been independently confirmed. The data used in the estimates were obtained from Pryme and from other sources which provide publicly accessible data and are considered accurate.



Reserve Certification

The information contained within this announcement relating to oil and gas reserve estimates has been reviewed by Keith Drennen, a Consulting Petroleum Engineer to Pinnacle. Mr. Drennen holds a Bachelor's degree in Petroleum Engineering from the University of Oklahoma and is a Registered Professional Engineer in the State of Oklahoma. He provides reserve and economic valuations and other services to numerous clients with oil and gas activities and handles a majority of exhibit Preparation and Expert Testimony at the Oklahoma Corporation Commission. Pinnacle was founded in 1998.

Mr Drennen consents to the inclusion of the estimated hydrocarbons in place in the form and context in which they appear. The reserve and resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resources Management System, 2007. Further information is available at www.spe.org.

Mr. Drennen has been commissioned as an independent consultant to Pryme and has no interest in Pryme securities nor has any interest in any of the projects in which Pryme is involved.

About the Newkirk Project

Among the significant tight oil plays in the United States, one of the Mississippi Lime's distinguishing traits is its lower-cost, shallower nature. Production per well in this play, which straddles the Oklahoma and Kansas border along the Nemaha Ridge, may sometimes average less than other plays but countering these lower production numbers are the advantages of lower well costs and increased access to infrastructure all within a stacked pay environment. The Mississippi Lime remains one of the United States more active plays after North Dakota's Bakken, Texas' Eagle Ford, and the Permian Basin. It's one of several plays that have helped turn around U.S. crude oil production.

Pryme has entered the play with 4,049 net acres and a joint operating agreement with Empire Energy, who hold an additional 4,936 acres which is contiguous to the Pryme Acreage. The joint operating agreement allows for the further development of the combined acreage (8,985 acres) on a 50/50 basis. The initial wells will be drilled vertically through stacked pay environments to approximately 5,000 feet utilising completion methods successfully developed by other operators in the region over the past 5 years.

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

Forward looking statements

This report contains "forward-looking statements". Such forward-looking statements include, without limitation: estimates of future earnings, the sensitivity of earnings to oil and gas prices and foreign exchange rate movements;



estimates of future oil and gas production and sales; estimates of future cash flows, the sensitivity of cash flows to oil and gas prices and foreign exchange rate movements; statements regarding future debt repayments; estimates of future capital expenditures; estimates of reserves and statements regarding future exploration results and the replacement of reserves; and where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to oil and gas price volatility, currency fluctuations, increased production costs and variances in reserves or recovery rates from those assumed in the company's plans, as well as political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Glossary

\$	Australian Dollars	Mcf	Thousand cubic feet (of natural gas)
US\$	United States Dollars	Mcfd	Thousand cubic feet (of natural gas) per day
Bbls/day	Barrels (of oil) per day	MMcf	Million cubic feet of natural gas
MBO	Thousand barrels of oil	NRI	Net revenue interest
MMBO	Millions barrels of oil	WI	Working interest
MBOE	Thousand barrels of oil equivalent	TVD	Total vertical depth
MMBOE	Millions barrels of oil equivalent	TMD	Total measured depth
BOE	Barrels of oil equivalent	MD	Measured depth
BOE/day	Barrels of oil equivalent per day	3.28 feet	Equals 1 metre
EUR	Estimated Ultimate Recovery		