

Pryme Sells Capitola Project

Pryme Energy Limited (ASX:PYM) advises that it has sold the Capitola Project in Texas for US\$2.2m (A\$3.2m) to a private US energy company. The sale is subject to normal closing adjustments.

The sale will leave the Company with approximately A\$5m in cash as well as its Newkirk project in Oklahoma. Newkirk covers over 4,000 net acres and has certified Proven and Probable reserves of 5.1 million barrels of oil equivalent (as detailed in the announcement released to the ASX on dated 27 November 2015).

The Company first acquired an interest in the Capitola Oil Project in 2014 and subsequently suspended the development programme in 2015 due to declining oil prices and overall poor production performance from the four wells drilled by Pryme. As a result of inactivity, the Company's interest in the Project at the time of sale had reduced to a 37.5% WI in the shallow rights of the undeveloped acreage (25% WI in the deep rights). Many of the leases are also due to expire during 2016. Current production from Capitola totals approximately 100 BOE/day.

A review by the current Board concluded that the Capitola asset has limited potential to generate any meaningful value for shareholders and, as such, the Board considered that it is in the best interests of the Company to sell it. Cash reserves generated from the sale will be deployed to other projects where the potential for creating shareholder value is greater.

The book value of Capitola prior to Pryme's December 31 2015 financial year end impairments of US\$3.5m, was US\$5.6m.

The board of Pryme will continue its assessment of the Company's existing assets as well as new opportunities, in order to restore shareholder value.

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