



ASX: PYM OTCQX:POGLY

# Annual General Meeting Presentation

18 May 2016





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The Reserves were determined by Pinnacle Energy Services LLC (Pinnacle), Registered Engineers in the state of Oklahoma for the Newkirk Project in accordance with the Society of Petroleum Engineers, 2007 Petroleum Resources Management System.

## ASX listed Energy focused

### Board & Management

Stephen Mitchell	Chairman
Don Beard	Non-Executive Director
Ray Shorrocks	Non-Executive Director
Glenn Wormald	Geoscience Advisor

### Capital Structure

Cash:	\$5.0m (31 March 15)
Share Price:	\$0.006
Issued Cap:	1,007.4m Shares
Market Cap:	\$6M (at \$0.006)
Debt:	\$0
ASX Code:	PYM

### Shareholder Summary – Top

Geoff Barnes	8.6%
Lowell Resources Fund	6.6%
Wheelbarrow Investments	4.9%
Buderim Panorama	3.9%
Stephen Mitchell	3.6%
<b>Total</b>	<b>27.6%</b>
Top 20 Holders	49.8%
Number of Shareholders	1,413

### 2015 Summary

Loss of \$10.6m

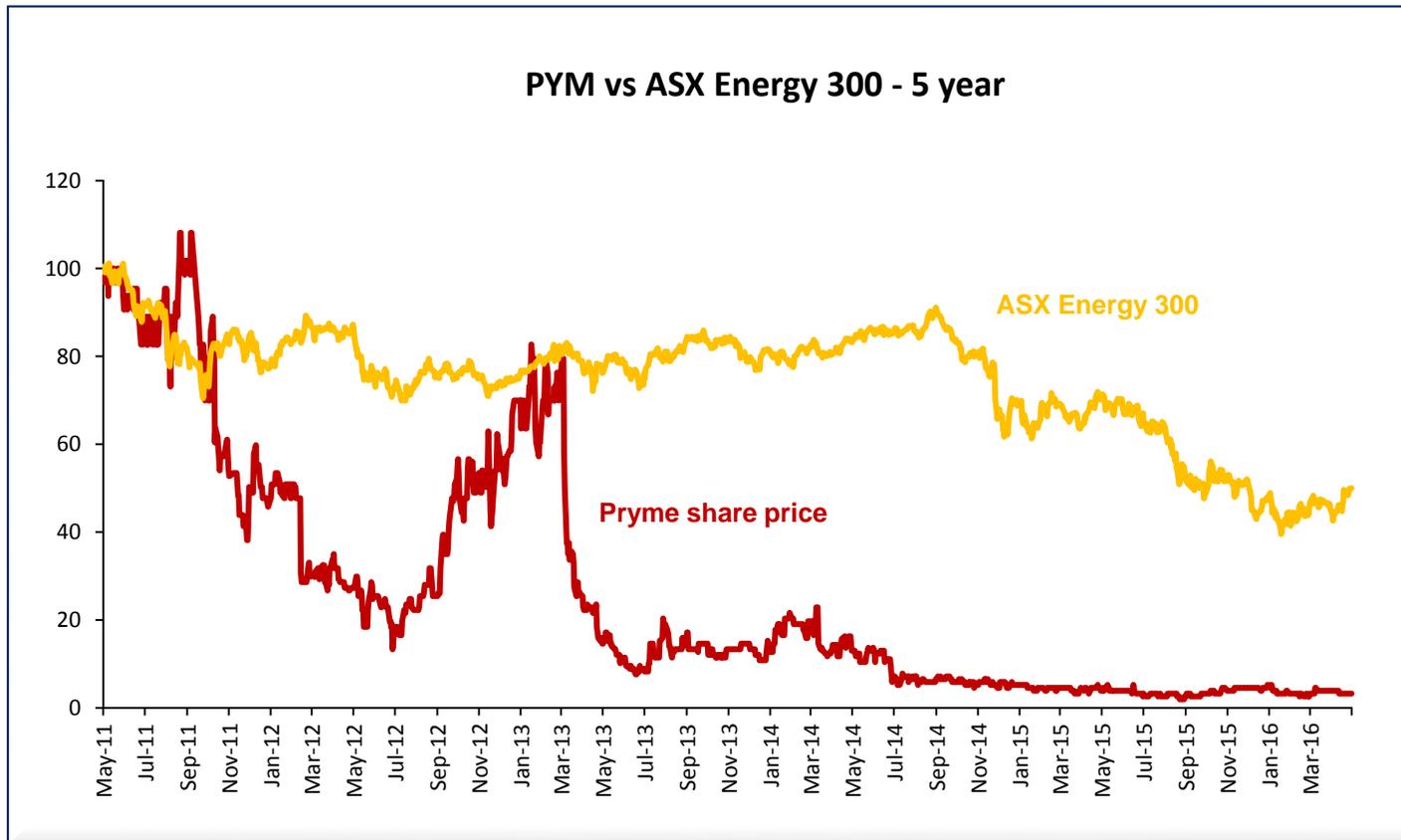
Acquisition of additional Newkirk acreage

Reserve Certification at Newkirk

Third and fourth Capitola wells brought online

Board and management changes

Poor share price performance reflects poor project selection & challenging market conditions



## Initiatives to Recover Value

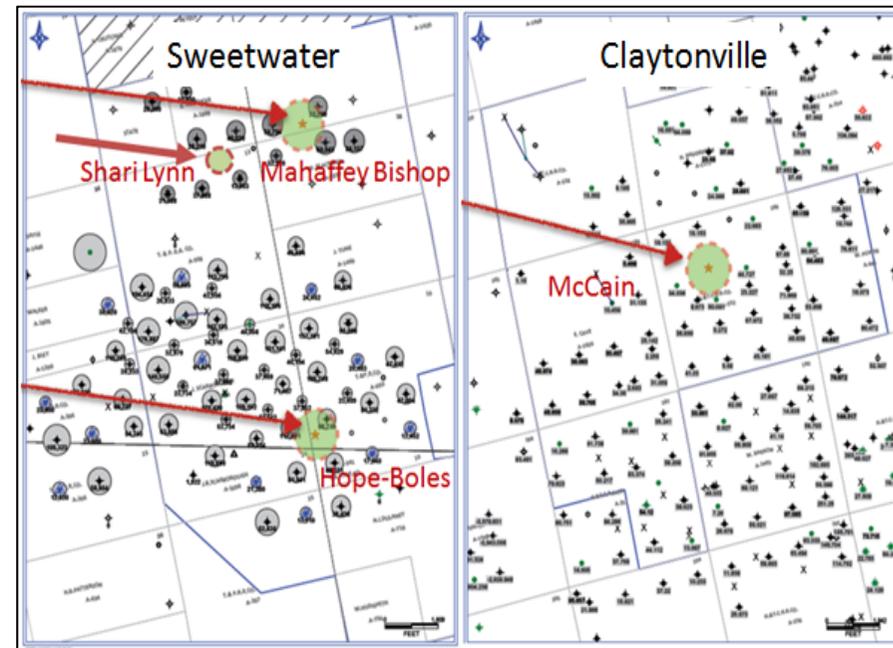
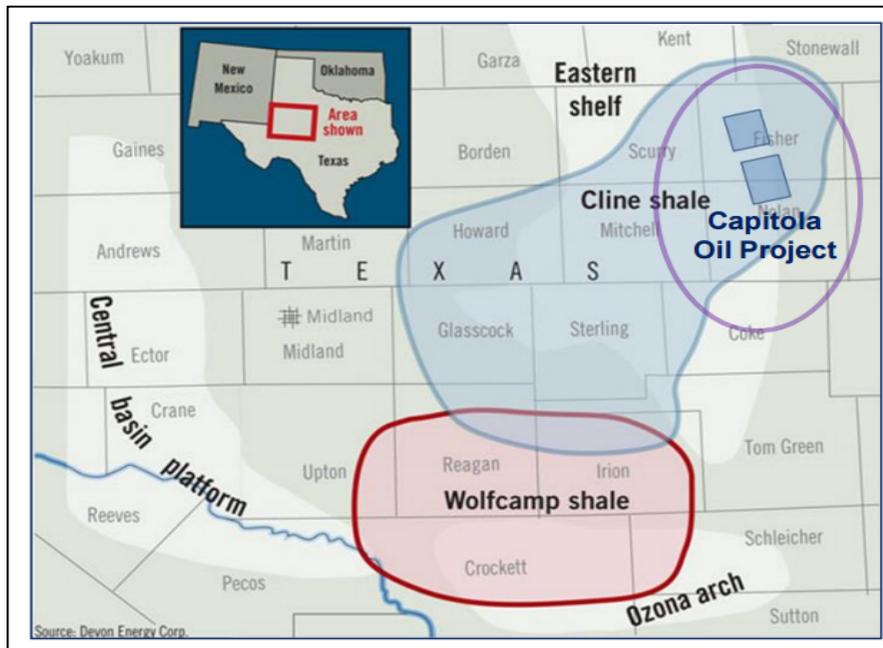
- New board and management
- Sale of projects with no material upside
- Cash – A\$5M
- Change of name
- Change of capital structure
- Emphasis on assets with material upside
- Significant board and management cost cuts from previous years of up to 50%
- Focus on shareholder wealth creation

Proposed Changes*		
	Current	Proposed
Shares on issue	1,007,380,397	100,738,040
Options on issue	494,635,732	49,463,573
Name	Pryme Energy Limited	Indago Energy Limited
Logo		

\* Subject to shareholder approval at AGM May 18 2016

## Sold for US\$2.14m

- Discovered 1955 and water flooded in 1960s
- Capitola book value was ~\$8M
- Originally targeted Cline Shale (not commercial)
- Subsequently targeted Canyon Sands with 4 Well Programme 2014/15
- Only 1 of 4 wells economic
- Estimated ultimate recovery – 137 Mstb
- No meaningful upside for listed company
- Significant acreage due to expire
- Project sold March 2016 for US\$2.14M



## Sold for US\$0.12m

Project information	
Location	Louisiana and Mississippi <i>Middle-Wilcox formation</i>
Operator	Various
Interest	8 - 25% WI
Net Production ( 2015)	7,350 Bbls

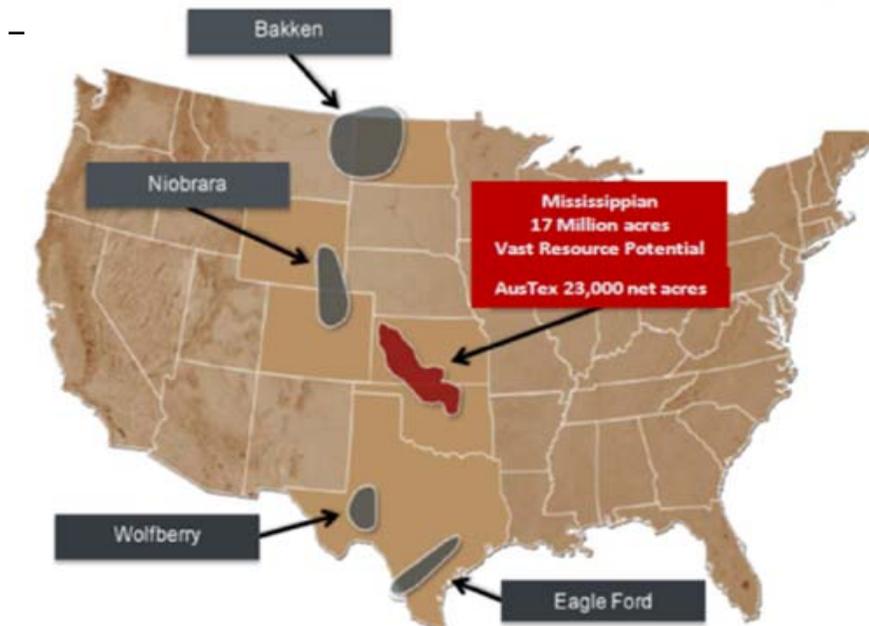
- Mature project with many uneconomic wells
- Board review demonstrated project had no ability to add value
- Project sold effective Jan 1 2016 for US\$120,000



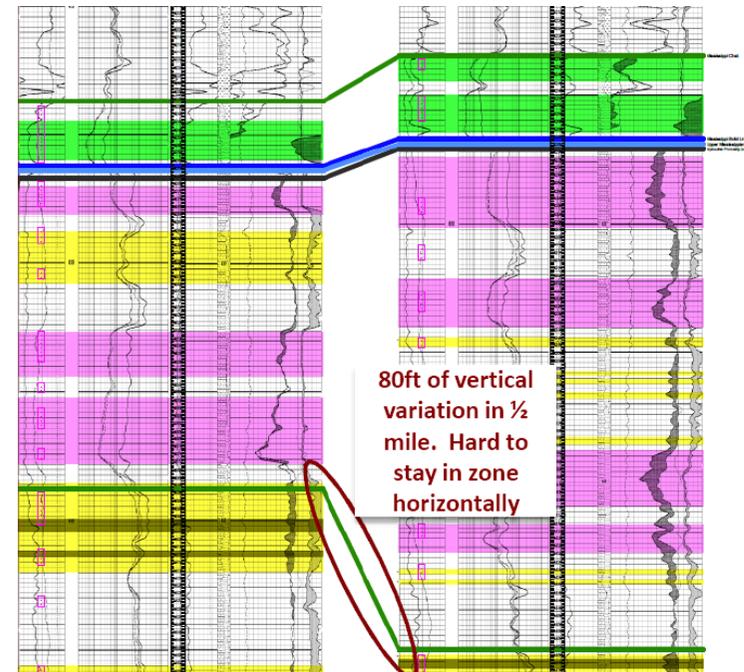
## Low cost, repeatable, stacked pay environment

Project information	
Primary Target Location	Mississippi Lime Kay County, OK
Operator	Empire Energy
Interest	50/50 venture with Empire
Acreage	4,049 net acres
2P Reserve Potential	5.1 million BOE (net)

- AMI & JV allows for both parties to contribute 50% of costs to each earn 50% WI and 40.6 % NRI in each well drilled
- 80 foot of vertical variation in ½ mile – difficult to stay in zone horizontally – preference for lower risk vertical wells
- Extensive infrastructure in place plus numerous secondary targets

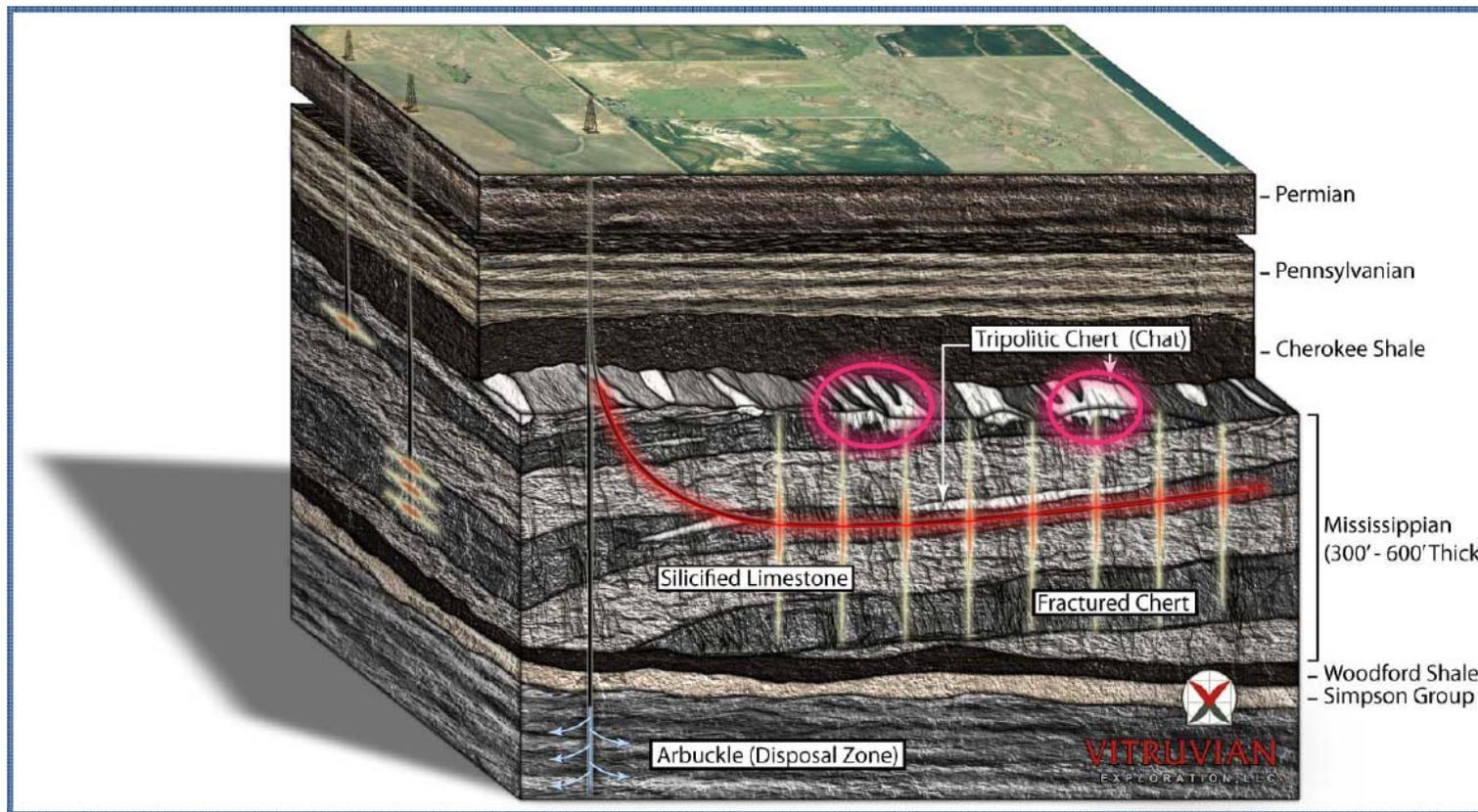


Source: SandRidge Energy, 2012



## Key Attributes

- Complex geology with cherts, cherts, dolomites & limestones
- Developed with fraced horizontal & vertical wells
- Mixed success - wide range of initial production rates and EUR's
- Wells produce significant water and low oil cuts – typically 10:1
- Salt water disposal wells required – linked to seismic activity



## Reserves and Indicative Economics

- 5.1 million BOE (probable) reserves net to Pryme
- Estimates apply to Pryme's net acres of 4,049 based on 40 acre well spacing
- Project has potential to provide excellent returns above \$60
- Project needs several wells to demonstrate commerciality
- Operator unlikely to suggest wells until oil price recovers
- Lease primary terms start to expire late 2017
- Estimated cost of vertical well completion ~US\$500k

Newkirk Project				
Reserve Category	# Wells	Net Remaining Reserves 1 November, 2015		
		Oil (MBBL)	Natural Gas (MMCF)	Oil Equivalent (MBOE)*
Probable (2P)	101	2,500	15,967	5,118
Total	101	2,500	15,967	5,118

Oil price (Year 2 onwards)						
US\$	\$30	\$40	\$50	\$60	\$70	\$80
NPV (A\$M)	(10.8)	2.9	16.7	28.2	38.8	49.2
IRR	(0.9%)	13%	28%	44%	62%	83%
NPV/boe	(2.9)	0.8	4.5	7.6	10.5	13.3

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

### Pryme is able to invest in its own asset and/or make new acquisitions to create shareholder value

- Pryme is **well placed in the current environment** to utilise its cash, ASX listing and experienced board
- Board and management focused on **disciplined capital management** while preserving **flexibility to pursue growth opportunities** where they will create value for shareholders

#### Newkirk

- Good acreage position in Oklahoma
- 2P reserves of 5.1mmboe is meaningful if commercial
- **Project needs several wells to determine commerciality but needs oil price to recover**
- Look at adding **local infrastructure** if available that would enhance value of project

#### Acquisition Review

- Continue to review acquisition opportunities
- Primary driver is shareholder wealth creation
- Looking at both upstream and downstream opportunities as well as new energy technologies and forms
- Will consider non energy related opportunities only if compelling



## Contacts

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