

## Corporate Update

### HIGHLIGHTS

- **Pryme is cash flow positive at current oil prices and production rates**
- **Oil production increased by 260% over the prior half year**
- **Board and executive management costs reduced by 32%**

Pryme Energy Limited (Pryme) is pleased to announce that during the June 2015 half year the Company more than doubled its oil and gas production, on a barrel of oil equivalent basis, over the previous half year and, importantly, increased oil production by 260%. The Company currently generates production and cash flow from its Capitola Oil Project in Texas as well as from its long-term holdings in Louisiana. The combined production from these projects nets Pryme approximately 105 Bbls/day of oil and 155 Mcf/day of natural gas.

During 2015 the Board and management team have reduced the administration and operating cash costs of the Company from the 2014 levels. At current production levels and commodity prices the Company is administratively and operationally cash flow positive moving forward, while preserving a strong cash balance of approximately A\$3.4 million. As part of the cost reduction effort the Chairman and Executive Directors have voluntarily reduced their remuneration by 32%.

The enclosed slide illustrates Pryme's cash costs versus revenue relative to its ASX listed peers comprising 210 companies in the Energy GICS sector with market capitalisation less than \$50 million. Of the 210 comparable companies, Pryme is one of only 23 companies producing maintainable revenue and one of only 16 companies with revenue in excess of cash operating costs. This demonstrates that the Company outperforms more than 92% of comparable companies with respect to prudent cost management and its costs are materially below the average of comparable ASX listed peers in the Energy GICS sector.

Pryme remains committed to executing its corporate strategy of focusing on high quality exploration projects offering significant scalability of production, cash flows and reserves. The Capitola Oil project continues to produce a 30 day average of around 114 Bbls/day (85 Bbls/day net to Pryme) and 207 Mcfd (155 Mcf/day net to Pryme) of natural gas and is strongly cash positive. The Newkirk Project, which the company has secured in the Mississippi Lime fairway in Oklahoma and is based on 2,320 net acres and an operating agreement with an established operator, has very attractive, low risk and profitable development potential.

The focus for the balance of 2015 will be to continue the low cost optimisation of production from Capitola, to expand the area under its control in the Newkirk project if cost-effective and, subject to improvement in commodity prices, to drill low-cost, low risk, vertical wells in the Mississippi Lime utilising completion methods successfully developed by other operators in the region over the past 5 years.



“The transition to being cash flow positive is a significant accomplishment in this low commodity price environment and reflects well on the cost reduction efforts of management through the year to date,” said George Lloyd, Pryme’s Chairman. “Low commodity prices have also enabled Pryme’s management team to inexpensively access development opportunities which would not otherwise be available. We expect these to generate significant value for the company moving forward.”

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](http://www.prymeenergy.com)

ASX Code: **PYM**

OTCQX Code: **POGLY**

## Glossary

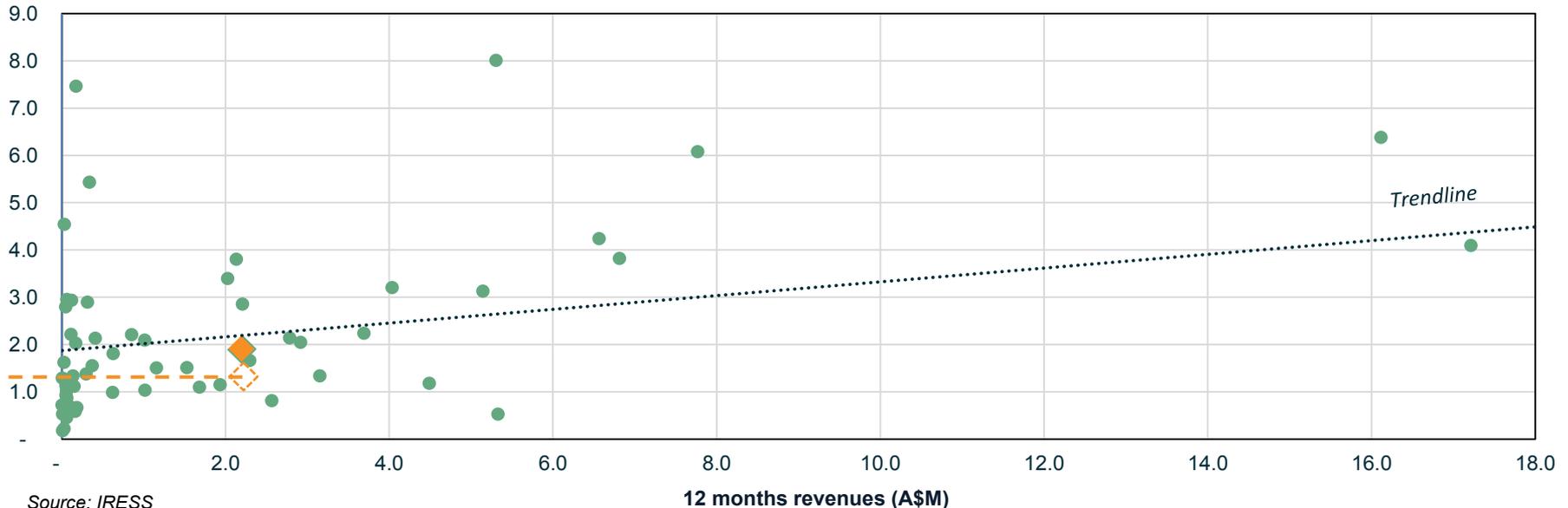
\$	Australian Dollars	Mcf	Thousand cubic feet (of natural gas)
US\$	United States Dollars	Mcf/day	Thousand cubic feet (of natural gas) per day
Bbls/day	Barrels (of oil) per day	MMcf	Million cubic feet of natural gas
MBO	Thousand barrels of oil	NRI	Net revenue interest
MMBO	Millions barrels of oil	WI	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		

## Pryme continues to actively manage its administration expenditure and stands out relative to peers as being prudent

- Relative to its ASX-listed producing peers (<A\$50m market capitalisation), Pryme stands out with low overheads
- As a result of reducing executive salaries and administration costs, annualised administration spend (post-reduction) expected to be A\$1.5m, down from A\$2.1m in FY2014**
- Revenues expected to increase once drilling begins in Newkirk Project, Oklahoma
- Scope to add incremental revenue as administration costs remain stable

### Producing peers administration costs and revenues (<A\$50m market capitalisation, Jul-14 to Jun-15)<sup>1,2</sup>

12 months administration spend (A\$M)



Source: IRESS

Notes:

1 Includes ASX-listed production peers in the Energy GICS sector (excludes 146 non-producing junior peers)

2 Chart excludes outliers Nido Petroleum, Empire Energy and Brookside Energy