

## Investor Presentation Project Update and Reserves

### HIGHLIGHTS

- Pryme is cash flow positive at current oil prices and production rates
- Cash position A\$3.4 million
- Underpinned by net daily production of 130 BOE/day
- 4.1 million BOE (proved and probable) reserves net to Pryme
- Demonstrates US\$25 million NPV 10 to Pryme based on recent reserves report

Pryme is pleased to provide an update on its projects and reserves through the enclosed investor presentation. A copy of this presentation is available at the ASX and can be viewed on the Company's website [www.prymeenergy.com](http://www.prymeenergy.com).

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**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		



ASX: PYM OTCQX:POGLY

# Investor Presentation

18 September 2015

US-focused oil and gas  
explorer and producer



## US-focused, rapid-growth oil and gas explorer and producer

### Strategy

Focus on high quality exploration projects within the United States which offer significant scalability of production, cash flows and reserves with an emphasis on major phase oil (liquids) plays within proven basins. “Stacked pay” vertical well opportunities to minimize risk, cost and maximize returns.

### Strengths

- Underpinned by net daily production of 105 Bbls of oil and 155 Mcf of natural gas per day (130 BOE/day)
- Cash flow positive at current oil prices
- Demonstrated ability to find/transact growth assets

### Financial information

Share price (17-Sep-15) A\$0.004

Number of shares 1,007M

**Market capitalisation A\$4.0M**

Cash (17-Sep-15) A\$3.4M

Debt (30-June-15) -

**Enterprise value A\$0.6M**

*458.3m unlisted options on issue (exercise price A\$0.02; expiry date 23 July 2016)*

### Board and Management

**George Lloyd** *Non-Executive Chairman*

- Over 30 years senior management, board and corporate advisory. Corporate strategy, M&A and exploration management

**Justin Pettett** *Managing Director*

- Founder (April 2006) 14 years in U.S. E&P industry with over 180 wells drilled throughout Gulf Coast U.S. resulting in numerous field discoveries

**Ryan Messer** *Executive Director*

- Founder (April 2006) 14 years in U.S. E&P industry. Operations specialist with technical teams spread across 5 active U.S. basins and over 180 tests

**Dan Lanskey** *Non-Executive Director*

- Founding Managing Director of AusTex Oil (ASX: AOK) led AOK through acquisition and development of MS formation in OK to production exceeding 1,000 Bbls/day of oil

### Top shareholders

Raya Group Ltd (ASX listed Company) 13.4%

Evo Fund (Evo Investment Advisors) 5.22%

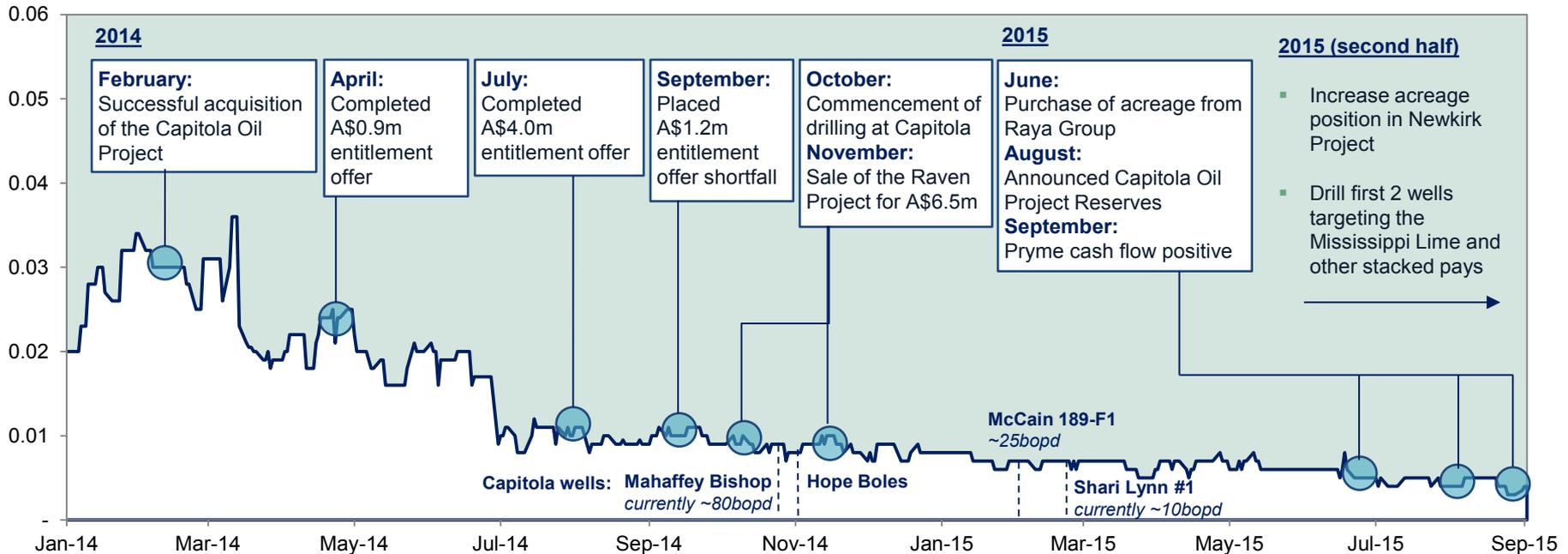
Buderim Panorama (high net worth investor) 3.94%

Board & management (includes Raya) 18.4%

## Pryme has re-capitalised, drilled wells, increased production and reserves and become cash flow positive during challenging market conditions

- 2015 extends on the significant operational deliveries of 2014 with wells brought online in Capitola and the introduction of the Newkirk Project targeting the Mississippi Lime, Oklahoma

### Pryme share price performance (A\$/sh)



Source: IRESS, company filings

## Capitola Oil Project Reserves

- 1.1 million BOE (proved and probable) certified reserves net to Pryme
- Demonstrates US\$12 million NPV10 to Pryme at current pricing
- Estimates apply to approximately 16% of the project's 9,333 gross acres
- 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

Capitola Oil Project						
Reserve Category	# Wells	Net Remaining Reserves (1 July, 2015)			Future Net Income (US\$)	
		Oil (MBO)	Natural Gas (MMCF)	Oil Equivalent (MBOE)**	Undiscounted (000's)	NPV10* (000's)
<b>Proved (1P)</b>						
Producing	4	131	183	161	\$5,198	\$3,780
Undeveloped	10	190	319	242	\$4,232	\$2,084
<b>Proved (1P)</b>	<b>14</b>	<b>321</b>	<b>502</b>	<b>404</b>	<b>\$9,430</b>	<b>\$5,864</b>
<b>Probable (2P)</b>	<b>23</b>	<b>552</b>	<b>1,038</b>	<b>723</b>	<b>\$14,640</b>	<b>\$6,189</b>
<b>Total</b>	<b>37</b>	<b>874</b>	<b>1,541</b>	<b>1,126</b>	<b>\$24,070</b>	<b>\$12,053</b>

\* NPV10 means net present value at a 10% discount

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

Further details and assumptions on the Capitola Oil Project Reserves can be found in the Company's announcement dated 13 August, 2015.

## Newkirk Project Reserves

- 2.8 million BOE (probable) reserves net to Pryme
- Demonstrates US\$10 million NPV10 to Pryme at current pricing
- Estimates apply to Pryme's net acres of 2,320 based on 40 acre spacing
- Joint development agreement (50/50 basis) with established operator covering 7,257 acres currently under lease

Newkirk Project						
Reserve Category	# Wells	Net Remaining Reserves (1 July, 2015)			Future Net Income (US\$)	
		Oil (MBO)	Natural Gas (MMCF)	Oil Equivalent (MBOE)**	Undiscounted (000's)	NPV10* (000's)
Proved (1P)						
Producing						
Undeveloped						
Proved (1P)						
<b>Probable (2P)</b>	<b>116</b>	<b>1,403</b>	<b>8,925</b>	<b>2,866</b>	<b>\$41,585</b>	<b>\$10,758</b>
<b>Total</b>	<b>116</b>	<b>1,403</b>	<b>8,925</b>	<b>2,866</b>	<b>\$41,585</b>	<b>\$10,758</b>

\* NPV10 means net present value at a 10% discount

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

Further details and assumptions on the Newkirk Project Reserves can be found on slides 16 and 17 of this presentation.

## Company Reserves

- 4.1 million BOE (proved and probable) certified reserves net to Pryme
- Demonstrates US\$25 million NPV10 to Pryme at current pricing; equivalent to A\$0.033 per share<sup>#</sup>
- Reserves can be increased cost-effectively by increasing the acres under lease in Newkirk and additional drilling in Capitola

### Company Reserves (All Projects)

Reserve Category	# Wells	Net Remaining Reserves (1 July, 2015)			Future Net Income (US\$)	
		Oil (MBO)	Natural Gas (MMCF)	Oil Equivalent (MBOE)**	Undiscounted (000's)	NPV10* (000's)
<b>Proved (1P)</b>						
Producing	21	169	183	199	\$5,885	\$4,282
Undeveloped	24	286	319	338	\$8,579	\$4,379
<b>Proved (1P)</b>	<b>45</b>	<b>455</b>	<b>502</b>	<b>537</b>	<b>\$14,464</b>	<b>\$8,661</b>
<b>Probable (2P)</b>	<b>140</b>	<b>1,957</b>	<b>9,963</b>	<b>3,590</b>	<b>\$56,288</b>	<b>\$16,997</b>
<b>Total</b>	<b>185</b>	<b>2,412</b>	<b>10,465</b>	<b>4,127</b>	<b>\$70,752</b>	<b>\$25,658</b>

\* NPV10 means net present value at a 10% discount

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

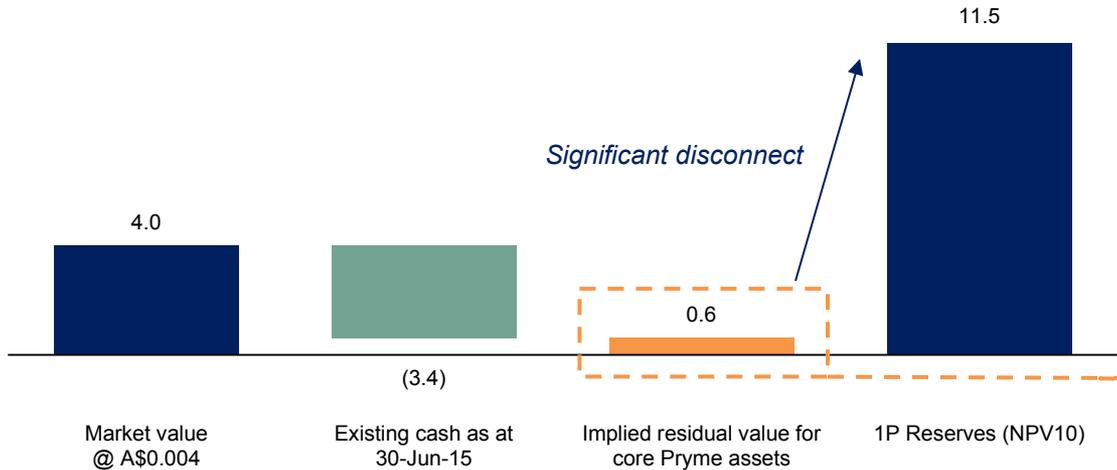
<sup>#</sup> Converted to A\$ at AUD/USD = 0.75

Further details and assumptions on the Newkirk Project Reserves can be found on slides 16 and 17 of this presentation.

## Negligible value is currently ascribed to producing assets and the Company's potential

- Pryme is currently trading close to its cash backing of A\$3.4m
- Pryme receives stable cash flows from its Capitola and Four Rivers projects
- Capitola and Newkirk present significant upside in proven oil and gas basins
  - Expenditure at Capitola and Newkirk is fully optional, Pryme can make its own decisions with respect to program optimisation
  - Low commodity prices enabling Pryme to enter proven, low risk vertical plays inexpensively

### Illustrative valuation (A\$m)



#### Capitola

- ✓ Currently producing 114 barrels of oil per day (85 barrels per day net to Pryme) and 200 Mcf of natural gas (155 Mcf net to Pryme)
- ✓ 1.1 million BOE (1P proved and 2P probable) net to Pryme
- ✓ US\$12 million NPV10
- ✓ 100% WI and operator of producing wells
- ✓ 37.5% WI in undeveloped 9,333 acres

#### Newkirk

- ✓ 2,320 net acre position
- ✓ Initial drilling program to begin late 2015 subject to oil prices
- ✓ 2.8 million BOE (2P probable) net to Pryme
- ✓ US\$10 million NPV10
- ✓ 50/50 venture with established operator covering two counties

Source: IRESS, company filings

Note:

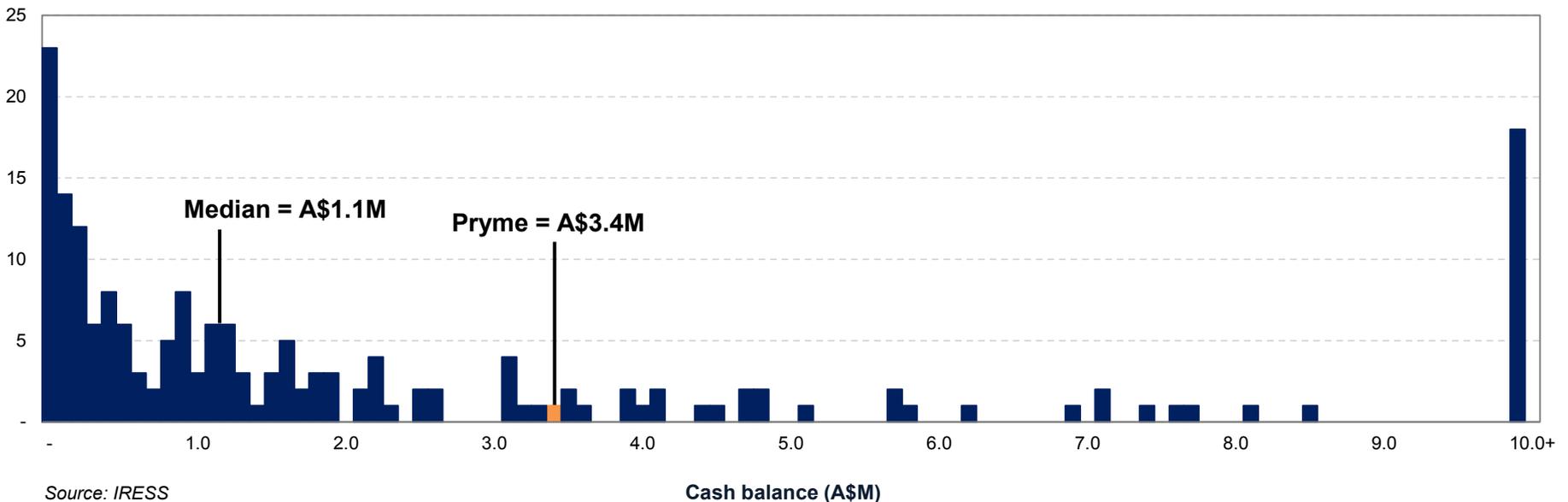
1 1P Reserves converted to A\$ at AUD/USD = 0.75

## Pryme has an enviable cash balance at a time where small cap energy companies are finding funding conditions difficult

- Pryme has established a cash balance that sees it fully funded for initial drilling in its Newkirk Project, Oklahoma and provides it with the ability to take advantage of the depressed market and inexpensively expand its inventory
- Of the 185 ASX-listed peers in the Energy GICS sector (<A\$50m market cap), Pryme's cash balance is in the top 25%
- Cash is predominantly held in US\$

### Peers cash balance distribution (<A\$50m market capitalisation, 30 June 2015)<sup>1</sup>

No. of companies



Source: IRESS

Notes:

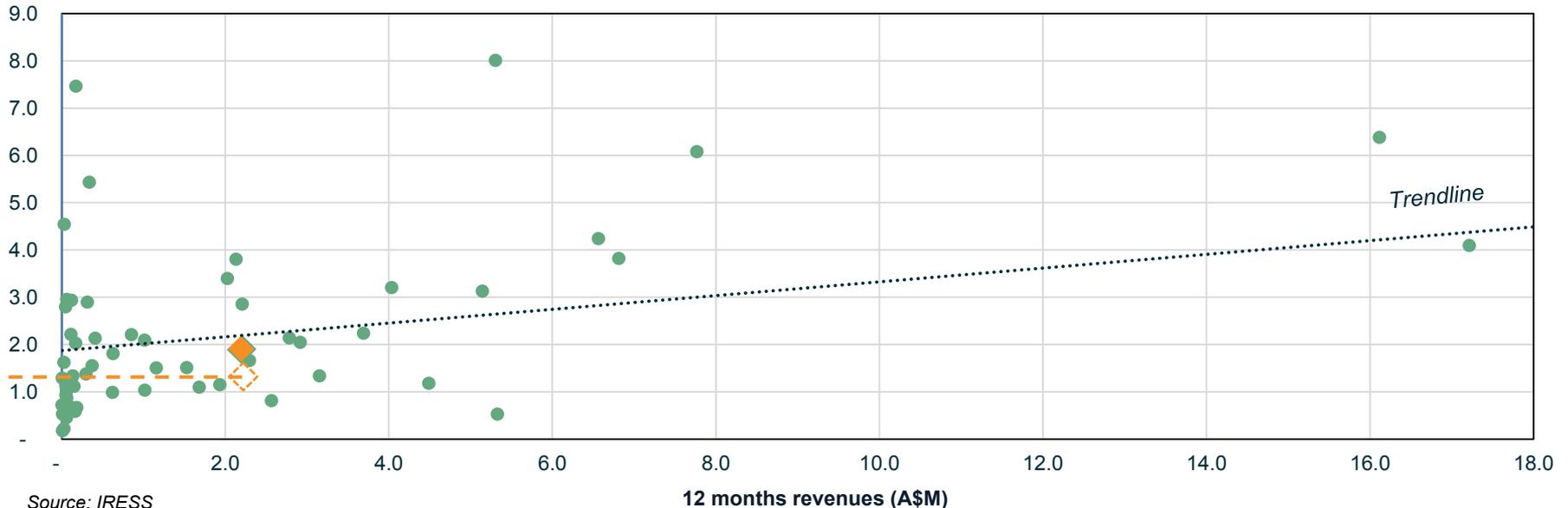
1 Includes 185 ASX-listed peers in the Energy GICS sector

## 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
- Potential to greatly increase revenue relative to low and stable admin costs base

### 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

## Pryme is well positioned to invest in its own assets to optimise the creation of shareholder value

- Pryme is **well placed in the current environment** to invest in its two high quality assets located in the Permian Basin, Texas and in the Mississippi Lime, Oklahoma
- Board and management focused on **disciplined capital management** while preserving the appropriate **flexibility in order to pursue growth opportunities** where they will create value for shareholders

### Opportunistic investments

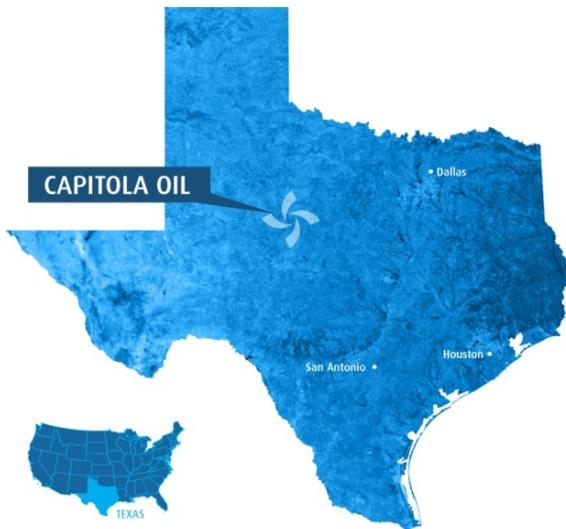
- Ongoing acquisition analysis
  - Board and management **focused on the creation of value** (cash flows, EPS, shareholder return)
  - **Needs strategic fit and rationale** (US onshore)
  - Every investment must stand on its own merits
- Pryme has a **successful history of execution of its strategy**
  - Drill and bring into production its Capitola Oil Project
  - Acquired 2,320 acre interest in Newkirk Project, Oklahoma together with operating agreement with established operator

### Upcoming catalysts at existing projects

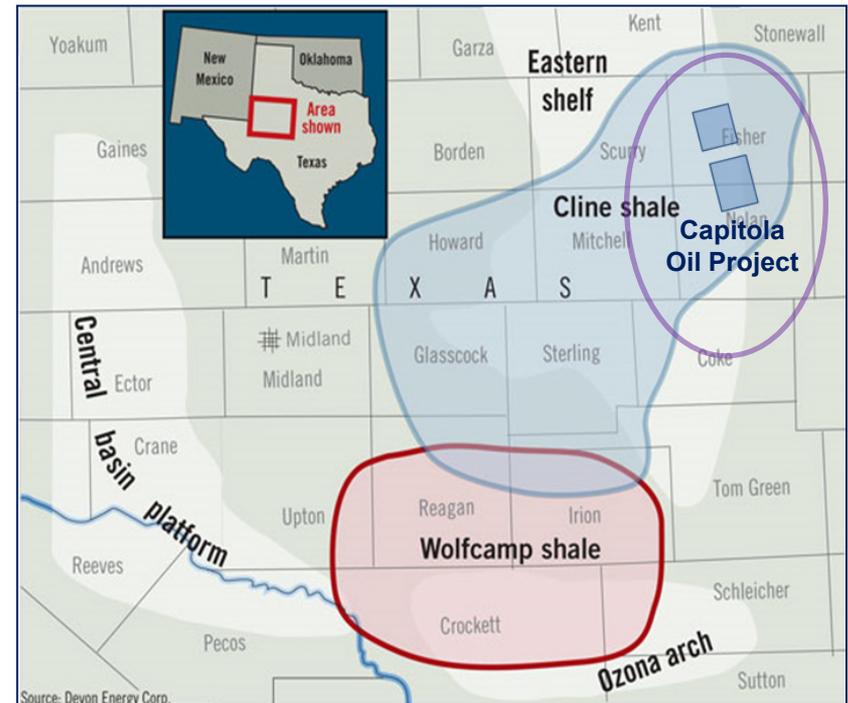
- **Optimize production** from all 4 Capitola Oil Project wells
- **Potential** to greatly increase number of Capitola wells when oil prices improve
- **Expand** acreage footprint in Newkirk Project
- **Drill** initial Newkirk wells once **oil prices stabilize**
- Continue to **enhance** and grow **Company reserve** position
- **Prudent cash management** exhibited by Board and management

## Supplying the Company with stable production and cash flow

Project information	
Location	Permian Basin <i>Eastern shelf, TX</i>
Operator of producing units	Pryme Energy
Interest	Wells 100% WI 75% NRI (Acreage 37.5% WI)
Acreage	9,333 acres (2 blocks)
Current producing wells	4 (~115bopd)
PUD's	10



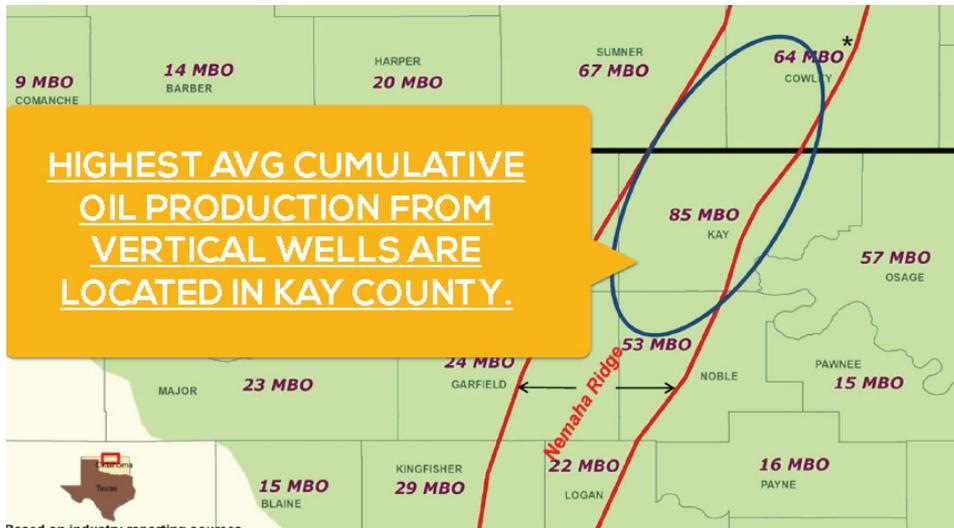
- Acreage overlies two proven oil fields containing redevelopment and secondary recovery opportunities
- Over 150 historical wells drilled throughout Capitola acreage
  - Several million barrels of remaining recoverable oil from existing, produced fields
- Primary targets (Canyon Sand, Palo Pinto Lime and Cline Shale) all are now proven producing intervals



## Low cost, repeatable, stacked pay environment

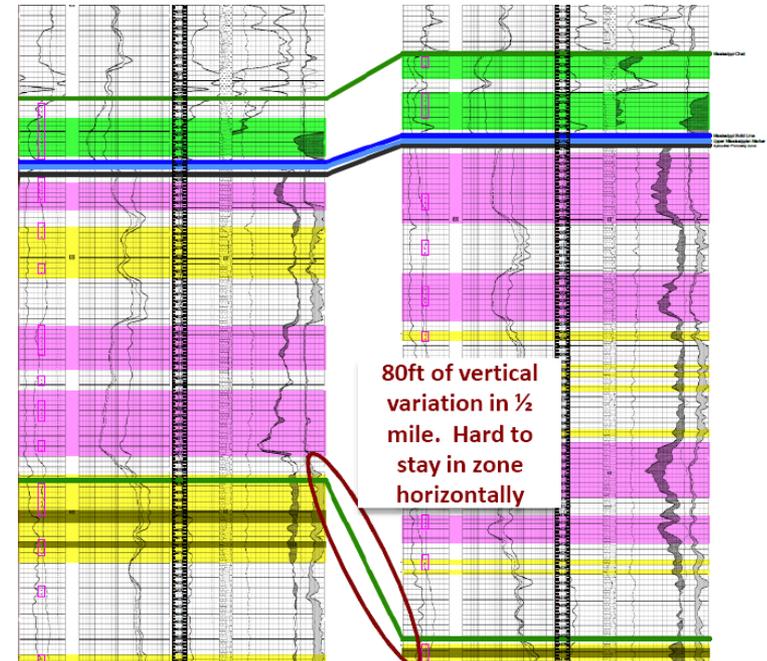
Project information	
Primary Target Location	Mississippi Lime <i>Nemaha Ridge, OK</i>
Operator	Empire Energy
Interest	50/50 venture with Empire
Acreage	7,300 acres (2,320 net acres)
2P Reserve Potential	2.8 million BOE
Well locations	58 (based on 40 acre spacing)

- JOA covers an AMI over Kay and Noble Counties
- Allows for both parties to contribute 50/50 costs to each earn 50% WI and 40.6 % NRI in each well drilled
- Pryme has contributed 2,320 acres and may either equalise existing acreage or add acreage to project area with Empire
- 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



Based on industry reporting sources

Source: Range Resources Feb 2013

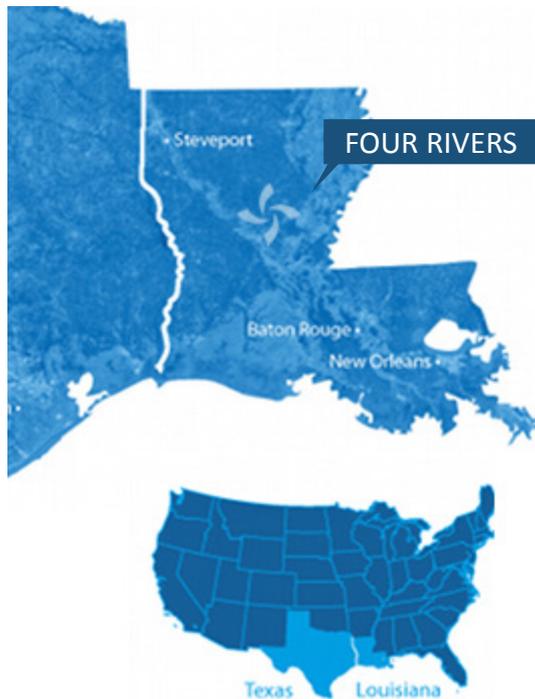


## Four Rivers is a producing asset providing Pryme with ongoing cash flow

### Project information

Location	Louisiana and Mississippi <i>Middle-Wilcox formation</i>
Operator	Various
Interest	8 - 25% WI
Net Production (6 months 2015)	3,864 Bbbls

- Mature project that requires low management intensity
- Extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams and Jefferson Counties in Mississippi
- Wells drilled in the Middle-Wilcox formations exhibit long production lives with low declines once steady production is reached
- Inexpensive to drill with low maintenance and ongoing costs



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## **Disclaimer, Forward Looking Statements and Competent Person Statement**

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Prospective investors should make their own independent evaluation of an investment in the Company or seek advice from their financial adviser, accountant, lawyer, stockbroker or other professional adviser. Nothing in this presentation should be construed as financial product advice, whether personal or general, for the purposes of Section 766B of the Corporations Act, or otherwise. This presentation does not amount to, involve or imply a recommendation or a statement of opinion in respect of whether to buy, sell or hold a financial product.

The Reserves and future income estimates were determined by Hickman McClaine & Associates, Inc. (Hickman McClaine), Registered Engineers in the state of Texas for the Capitola Oil Project, Petro Partners Inc. (Petro Partners), Registered Engineers in the state of Louisiana for the Four Rivers Project and 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.

## 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 July 1, 2015. Oil price estimates range from US\$57.74 per barrel in 2015 to US\$65.85 per barrel in 2019 and thereafter. Natural gas prices range from US\$2.89 per MCF in 2015 to US\$3.51 per MCF in 2019 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 amount of energy content as 6.1 Mcf of natural gas. Operating and capital costs are based on actual expenses, as provided by Pryme. Hickman McClaine, Petro Partners or 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 Hickman McClaine, Petro Partners or 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

Capitola Oil - The information regarding the Capitola Oil Project reserves in this announcement has been compiled by the President of Hickman McClaine & Associates Inc. of Midland Texas, Stephen J. McClaine, who has over 30 years experience in petroleum engineering. Mr. McClaine holds a Bachelor of Engineering Degree in Petroleum Engineering from Texas Tech University. He is a member of Society of Petroleum Engineers and the West Texas Geological Society. Mr McClaine 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](http://www.spe.org). Mr. McClaine 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.

Four Rivers - The information regarding the Four Rivers Project reserves in this announcement has been compiled by the President of Petro Partners Inc. of Lafayette Louisiana, Kim Galjour, who has over 37 year's experience in petroleum engineering. Mr. Galjour holds a Bachelor of Science Degree in Petroleum Engineering from Louisiana State University and has completed two years of graduate study in Business Administration at Nicholls State University. He is a member of Society of Petroleum Engineers, American Petroleum Institute, American Association of Petroleum Geologists and Lafayette Association of Petroleum Landmen. Mr Galjour consents to the inclusion of the estimated hydrocarbons in place in the form and context in which they appear. The 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](http://www.spe.org). Mr. Galjour 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.

Newkirk - 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 a Registered Professional Engineer in the State of Oklahoma. He provides reserve and economic valuations and other services to numerous clients concerning 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](http://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.