

June 2014 Quarterly Activity Report

30 July 2014

Company Snapshot

ASX Code:	PYM
Recent price: <small>(29 July 2014)</small>	A\$0.011
Cash on hand:	A\$1.0 million
Shares outstanding*:	778,040,402
Options*: <small>(A\$0.02 exercise 23 July 2016 expiry)</small>	200,000,023
Market Capitalisation:	A\$8.5 million
Share price range (12 months):	A\$0.008 - \$0.035

*Includes shares and options issued in July under the June Rights Issue.

Production

Quarterly Sales Report (net to Pryme)

Project	June 2014 Quarter		Calendar Year to Date	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
Four Rivers*	0	2,087	0	4,653
Raven*	9,456	128	18,461	347
Turner Bayou*	0	1,478	0	3,233
Total**	9,456	3,693	18,461	8,233
Total (BOE**)	5,269		11,310	

* Actual sales for the last month of the quarter is an estimate based on production data from prior months of production.

** Includes minor amounts of production from additional projects (i.e. Condor).

** Natural gas is converted to BOE on the basis of 6 Mcf of natural gas is equivalent to 1 BOE.

Projects

Financial

Average net daily sales to Pryme's account for the June quarter were 41 Bbls/day of oil and 104 Mcf/day of natural gas (63 BOE/day). Both Four Rivers and Raven production have remained stable through the first half of 2014. Cash on hand at 30 June 2014 was \$1.0M. Cash receipts from oil and gas sales for the quarter totalled \$0.3 million. Revenue before royalty payments for the quarter totalled \$0.5 million. Cash receipts may differ to reported revenue due to cash receipts from sales being disbursed net of royalties and the timing of working interest holder distributions by the operator.

During the quarter the Company announced a rights issue which closed on 17 July, 2014 raising A\$4 million before expenses (see below).

Corporate

During the June Quarter Pryme announced a renounceable rights issue to raise A\$5.2 million by the issue of 3 new shares, at a price of 1 cent per share for every two shares held, plus one option for every two new shares subscribed for under the rights issue. The options have an exercise price of 2 cents per share and a two year term. Patersons Securities underwrote the rights issue to the extent of A\$4 million. The rights issue closed on 17 July raising A\$4.0 million through the through the issue of 400 million shares and 200 million options to existing shareholders and to the underwriter. It is intended that the shortfall of 116,681,534 shares and 58,340,534 options will be placed with investors. Funds raised under the rights issue are being used mainly to fund initial drilling operations in the Company's Capitola Oil Project.



Devon W Ranch No.1 flaring natural gas on location

Capitola Oil Project

The Capitola Oil project is located in the Permian Basin, Texas. It covers 9,333 acres comprising two lease blocks, Canyonville and Sweetwater, both of which contain stacked oil and gas reservoirs including the Cline Shale which is emerging as a significant producer from horizontal development.

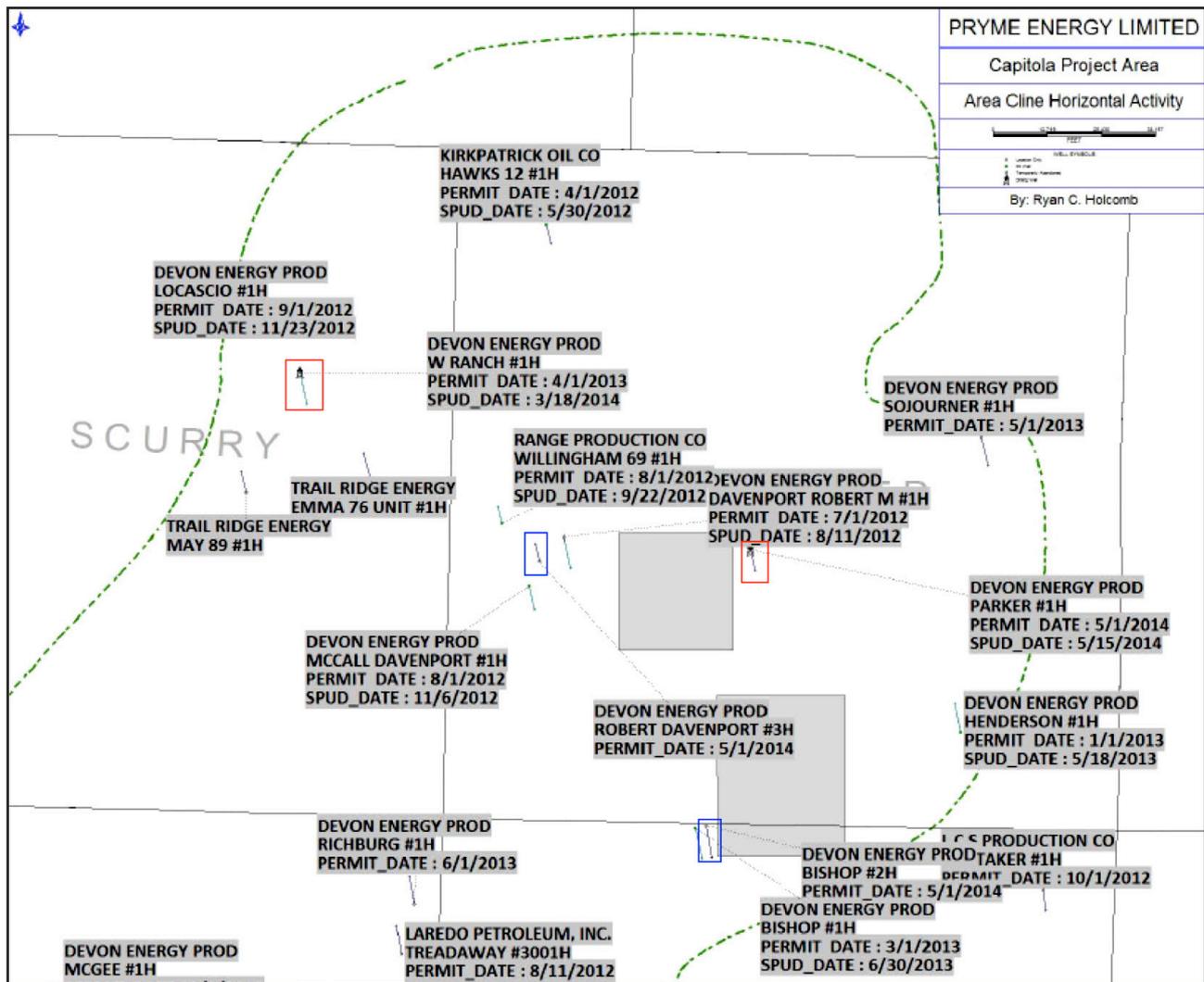
Pryme's strategy is initially to exploit the many opportunities to drill vertical wells through the stacked reservoirs within the Capitola Oil project acreage.

Drilling is scheduled to commence in mid-September with two vertical wells, to a depth of approximately 6,000 feet, to intersect the Cline Shale, the Canyon Sands and the Breckenridge Lime which are the three major target formations above that depth.

In the meantime, activity in the prospects surrounding the Capitola Oil project is intensifying. In particular, Devon Energy (NYSE:DVN – Devon), which surrounds Pryme’s Capitola acreage with leases, continues to permit new wells and have drilling and production success with horizontal well development of the Cline Shale formation. This activity is a strong endorsement of Pryme’s interest in the Capitola Oil project.

Devon is currently flowing back the W Ranch No.1H well, to the west of the Claytonville acreage block, and is flaring gas and selling oil from this location. Devon has also just completed drilling operations on the Parker No.1H well to the east of Claytonville. In addition, Devon is currently drilling the Bishop No.2H, an offset well to the successful Bishop No.1H, approximately 2 miles west of the Sweetwater acreage block, and has also commenced drilling the Davenport No.1 with a second rig.

Large oil and gas operators, such as Devon, Range Resources (NYSE:RRC) and Laredo Petroleum (NYSE:LPI), have leased significant tracts of land in the Cline Shale and are continuing to drill horizontal wells in and around the Capitola Oil Project with good results.



Capitola acreage is shown in grey in the above Cline Shale activity map. Devon flow back/completion wells shown in red and Devon currently drilling wells shown in blue.

About Capitola Oil Project

The Capitola Oil Project is located in an active region of the Eastern Shelf of the Permian Basin just north of the town of Sweetwater, Texas. The project contains a number of shallow, “stacked” formations to depths of 6,000 feet, with established production history from vertical wells. These overlie the Cline Shale formation which is the subject of an emerging resource play of national significance. Pryme’s value creation strategy is to develop the shallower, well defined targets using advanced drilling, completion and stimulation technology, and to

exploit the emerging Cline Shale resource play as the major US exploration and production companies which surround Pryme's acreage demonstrate its value.

There are three primary targets throughout Pryme's Capitola acreage along with numerous secondary targets. The primary targets comprise the Breckenridge Lime at a depth of 4,500 feet, the Canyon Sands series at approximately 5,200 feet, and the Cline Shale at 6,000 feet. The Company is earning a 75% working interest in 9,333 acres (7,000 net acres) in all mineral rights from the surface through to the top of the Cline Shale and a 50% working interest (4,666 net acres) in all other rights including the Cline Shale. The Capitola Oil Project acreage is contained within two contiguous lease blocks referred to as Sweetwater (approx. 7,000 acres) and Claytonville (approx. 2,333 acres) to the north of Sweetwater. Pryme is the operator of the Capitola Oil project.

Capitola Primary Targets

Well Characteristics	Potential Locations*	Well Costs (USD)**	BOE/day IP Range	EUR (BOE)	Estimated NPV10## Per Well (Mid-Case#)
Breckenridge Lime Canyon Sands	Up to 200	\$850,000-\$950,000	60-140	50,000-140,000	US\$1.1 million
Cline Shale	Up to 60	\$6,600,000	120-710	100,000-600,000	US\$3.4 million

*Based on 40 acre spacing for vertically drilled wells and 160 acre spacing for horizontally drilled wells.

**Well costs include drilling, stimulation and completion costs including surface facilities and production equipment.

#Mid-case for Breckenridge Lime Canyon Sands based on 87BOE/day IP and 87,000BOE EUR. Cline Shale based on 340BOE/day IP and 376,000BOE EUR.

##Net present value with a 10% discount net to Pryme using typical production curves from actual production a US\$90 per barrel oil price and US\$4 Mcf natural gas price flat for the life of the well.

Four Rivers Project (8% - 25% WI)

The June 2014 quarter oil sales of 2,512 barrels (27.6 Bbls/day net to Pryme) were 3% higher than for the previous quarter. This is mainly attributable to timing of oil deliveries. Pryme has an interest in 1,260 acres (240 acres net to Pryme) located in LaSalle and Catahoula Parishes Louisiana and Jefferson and Wilkinson Counties in Mississippi.

About Four Rivers

The Four Rivers Project extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams and Jefferson Counties in Mississippi. The project is targeting multiple "stacked" oil zones throughout the Middle-Wilcox formation at depths ranging from approximately 4,000 to 8,000 feet. Wells drilled in the Middle-Wilcox exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established. They are relatively inexpensive to drill and typically have low operating and ongoing maintenance costs.

Raven Project (35% WI / 25.38% NRI)

June 2014 quarter sales for the Raven project were 9,456 Mcf of natural gas and 128 barrels of condensate net to Pryme (104 Mcfd and 1.4 Bbls/day net to Pryme respectively), reflecting an 5% increase in gas sales over the previous quarter and a 4% decrease in condensate sales due to timing of oil sales. Pryme has an interest in 1,280 acres (440 acres net to Pryme) located in Lincoln Parish, Louisiana.

Turner Bayou Chalk Project

- Deshotels 20H and 13H Production (40% WI / 30% NRI)
- Rosewood Plantation 21H No.1 (61.53% WI / 46.15% NRI)

As announced on 26 May 2014 Pryme's wholly owned subsidiary, Pryme Oil and Gas, LLC (Pryme LLC) has entered into an agreement to sell its interest in the Turner Bayou project. We anticipate that closing should occur before the end of July.

Additionally the outstanding non-recourse loan amount of US\$6.8 million under the Macquarie Bank Limited Non-Recourse Loan Agreement (Macquarie Facility) will be extinguished, and Pryme LLC's remaining obligations under the Macquarie Facility will be released.

The average daily production rate for the Turner Bayou wells during the June 2014 quarter was 16 Bbls/day (net to Pryme). Production has remained fairly stable for the Deshotels 13 and 20H wells, while the Rosewood Plantation well remains in need of artificial lift.

The three Turner Bayou production units hold approximately 3,360 acres (1,580 acres net to Pryme) by production plus 16,942 acres (6,759 acres net to Pryme) in undeveloped acreage.

About Turner Bayou

The Turner Bayou project is located in Avoyelles Parish, Louisiana, and comprises approximately 80 square miles (50,000 acres) which have been imaged by a proprietary 3D seismic survey initially targeting development of the Austin Chalk horizon. In addition to the Austin Chalk potential of the Turner Bayou project area, exploration drilling within Pryme's Turner Bayou leases has intersected the Tuscaloosa Marine Shale which is analogous to the Eagle Ford Shale in South Texas.

Oil and Gas Tenements

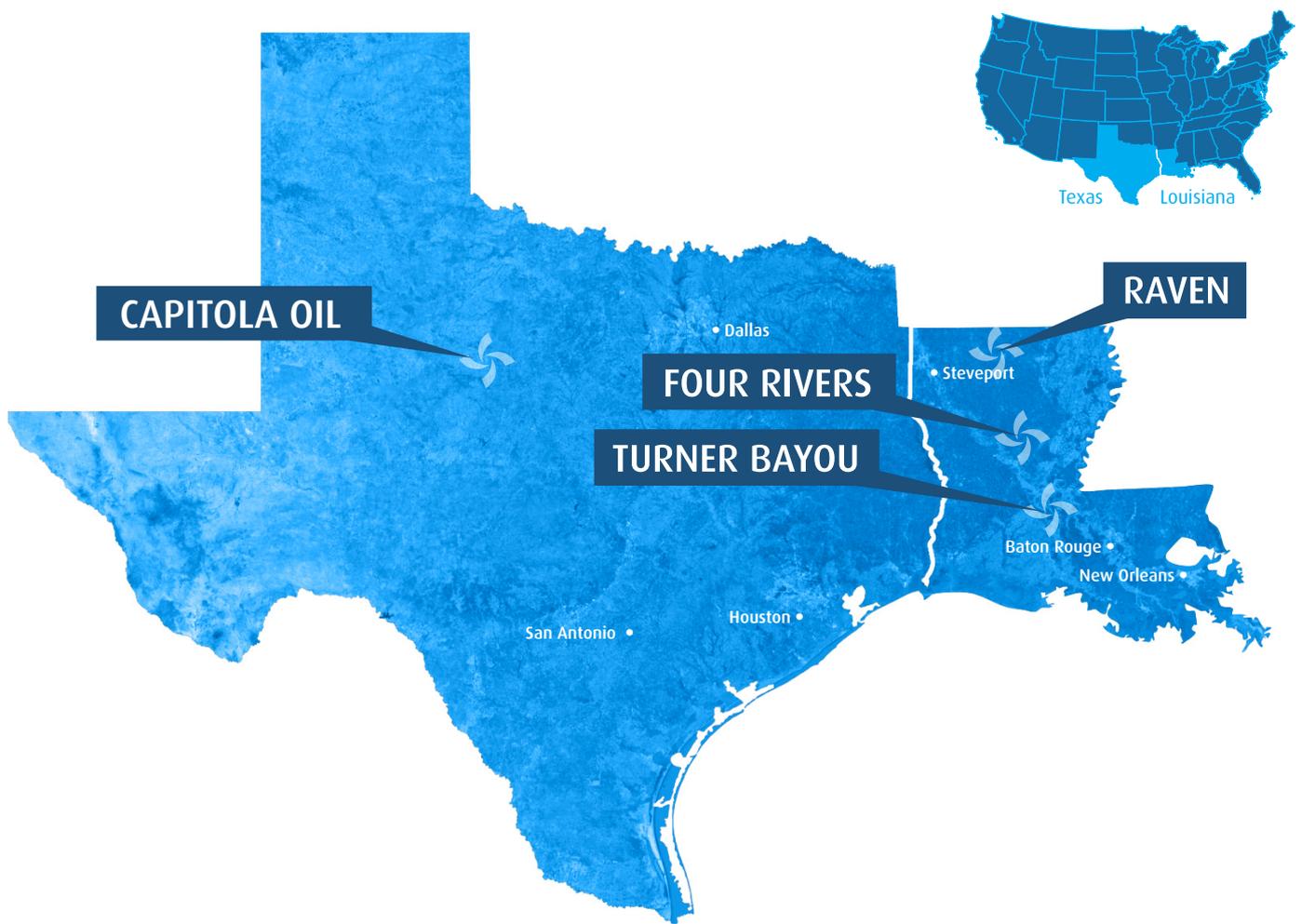
Project	Location	Interest acquired or disposed of during the quarter	Total acres (net to Pryme)	Interest held as at 30 June 2014
Raven	Lincoln Parish, Louisiana	-	1,280 acres (440 acres)	35%
Four Rivers	LaSalle and Catahoula Parishes, Louisiana; Jefferson & Wilkinson Counties, Mississippi	-	1,260 acres (240 acres)	19%
Turner Bayou*	Avoyelles Parish, Louisiana	-	20,302 acres (8,339 acres)	40%
Capitola**	Nolan and Fisher Counties, Texas	75% WI secured through farm in agreement from surface to the top of the Cline Shale	9,333 acres (7,000 acres)	75%
		50% WI secured through farm in agreement from the top of the Cline Shale deeper	9,333 acres (4,666 acres)	50%

Notes:

*The Company's share of the Turner Bayou assets are pledged as security to Macquarie Bank for a non-recourse credit facility.

**On 6 February 2014 Pryme entered into a farm in agreement to earn a share of 9,333 acres in the Capitola Oil project. An assignment of acreage will be earned by Pryme upon it drilling the first well in the project. The assignment of acreage will be retained by Pryme by meeting certain drilling obligations through to February 1, 2016. Further details about the farm in terms can be found in the Company's announcement on Capitola dated February 11, 2014.

Pryme Project Location



For further Company information please visit our website at www.prymeenergy.com or contact:

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Glossary

A\$..... Australian Dollars
 US\$..... United States Dollars
 Bbls/day.....Barrels (of oil) per day
 MMBO..... Million Barrels of Oil
 MMBOE..... Million Barrels of Oil Equivalent
 BOE..... Barrels of Oil Equivalent
 BOE/day..... Barrels of Oil Equivalent per day
 BOE/month..... Barrels of Oil Equivalent per month
 Mcf..... Thousand cubic feet (of natural gas)

Mcf..... Thousand cubic feet (of natural gas) per day
 NRI.....Net Revenue Interest
 WI.....Working Interest
 TVD..... Total Vertical Depth
 TMD..... Total Measured Depth
 MD..... Measured Depth
 OOIP.....Original Oil in Place
 3.28 feet..... Equals 1 metre

Appendix 5B

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(849)	(1,394)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	906	891
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		906	891
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	57	(503)
1.21	Exchange rate adjustments to item 1.20	975	1,557
		(10)	(32)
1.22	Cash at end of quarter	1,022	1,022

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	336
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	N/A	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Appendix 5B

Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	7,240	7,240
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	81
4.4 Administration	479
Total	560

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,022	975
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,022	975

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

Appendix 5B

Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

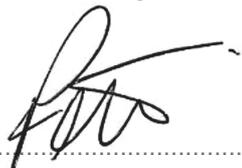
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities (description)	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	341,953,990	341,953,990	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	52,245,422	52,245,422	Various	Fully Paid
7.5 *Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options (description and conversion factor)	-	-	Exercise Price -	Expiry Date -
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	NA			
7.12 Unsecured notes (totals only)	NA			

Appendix 5B

Mining exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 30 July 2014
(Director)

Print name: Justin Pettett

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.