

## Cline Shale Update and Rights Issue Closing Soon

### HIGHLIGHTS

- Exciting new developments in the Cline Shale around Pryme Energy's Capitola Oil Project acreage
- 1 for 1 non-renounceable rights issue closing on Tuesday 8 April 2014
- Board and Senior Management are taking up their entitlements to new shares in full

### Capitola Oil Project Update

Pryme Energy Limited (**Pryme** or **the Company**) is pleased to announce that there have been new developments in the Cline Shale around Pryme's recently acquired Capitola Oil Project acreage.

Devon Energy, one of the world's leading independent oil and gas producers with a market capitalisation of more than US\$27 billion (**Devon**), has recently permitted an offset location to its Bishop 1H well less than 2.5km west of Pryme's Capitola Oil Project acreage. The commissioning of the Bishop 2H well is particularly significant because it indicates that the Devon Bishop 1H well has been highly successful as Devon has only offset one other well in its Cline Shale acreage in the area. This is the second well permitted by Devon in a matter of months with another Cline Shale well permitted to the south of the Capitola acreage earlier in the year. The enclosed map gives more detail on Devon's producing and permitted wells in relation to the Capitola Oil Project.

Furthermore, it is likely that Devon used core data that Pryme also has in its possession relating to the Bell #1 well which sits in the Capitola Oil Project acreage, to inform its decision.

This news is of great significance to Pryme as it illustrates the high profile interest and demonstrated success in an area of the Cline Shale which is extremely close to where Pryme will commence drilling at the Capitola Oil Project in 2014. The exploration of the Cline Shale continues to ramp up and the Capitola Oil Project is growing in stature as an exciting prospect with huge growth potential.

Pryme also notes that Apache Corporation, another high profile public company operating in the region, now holds 950,000 gross acres in the Midland Basin which is prospective for Cline Shale and has substantial drilling programs underway.

### Rights Issue closing Tuesday 8 April 2014

Pryme wishes to remind shareholders that its 1 for 1 non-renounceable rights issue is closing next Tuesday 8<sup>th</sup> April. The rights issue gives existing shareholders the opportunity to take advantage of the Company's newly acquired Capitola Oil Project. This opportunity is particularly significant in light of the recent developments near the Company's acreage.



The Company also wishes to remind shareholders that they can participate in the Top Up Facility, allowing them to apply for shares in addition to their entitlement. The Company will not be extending the closing date of the rights issue given the encouraging response thus far.

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ASX Code: PYM

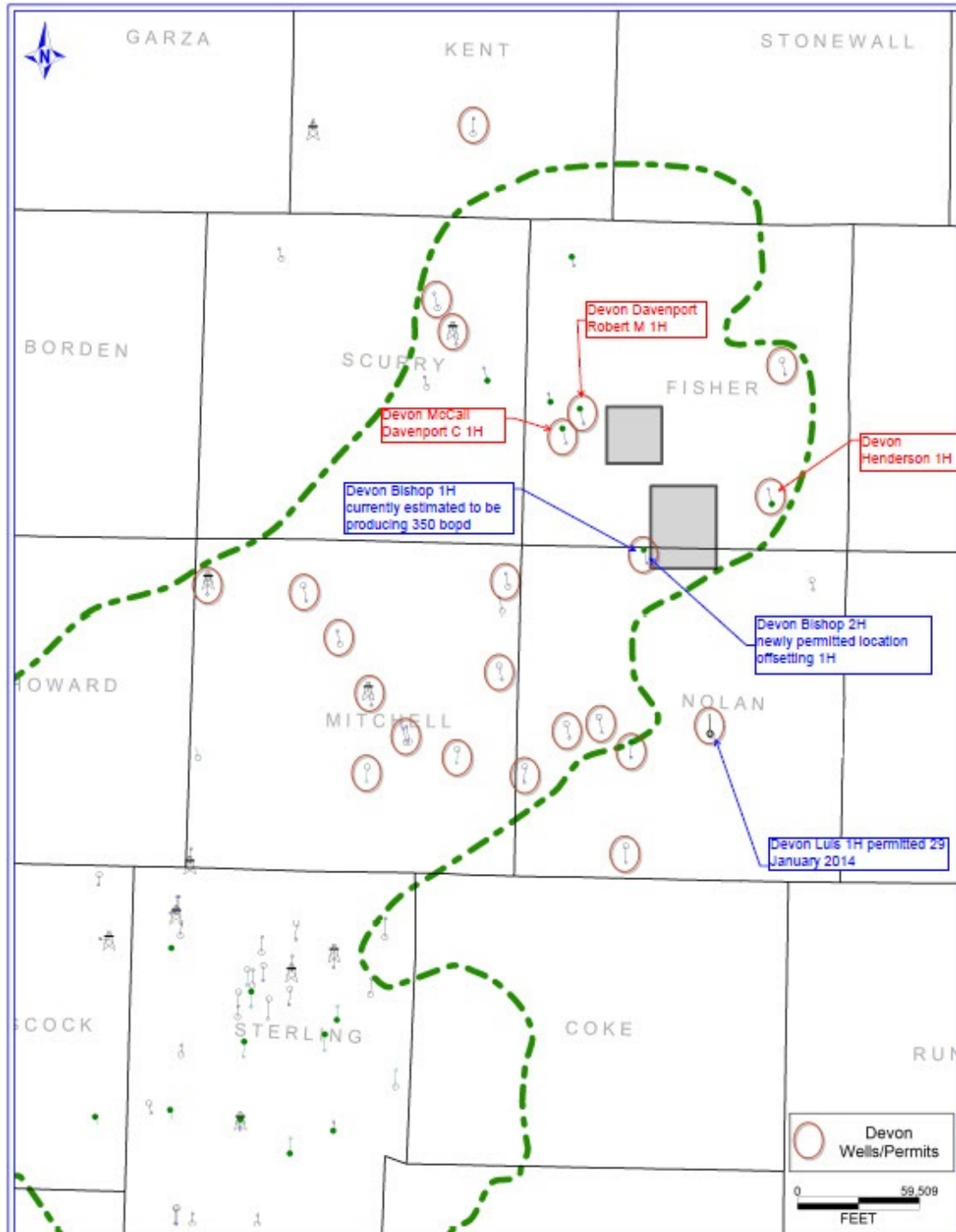
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## Rights Issue Timetable

| Event   | Date          |
|---|---------------|
| Initial announcement of Rights Issue and lodgement of Appendix 3B                                 | 14 March 2014 |
| Despatch of notices to shareholders informing them of Rights Issue (including ineligible holders) | 17 March 2014 |
| Shares quoted on ex-entitlement basis   | 18 March 2014 |
| Record Date for determining entitlements  | 24 March 2014 |
| Despatch of Offer Document and Entitlement and Acceptance Form – Offer Opens                      | 25 March 2014 |
| Closing Date  | 8 April 2014  |
| Company notifies ASX of under subscriptions   | 11 April 2014 |
| Anticipated date for allotment and issue of New Shares  | 16 April 2014 |
| Mail out of transaction confirmation statements   | 22 April 2014 |

This Timetable is indicative only and subject to change. The Directors of the Company reserve the right to vary these dates, including the Closing Date without prior notice, in accordance with the ASX Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares. The Directors of the Company also reserve the right not to proceed with the whole or part of the offer under the Rights Issue any time prior to allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to Applicants.

**Devon Energy Bishop 1H and 2H wells in reference to Capitola Oil Project acreage**



The above map shows the Cline Shale known productive outline showing Devon’s horizontal well activity and the Capitola Oil Project acreage position shown in grey in the north east region of the Permian Basin. Devon’s Cline Shale wells are drilled to approximately 6,000 feet deep and horizontally through the Cline Shale for approximately 4,500 feet.