

March 2016 Quarterly Activity Report

Significant Developments

- Capitola and Four Rivers projects sold for US\$2.3m
- Cash position at 31 March is A\$5.0m
- Full year loss of A\$10.6m announced for 2015
- New board of experienced directors appointed in January 2016
- New board continues to review existing assets and new opportunities
- Shareholders to be asked to consider name change and share consolidation

Financial

At March 31st, Pryme Energy had cash resources of \$5.0m. The board took steps to ensure that it would significantly reduce company overhead expenses including payments to board and management, while maintaining experienced directors to steer the company back to a path of value creation.

During the quarter, the Company announced its full year results for the year ended 31 December 2015 and reported a Total Comprehensive Loss of \$10.6m that includes write downs of \$8.6m.

Capitola Oil Project - Texas

After a detailed review of the Capitola Oil Project, Pryme accepted a cash offer for the Project of US\$2.214M.

In 2015, Pryme suspended the development programme at the Capitola Oil Project due to declining oil prices and overall poor production performance from the four producing wells.

A review by the current Board concluded that the Capitola asset had limited potential to generate any meaningful value for shareholders and, as such, the Board considered that it was in the best interests of the Company to sell the project. As the sale price closely reflected the written down carrying value of the asset, no material impact on 2016 profit or loss is expected.

Four Rivers Project – Louisiana / Mississippi

A review of the Four Rivers Project demonstrated that it had no material upside and that many of the wells were not economic. These small interests were sold for US\$120,000 in February 2016.

Newkirk Project, Kay County Oklahoma (100% WI 81.25%NRI)

Pryme holds a 100% WI and 81.25% NRI in 4,049 acres located in Kay County, Oklahoma near Ponca City. The leases were largely acquired during 2015 with a three year primary term and two year bonus term.

During the Quarter, the board commenced a detailed review of the Newkirk project to better understand its prospectivity and commercial attributes in the currently depressed energy price environment. This report will be completed during the current quarter. At this time, the Operator, Empire Energy Group (ASX:EEG) has no short-term plans to drill any wells.

Oil and gas leases held by Pryme are contiguous with an additional 4,936 acres held by EEG. Under a Joint Operating Agreement, the two companies have agreed to the further development of the combined acreage (8,985 acres) on a 50/50 basis.

On 27 November 2015, Pryme reported an updated Independent Reserve Report for the Project. The Reserves estimates are shown in the table below and are for 2P (Probable) Reserves only; 3P (Possible) Reserve and Contingent Resources have not been estimated. Further details and assumptions on the Newkirk Project Reserves can be found in the Company's announcement dated 27 November 2015.

| Newkirk Project | | | | |
|------------------|--|------------|--------------------|-------------------------|
| Reserve Category | Net Remaining Reserves 1 November, 2015 | | | |
| | # Wells | 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 |

The Reserves were reviewed by Keith Drennen and J.P. Dick of Pinnacle Energy Services LLC (Pinnacle), Registered Engineers in the state of Oklahoma in accordance with the Society of Petroleum Engineers, 2007 Petroleum Resources Management System.

Oil and Gas Tenements

| Project | Location | Interest acquired or disposed of during the quarter net to Pryme | Total acres owned net to Pryme | Working Interest held as at 31 December 2015 |
|---------|----------------------------------|--|--------------------------------|--|
| Newkirk | Kay and Noble Counties, Oklahoma | 0 | 4,049 acres | 100% in Acreage |

Corporate

New directors Mr. Stephen Mitchell (Chairman), Mr. Don Beard and Mr. Ray Shorrocks were appointed January 12, 2016. The new directors are experienced and successful energy executives with a strong track record of wealth creation. Details of the new directors and their relevant experience were announced to the ASX on January 12, 2016.

Pryme continued to review several new projects for acquisition and/or investment. At the time of this quarterly report, several projects were under early stage review.

Subsequent to the end of the Quarter, the Company announced its intention to seek shareholder support for a name change to Indago Energy Limited and a 1 for 10 share consolidation at the forthcoming AGM on May 18th 2016.

For further information please contact:

Stephen Mitchell

Chairman

Pryme Energy Limited

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Don Beard

Director

Pryme Energy Limited

ASX Code: PYM OTCQX Code: POGLY

Glossary

| | | | |
|----------|------------------------------------|-----------|--|
| \$ | Australian Dollars | Mcf | Thousand cubic feet (of natural gas) |
| US\$ | United States Dollars | Mcfd | 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 | | |

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Pryme Energy Limited

ABN

75 117 387 354

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------|--|
| 1.1 | Receipts from product sales and related debtors | 144 | 144 |
| 1.2 | Payments for (a) exploration & evaluation (b) development (c) production (d) administration | (55) - (36) (1,039) | (55) - (36) (1,039) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 1 | 1 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | 3 | 3 |
| Net Operating Cash Flows | | (982) | (982) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets | - - - | - - - |
| 1.9 | Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets | 3,060 - - - | 3,060 - - - |
| 1.10 | Loans to other entities | - | - |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other (provide details if material) | - | - |
| Net investing cash flows | | 3,060 | 3,060 |
| 1.13 | Total operating and investing cash flows (carried forward) | 2,078 | 2,078 |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | 2,078 | 2,078 |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | 200 | 200 |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | 2,278 | 2,278 |
| 1.20 | Cash at beginning of quarter/year to date | 2,849 | 2,849 |
| 1.21 | Exchange rate adjustments to item 1.20 | (80) | (80) |
| 1.22 | Cash at end of quarter | 5,047 | 5,047 |

Payments to directors of the entity, associates of the directors, 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 | 671 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

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

+ See chapter 19 for defined terms.

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 | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 15 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 485* |
| Total | 500 |

* Note, this includes a provision for a disputed redundancy of \$264,000

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 | 5,047 | 5,047 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 5,047 | 5,047 |

Changes in interests in mining tenements and petroleum 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 | Capitola | Oil and Gas Leases | 25-100% | 0% |
| | Four Rivers | Oil and Gas Leases | 19% Average | 0% |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

| | | | |
|---|---|---|---|
| - | - | - | - |
|---|---|---|---|

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) | NA | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 *Ordinary securities | 1,007,380,397 | 1,007,380,397 | Various | Fully paid |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 *Convertible debt securities (description) | Nil | - | - | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options (description and conversion factor) | 481,025,026 | | Exercise price \$0.02 | Expiry date 23 July 2016 |
| 7.8 Issued during quarter | - | - | - | - |
| 7.9 Exercised during quarter | - | - | - | - |
| 7.10 Expired during quarter | - | - | - | - |
| 7.11 Debentures (totals only) | NA | | | |

+ See chapter 19 for defined terms.

| | | | |
|------|-------------------------------|----|--|
| 7.12 | Unsecured notes (totals only) | NA | |
|------|-------------------------------|----|--|

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:


 (Director/Company secretary)

Date: 29 April 2016

Print name:

Stephen Mitchell

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: 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.

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