

# September 2013 Quarterly Activity Report

30 October 2013

## Company Snapshot

<b>ASX Code:</b>	<b>PYM</b>
<b>Recent price:</b> <small>(27 October 2013)</small>	<b>\$0.018</b>
<b>Cash on hand:</b>	<b>\$1,941,000</b>
<b>Shares outstanding:</b>	<b>289,708,568</b>
<b>Market Capitalisation:</b>	<b>\$5m</b>
<b>Share price range (12 months):</b>	<b>\$0.012 – \$0.14</b>

## Production

### Quarterly Sales Report (net to Pryme)

Project	September 2013 Quarter		Calendar Year to Date	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
Four Rivers*	0	2,732	0	8,909
Raven*	11,667	221	32,315	623
Turner Bayou*	0	2,118	0	7,814
<b>Total</b>	<b>11,667</b>	<b>5,071</b>	<b>32,315</b>	<b>17,346</b>
<b>Total (BOE**)</b>	<b>7,015</b>		<b>22,732</b>	

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

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

Average net daily sales to Pryme's account for the September quarter were 55 Bbls/day of oil and 127 Mcfd of natural gas (76 BOE/day). This represents a decrease of 7.6% from the June 2013 quarter and is mainly attributable to a decline in sales from Turner Bayou.

# Projects

We have spent the last quarter evaluating strategic acquisitions in the USA with a goal to immediately increase bottom line production and cash flow whilst preserving upside through both low risk development drilling and risk mitigated exploration throughout the Gulf Coast states of the USA. We are planning to be in a position to release further details on the first of a series of strategic acquisitions and partnerships before years end. Our project profile moving forward will also include a mixture of low risk, low cost shallow Middle Wilcox oil wells in our Four Rivers project area.

In Turner Bayou our efforts have been focused on optimizing production from our three existing wells and progressing discussions with several interested parties to buy an interest in or farm into Turner Bayou to fund additional drilling opportunities. Additional interest in the project has been generated during the quarter and we remain positive about our efforts to source a partner to fund further exploration and development in the project area in a way that would minimise Pryme's financial exposure. This would enable Pryme to retain an interest in the project and share in any upside through successful drilling efforts.

## Turner Bayou Chalk Project

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

The average daily production rate for these wells during the September 2013 quarter was 76 Bbls/day (23 Bbls/day net to Pryme.) Production has remained fairly stable on the Deshotels 13 & 20H wells despite the mechanical issues which impeded their effective completion.

The three production units hold approximately 3,360 acres by production.

### About Turner Bayou

The Turner Bayou project comprises approximately 80 square miles (50,000 acres) which have been imaged by a proprietary 3D seismic survey. Pryme has a 40% working interest in approximately 19,000 gross acres (15,000 net acres) in the Turner Bayou Project and is 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.

## Four Rivers Project (8% – 25% Working Interest)

Third quarter oil sales of 2,732 barrels (30 Bbls/day net to Pryme) were 9% lower than for the previous quarter. This is mainly attributable to timing of oil deliveries and normal decline.

### About Four Rivers

The Four Rivers project extends from Winn, Concordia and Catahoula Parishes in Louisiana to Adams, Jefferson and Wilkinson Counties in Mississippi. The project is targeting multiple "stacked" oil zones throughout the Middle-Wilcox formation at depths ranging from 4,000 to 7,000 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 with the potential for rapid conversion to production and typically have low operating and maintenance costs.

## Raven Project (35% WI / 25.38% NRI)

Third quarter sales for the Raven project were 11,667 Mcf of natural gas and 221 barrels of condensate net to Pryme (127mcf and 2.4 Bbls/day net to Pryme respectively), reflecting 15% increase in gas sales over the previous quarter and a 25% increase in condensate sales due timing of oil sales.

## Financial

Cash on hand at 30 September 2013 was \$1.941m. Cash receipts from oil & gas sales for the quarter totalled \$0.65m. Revenue before royalty payments for the quarter totalled \$0.62m. 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.



For further Company information please visit our website at [www.prymeenergy.com](http://www.prymeenergy.com) or contact:

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## Glossary

Bbls .....	Barrels of oil
Bbls/day .....	Barrels (of oil) per day
BOE .....	Barrels of Oil Equivalent
BOE/day .....	Barrels of Oil Equivalent per day
Mcf.....	Thousand Cubic Feet (of natural gas)
Mcf.....	Thousand Cubic feet (of natural gas) per day
NRI .....	Net Revenue Interest
WI .....	Working Interest
3.28 feet.....	Equals 1 metre

# Appendix 5B

## Mining 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

**Name of entity** **ABN** **Quarter ended ("current quarter")**  
**Pryme Energy Limited** **75 117 387 354** **30 September 2013**

### Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	566	1,955
1.2 Payments for (a) exploration and evaluation	(485)	(1,950)
(b) development	-	-
(c) production	(113)	(612)
(d) administration	(490)	(1,632)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	32
1.5 Interest and other costs of finance paid	(110)	(326)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	33	62
<b>Net Operating Cash Flows</b>	<b>(589)</b>	<b>(2,471)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	34	34
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>34</b>	<b>32</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(555)</b>	<b>(2,439)</b>

# Appendix 5B

## Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(555)	(2,439)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	932
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	17	1,300
1.17	Repayment of borrowings	-	(11)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>17</b>	<b>2,221</b>
	<b>Net increase (decrease) in cash held</b>	<b>(538)</b>	<b>(218)</b>
1.20	Cash at beginning of quarter/year to date	2,495	2,074
1.21	Exchange rate adjustments to item 1.20	(16)	85
1.22	<b>Cash at end of quarter</b>	<b>1,941</b>	<b>1,941</b>

### 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	216
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	7,122	7,122
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	98
4.4 Administration	488
<b>Total</b>	<b>586</b>

### 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	1,941	2,495
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,941</b>	<b>2,495</b>

### 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 <b>Preference *securities</b> (description)	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	289,708,568	289,708,568	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>*Convertible debt securities</b> (description)	Nil	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> (description and conversion factor)	9,521,250		Exercise Price \$0.15	Expiry Date 30 November 2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> (totals only)	NA			
7.12 <b>Unsecured notes</b> (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 October 2013

(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.