



5 March 2012

Boardroom Radio Broadcast

Pryme Energy asset overview and 2012 development strategy

Pryme Energy Limited (ASX: PYM) has joined the Boardroom Radio Australia (BRR) team to record and publish online broadcasts of various announcements its makes through the Australian Securities Exchange (ASX.) Please click on the following link to listen to this latest broadcast.

[Pryme Energy Limited – Boardroom Radio](#)

PRYME ENERGY LIMITED (PYM) provides the opportunity to listen to an audio broadcast with Mr Justin Pettett, CEO and MD in a presentation titled "Pryme Energy asset overview and 2012 development strategy."

The presentation details are as follows:

- Pryme Energy asset overview and 2012 development strategy
- Presented by Mr Justin Pettett, CEO and MD
- Thursday, 5 March 2012 11.45am AEST
- A transcript of the broadcast is included below

About Turner Bayou

Pryme has a 40% working interest in 24,000 acres (9,600 net acres) in the Turner Bayou Project and is initially targeting development of the Austin Chalk horizon. A total of 30 Austin Chalk well locations are possible within the core project area based on a 640 acre well spacing.

Wells drilled to test the Austin Chalk formation within Turner Bayou are located using Pryme's proprietary 3D seismic data, and drilled to approximately 15,000 feet vertical depth and then horizontally for a further 4,000 to 6,000 feet targeting major phase oil. Naturally occurring fracture systems within the chalk act as the reservoir and typically do not require any stimulation. Pryme has drilled two Austin Chalk wells within Turner Bayou (Pryme 40% WI). The second well, the Deshotels 13H, returned an initial potential rate of 1,167bpd of oil and 600mcf/d of natural gas despite a sub optimal completion method and resulting mechanical issues.

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Radio Interview with Justin Pettett, Managing Director of Pryme Energy RE: Asset sale and 2012 plans for Turner Bayou.

Justin, welcome back to BRR and we appreciate you taking the time to bring us up to speed with the work at Pryme Energy.

Thanks James

1. 2011 saw Pryme undertake one of its most active work programs to date. Can you start by talking through the material work programs that were completed in 2011 by Pryme Energy?

Yes 2011 was a busy and important year for the company and we hit the ground running on the back of drilling our inaugural well, the Deshotels 20H in our flagship project, Turner Bayou. While drilling the lateral through the Austin Chalk we encountered a large number of very significant oil and gas shows resulting in oil and gas being produced back to the surface and flared. We then drilled a second well in Turner Bayou, the Deshotels 13H. This well also encountered many hydrocarbon filled fractures which were confirmed by a fracture identification log that we ran through the lateral recording 128 open fractures as well as 18 small faults. It appeared to have the potential to be an excellent producer. However, due to mechanical problems and damage sustained to the laterals of both wells they have failed to meet production expectations. There is no doubt in my mind that had both wells not been damaged as a result of mechanical failures they would be producing in excess of 1,000 barrels of oil per day. Whilst the past year has been frustrating for sure the prize is great enough to make up for the long and expensive learning curve. Pryme produces around 120 barrels of oil per day companywide even one successful producer in Turner Bayou would result in an extraordinary lift in daily production and monthly revenue.

2. Later in the year Pryme also participated in a well with Anadarko Petroleum within the northern portion of your acreage. Can you explain the impact of this well result on the project?

The objective in participating in the Rabalais 35 No.1 with Anadarko was to obtain information on the production potential of the northern portion of our acreage and to expand our experience in drilling and completing horizontal wells in the Austin Chalk. Our low working interest in this well reflected the small amount of acreage we held within the drilling unit containing the well. The well was drilled overbalanced suppressing most of the evidence of any oil and natural gas shows in the mud log that would normally be produced to surface when drilling underbalanced. Anadarko completed the well with a slotted liner a completion technique they have used often which is different to what was used in both of our Deshotels wells. Rightly so, Anadarko's Lacour 43 well initially tested at over 3,000 barrels of oil per day, the highest initial rate achieved to date in the region. Anadarko continue to work on this well and its production potential may not be known for some time. We will keep investors up to date.

3. Following this program what is the company's interpretation of the value and opportunity that exists in the Turner Bayou project?

Both Deshotels wells have suffered mechanical and formation damage issues which have led to severe under performance. This damage is largely attributed to inappropriate completion techniques. In our opinion the best way to drill and complete horizontal wells in the Austin Chalk

is to drill them under balanced and flow the well back through either a slotted liner within the lateral or an open hole lateral. Either one of these procedures should maximise the removal of drilling muds and fluids at the earliest possible time and will be adopted in future wells. We remain committed to Turner Bayou and realising the untapped value of the project for the benefit of our shareholders.

4. Do the technical issues that have impacted the Deshotels Wells impair the value of the project to Pryme? Geologically do you believe this project still has the ability to generate shareholder value?

The results to date have not reduced our conviction of the attractive commercial potential of the project. In fact geologically we have de-risked this project through the discovery of oil and natural gas and the presence of a vast number of naturally occurring fractures identified when we drilled our wells. Leaving only engineering or mechanical risks which we are confident of overcoming as we move forward.

5. What plans do you have for the 2012 calendar year at Turner Bayou and can you talk me through how you will approach further work programs?

We've changed engineering teams and made a number of operational changes and plan to drill our next well in Turner Bayou mid-year. As discussed earlier we intend to go back to basics and drill our future wells under balanced and complete them with either a slotted liner or open hole so as to not risk any damage to the formation. On the back of a successful completion mid-year we will ramp up our drilling program in Turner Bayou. These wells produce around 75% of their production in the first couple of years initially producing over 1,000 barrels of oil per day. As oil prices climb through \$110 a barrel and are forecasted to run through \$150 a barrel leading up to the US summer this equates to a significant jolt of cash flow for the company. Even with only one well in production.

6. The company has just disposed of its interest in the Catahoula Lake Project, can you explain the rationale and how this impacts your cash reserves?

Catahoula Lake has provided valuable income for the Company over the years. Our decision to sell Catahoula Lake was driven by the exploration prospectivity of the project and the additional costs and regulations to drill on water anywhere in Louisiana or the US for that matter post the BP disaster in 2010. The funds realised through the sale will help us to focus on Turner Bayou, and expand our portfolio of projects that greater prospectivity than Catahoula Lake.

7. Can you articulate some of your broader business development plans and the intermediate goals you have set in the recent investor presentation.

Yes of course. As detailed in our latest presentation there are two main areas we are focused on. Business development and our intermediate goals. We feel we finally have the formula right for Turner Bayou. The learning curve has been steep but we are very confident that the project will be extremely rewarding for shareholders and continue to add value for many years to come. The additional income from Turner Bayou will enable us to set and achieve ambitious goals towards expanding our portfolio. As daily production and reserves increase it will be very hard to not see an appreciation in our share price, even in this market. Many juniors miss some key



fundamentals and the market is simply not going to give value to a good story. Results in the field will drive shareholder value and that's true for any junior explorer working in the US. We have a lot of ground to make up as a sector with too few gems in our market. We're also busy building a world-class technical team in the US made up of "proven oil-finders." An important part of that team is a lead exploration geologist. This position has been filled. We have geophysical expertise in house and as a result of our experience in Turner Bayou in house engineering. 2012 will be an exciting year for Pryme. Investors should look out for news about our next Turner Bayou well in the coming weeks.

Justin it certainly sounds like you have a full 2012 and we will be watching with keen interest as you and your team execute on your goals,

Thanks for your time.

Thanks James, its been a pleasure being on the call.

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