

Drilling to Begin in Turner Bayou Operations Update

HIGHLIGHTS

- **Drill rig to arrive on site within two weeks**
- **Pryme appointed project operator**
- **Substantial changes to engineering and completion procedures have been made**

The Rosewood Plantation 21H well

Preparation of the drill site for Pryme Energy Limited's (Pryme) next well in the Turner Bayou project, the Rosewood Plantation 21H, is advanced and the drill rig is expected to begin moving to site within two weeks. Drilling of the well will begin shortly thereafter. Weekly updates on drilling progress will be released to the ASX each Tuesday morning Australian Eastern Standard Time.

Pryme appointed Operator of the Turner Bayou project

Pryme's wholly owned subsidiary, Pryme Energy LLC, has been appointed operator of the Turner Bayou project.

"Our relationship with Nelson Energy, the former operator of the project and an equity participant, remains strong as we embark on drilling the Rosewood Plantation 21H together. Both Pryme and Nelson Energy are participating in this next well to the full extent of their equity interests as well as assuming their proportionate shares of any non-consenting interest," said Justin Pettett, Pryme's Managing Director.

Interest in the Rosewood Plantation 21H (Pryme 54.6% WI / 40.95% NRI)

In addition to its 40% working interest (30% net revenue interest) in the Turner Bayou project, Pryme has the opportunity to fund an additional 14.6% working interest (10.95% net revenue interest) of non-consenting interest in the Rosewood Plantation 21H well. In accordance with the terms of the Turner Bayou joint operating agreement, Pryme will receive 100% of net revenues attributable to the non-consenting interest until it has recovered 300% of the costs of drilling, completing and bringing the well into production attributable to that interest. Following this, Pryme's participating interest in the well will revert to its 40% working interest.

Completion changes and Engineering

Following mechanical problems which were encountered in the completion of both the Deshotels 20H and 13H wells and prevented them from realising their oil production potential, Pryme engaged an experienced engineering team to evaluate the past drilling and completion performance of the wells and determine a lower risk approach to the continuing development of the Turner Bayou project. As a result, a simpler and well-proven approach to completion of future wells has been adopted. This



includes running a slotted or perforated liner in the horizontal section of the well, not cementing it in place and avoiding the need to perforate the liner.

“These changes, as well as the application of improved drilling technology to keep the lateral portion of the well within the target zone, should greatly increase oil recovery and reduce technical risk.” Said Ryan Messer, Pryme’s Executive Director & COO.

About the Turner Bayou Chalk Project

Pryme has a 40% working interest in 25,791 acres (10,316 net acres) in the Turner Bayou Project and is initially targeting development of the Austin Chalk horizon. Up to 30 gross Austin Chalk well locations are possible within the project area based on a 640 acre well spacing.

Wells to test the Austin Chalk formation within Turner Bayou are located using Pryme’s proprietary 3D seismic data, 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 stimulation. Pryme has drilled two Austin Chalk wells within Turner Bayou (Pryme 40% WI) to date. 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.

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 (TMS) which is the equivalent of the prolific Eagle Ford Shale in South Texas. Several exploration and production companies operating in proximity to Turner Bayou have achieved encouraging results from tests of the TMS. The Company will continue to monitor this activity and update the market as appropriate.

Additional Information on Pryme Website

Additional information on Pryme and on the Turner Bayou project is available on the Company’s website at www.prymeenergy.com. In particular, investors are directed to a recent presentation and webcast by Pryme’s Managing Director, Justin Pettett. You can access this webcast by [clicking here](#). Alternatively you can access the webcast by clicking the Boardroom Radio link on the lower right hand corner of the Pryme website Home Page.

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Competent Person Statement and Disclaimer

The information contained in this announcement has been reviewed by Mr Greg Short, BSc. Geology (Hons), a Director of Pryme who has more than 33 years’ experience in the practise of petroleum geology. Mr Short reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and



any estimated hydrocarbons in place in the form and context in which they appear. Any resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at www.spe.org.

This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Pryme that its expectations, estimates and forecast outcomes will be achieved.