

9 December 2009

Atocha Project - HM Brian No.1 Update

Future Corporation Australia Limited (ASX: FUT) advises that since perforation of the HM Brian No.1 well at the beginning of the month, the load water has been recovered and acid has been injected into the formation to increase permeability. Acidizing the well increased the flow of natural gas into the well bore although the gas was not in commercial quantities. The production of formation water also increased. Further stimulation work, including fracture stimulating the well, was considered by the operator and partners. It was concluded that fracture stimulation of the formation might not only increase natural gas flow possibly to a commercial rate, but also the production of formation water. Accordingly, it has been decided to abandon work on the targeted Tuscaloosa sand and focus on:

1. analysing a second Tuscaloosa interval which was encountered slightly shallower in the HM Brian No.1 well bore at a depth of approximately 16,000 feet, and
2. drilling a second well at a location up-dip to the HM Brian No.1.

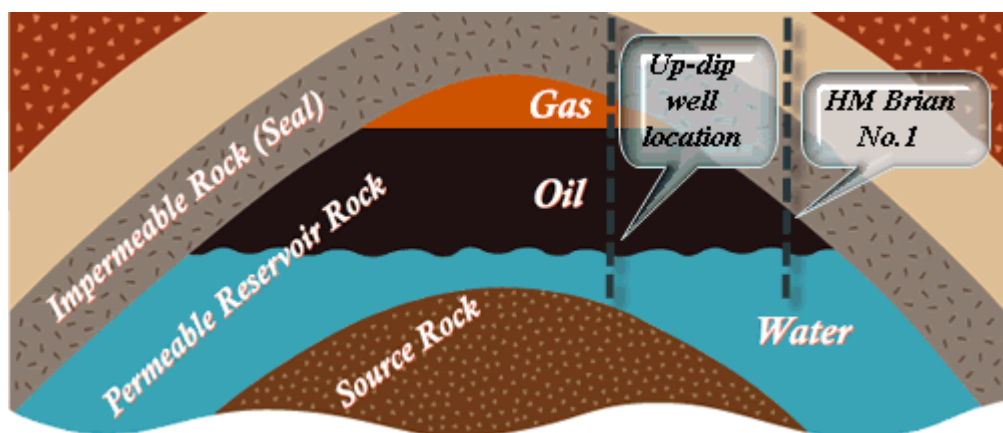
The HM Brian No.1 will be temporarily shut-in pending further analysis of the second Tuscaloosa interval seen on logs during testing. Evaluation of the second Atocha well location has commenced.

Results Support New Test Up-dip to HM Brian No.1

The re-entry of the HM Brian No.1 generated valuable information supporting the drilling of additional wells in up-dip locations. Results have confirmed the presence of hydrocarbons. However, the completed interval in the Tuscaloosa sand is too far down dip to be commercially productive. Work to evaluate the seismic dataset covering the 6,400 acre lease block and to select a second drilling target has commenced. It is expected that the second well will intersect the Tuscaloosa sands higher in the formation and that it should also intersect additional Tuscaloosa sands which were not encountered in the HM Brian No.1.

Explanation of Results and Migration of Hydrocarbons

Hydrocarbons are generated from source rocks and slowly migrate vertically until they reach the surface or are trapped by an impermeable layer of rock, known as a seal. The hydrocarbons then migrate laterally until they are trapped against a fault block or the termination or pinch out



of reservoir sands against an impermeable barrier. Oil and gas, being less dense than water, will sit above the water in the formation. Interpretation of the results from the HM Brian No.1 well leads to the conclusion that it is located on the flank of the oil and gas reservoir and that the next well should be drilled up-dip to that well in order to intersect a structurally higher section of the oil and gas reservoir. This is shown schematically in the accompanying diagram on the previous page.

The initial well in the Atocha Project has proven the existence of hydrocarbons and did produce natural gas albeit not in commercial quantities. The information gathered towards drilling a new well up-dip to the HM Brian No.1 well is now compelling and demonstrates that the Atocha Project covering some 6,400 acres is a viable exploration project. Planning of the second test and the first new well to be drilled in Atocha will begin immediately. Work has begun on choosing the second test location through evaluation of new geological and engineering data acquired from the HM Brian No.1 along with fresh geophysical interpretation of the seismic data. We expect to begin drilling the first new well in Atocha in the New Year.

To date the re-entry of the HM Brian No.1 is substantially under budget. All partners in the Atocha Project remain committed to the analysis of the second Tuscaloosa zone in the HM Brian No.1 and the drilling of the new well in the project in early 2010.

Atocha Project Description

The Atocha Project, located in East Baton Rouge and East Feliciana Parishes in Louisiana, covers 6,400 contiguous acres within the up-dip fairway of the Tuscaloosa Trend. The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 Trillion Cubic Feet (TCF) of natural gas and 120 million barrels of condensate over the past 32 years.

Atocha is located five miles north of BP's Port Hudson Field which is the best producing field in the trend and contains the HM Brian No.1 well which was drilled by Shell Oil in 1980 and cased to a depth of approximately 17,700 feet. Petrophysical analysis has concluded that this well contains over 125 feet of bypassed Tuscaloosa pay sand.

The Atocha Project area is prospective for oil and gas with a target size in excess of one Trillion Cubic Feet Equivalent (TCFE) of recoverable gas equivalent for the entire acreage block.

Pryme has spent over US\$1.4 million on generating the Atocha project including building a significant land position, carrying out technical reviews and planning a program to test the project. Pryme is the operator of the project and has a 25% working interest in the project and a 3% overriding royalty on production.

Working Interest Partners

Future Corporation Australia Limited (ASX: FUT)	50%
Pryme Oil and Gas Limited (ASX: PYM)	25% (Operator)
Promesa Limited (ASX: PRA)	25%



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The information in this announcement has been reviewed by James A. Stewart (a registered professional Petroleum Geologist in the State of Louisiana and Mississippi in the United States of America) who has over 20 years experience in petroleum geology, drilling, well completions and production operations. Mr Stewart reviewed this announcement and consents to the inclusion of the geological and engineering descriptions and any estimated hydrocarbons in place or flow rates 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