

Pryme to Participate in Anadarko Austin Chalk Well

Pryme Energy Limited has elected to participate in an Austin Chalk well to be drilled by Anadarko Petroleum Corporation (NYSE: APC) (“Anadarko”) within the northern portion of Pryme’s Turner Bayou Chalk project acreage. Pryme has an 8.8% working interest (6.6% net revenue interest) in the well and the expected cost to Pryme is slightly under US\$1 million.

The Rabalais 35-1 well, within the North Bayou Jack Field, will be drilled to a vertical depth of approximately 14,850 feet (4,525 metres) with a 7,000 foot (2,130 metre) lateral through the Austin Chalk formation, for a total measured depth of approximately 22,000 feet (6,705 metres). Drilling of the well commenced on 10 November and it is currently at a depth of approximately 5,700 feet (1,740 metres). Completion is expected to be achieved by late January 2012.

Justin Pettett, Pryme’s Managing Director, said, “Anadarko is one of the world’s largest independent oil and gas exploration and production companies. It has a significant acreage position in the proximity of our Turner Bayou Chalk project including several units in which Pryme has the right to participate. The Rabalais 35-1 is Anadarko’s third Austin Chalk well in the region (see enclosed map). We look forward to participating in a well which will benefit from Anadarko’s experience.”

The table below outlines the initial potentials of recently completed wells in the Austin Chalk formation in the Turner Bayou Chalk project region. In addition to these, Anadarko recently drilled the Lacour 43-1 well in Point Coupee Parish which tested at 3,000 barrels of oil and 2,500 Mcf of natural gas per day, recording the highest initial potential to date in the region.

Austin Chalk Initial Potential Rates

Operator	Well	Oil (bopd)	Gas (mcf/d)	Water (bwpd)
Anadarko Petroleum	Lacour 43-1	3,000	2,500	600
Atinum Operating, Inc	Briggs Alt. No.1	2,184	6,795	3,276
Anadarko Petroleum	GASRS 5 No.1	1,073	12,663	5,465
Anadarko Petroleum	Dominique 27 No.1	753	1,151	1,484
Nelson Energy	Deshotels 20H No.1	600	458	0
Anadarko Petroleum	GASRS 18 No.1	500	7,000	6,672
Anadarko Petroleum	GASRS 16 No.1	203	1,127	259

Source: Louisiana Department of Natural Resources www.sonris.com

Mr Pettett said, “Participation in the Rabalais 35-1 well not only represents an attractive exploration opportunity but will also provide an additional data point for establishing the oil and gas prospectivity in the northern portion of Pryme’s acreage within the Turner Bayou 3D seismic survey area.”

Deshotels 13H (40% Working Interest / 30% NRI)

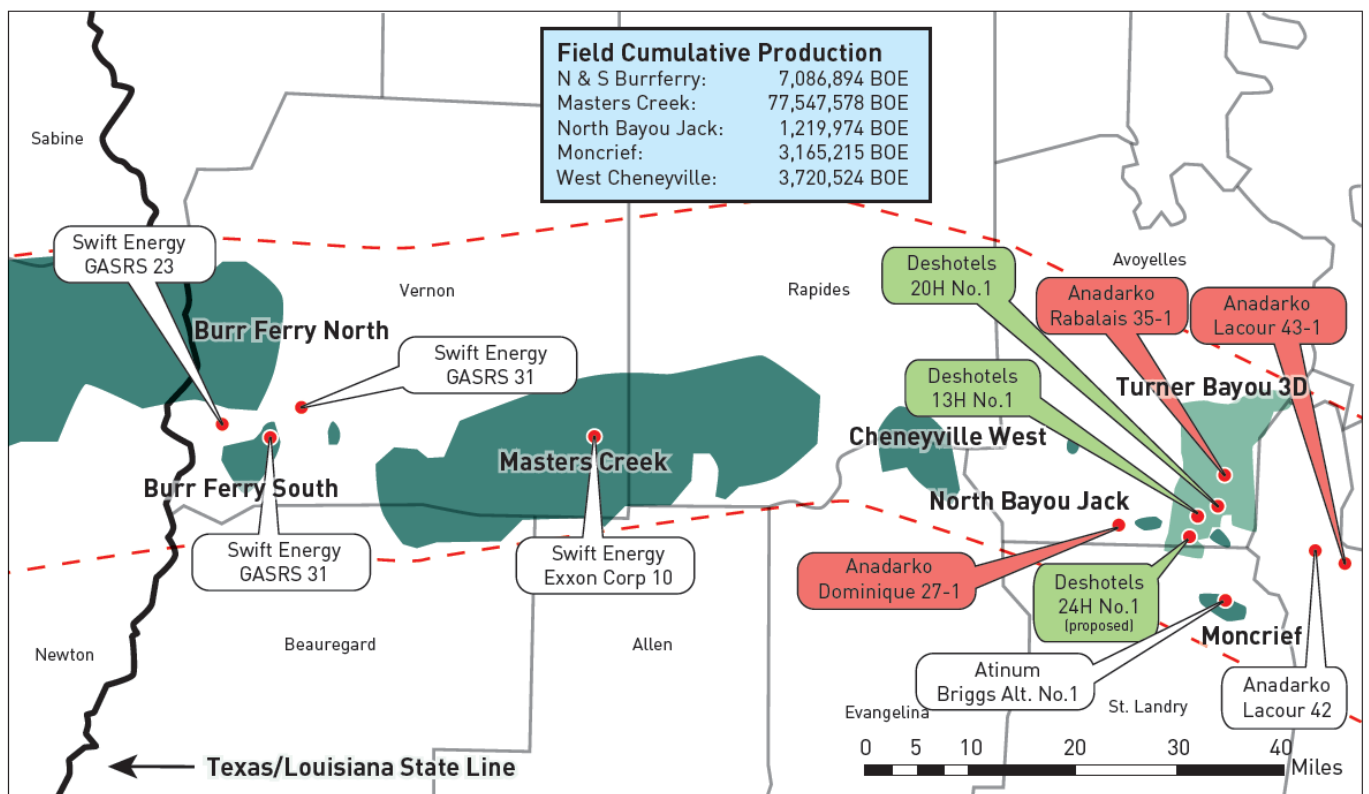
The Deshotels 13H is currently shut-in after a nitrogen injection procedure to flow back formation water and drilling mud from the horizontal section of the well. It will be brought back online next week and an

initial potential will be established. A further announcement regarding this initial rate is expected to be made late next week.

Deshotels 20H (40% Working Interest / 30% NRI)

Whilst production from the Deshotels 20H has remained fairly stable, a nitrogen injection procedure is currently being undertaken with the objective of assessing feed-in rates and gathering bottom hole pressure data in order to design a down hole pump assembly to increase the oil and natural gas production rates.

Austin Chalk Regional Trend Map and Project Location



About the Turner Bayou Project

The Turner Bayou project is a significant part of Pryme’s exploration portfolio and comprises approximately 80 square miles (50,000 acres) which have been imaged by a proprietary 3D seismic survey. Primary targets are the Wilcox formation at 12,500 feet, the Austin Chalk at 15,300 feet and the Eagle Ford Shale at 16,000 feet. Pryme has approximately 9,600 net acres within the Turner Bayou project covering all depths representing up to 30 potential drilling locations in the Austin Chalk alone.

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Competent Person Statement

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.