

Annual General Meeting 2012 Chairman's Address

Pryme's flagship project is the 24,000 acre Turner Bayou project located in Avoyelles Parish Louisiana in which the Company has a 40% working interest.

The Company's exploration activities in 2011 contributed to a significant reduction in the geological risk associated with the Turner Bayou project and provided important confirmation of the value of the project itself in two ways.

Firstly, the completion of the Deshotels 20H and 13H wells demonstrated that the Austin Chalk formation within the project area is highly fractured and that the fracture networks were oil-bearing. Flow testing of both wells indicated that the formation should support high initial oil production levels from appropriately sited wells.

Secondly, a detailed re-interpretation of Pryme's Turner Bayou 3D seismic survey data over the project area indicated that fracture intensity is higher in Pryme's tenements than in much of the Austin Chalk formation within the region. This is a strong affirmation of the high oil prospectivity of Pryme's tenements and supports the basis on which the project area was selected.

Towards the end of 2011 we also participated in a modest way, with an 8% working interest, in the drilling of Anadarko's Rabalais 35 No.1 well. This well was drilled in the most northerly portion of our Turner Bayou tenements and did not encounter commercially productive fracture networks. However, it provided useful confirmation of the reinterpreted seismic result as well as delineating the northern extent of the high fracture intensity zone of the Austin Chalk formation.

Unfortunately, as shareholders will be aware, mechanical problems encountered by the Turner Bayou project operator in completion of the Deshotels 20H and 13H wells prevented us from realizing anywhere close to the expected production levels from them. We believe that these problems have now been addressed with significant completion and well design revisions and that the likelihood of successful completion of subsequent wells has been greatly increased.

Justin Pettett, our Managing Director, will discuss the Turner Bayou project in more detail in his address.

The balance of our oil and gas exploration and production projects proceeded as planned through 2011.

In early 2012 we completed the sale of Pryme's 25% interest in the Catahoula Lake project for a small profit. This transaction was undertaken because we believe the funds released from the sale, and the expenditure avoided through ceasing exploration there, could be better deployed in other projects. We also repaid the \$4million convertible note, which fell due in April, and the Company is now debt-free.

We intend to drill additional Turner Bayou wells during 2012. Completing a well and producing it at around the expected initial production of over 1,000 barrels of oil per day, will provide strong support for a significant increase in Turner Bayou oil reserves. It will also provide strong support for the development of the Turner Bayou project area with the drilling of up to 30 additional wells.

The biggest challenge facing the company at present is funding of our next well in Turner Bayou without unnecessarily diluting our loyal and patient shareholders. Very weak equity markets and the legacy of



the completion issues with the Deshotels 20H and 13H wells are impacting on the demand for Pryme shares and the share price. Your management team is working diligently on sourcing additional funding. In the meantime, cash in hand and revenue from existing operations are sufficient for continuing operations.

Before moving onto the business of the meeting I wish to record my appreciation of the terrific efforts of Justin Pettett, our CEO, Ryan Messer our COO, and Sandra Gaffney our Chief Financial Officer over the past year. There have been many challenges and they have successfully tackled them through great effort and commitment.

I also wish to thank shareholders for their support and I repeat our absolute commitment to delivering value on their investment.

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