

## Rabalais 35 No.1 Well Update

Most of the completion fluids and drilling mud from the horizontal leg of the Rabalais 35 No.1 have been flowed back to surface with nitrogen injection assistance and the well is currently shut in for pressure build up. The production potential will remain uncertain until after the flow back operation is complete.

Pryme's working interest in the Rabalais 35 No.1 well is 8.8% (NRI 6.6%) reflecting the small acreage held by Pryme in the drilling unit containing the well. Costs to date have been significantly below budget.

### 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.

Recent successful wells in and around Turner Bayou are detailed in Table 1 and Figure 1 below. Pryme plans to spud its fourth well in the Austin Chalk in late April 2012.

In addition to the Austin Chalk potential of the Turner Bayou project area, Pryme is aware that several companies have achieved encouraging results from tests of the Eagle Ford and Tuscaloosa Marine Shales in proximity to Turner Bayou, these formations are included in Pryme's Turner Bayou leases. The Company will continue to monitor this activity and update the market as appropriate.

### 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
Nelson Energy	Deshotels 13H No.1	1,167	644	350
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

**Table 1: Louisiana Department of Natural Resources [www.sonris.com](http://www.sonris.com)  
Nelson Energy as operator denotes Pryme owned wells**

## Austin Chalk Regional Trend Map and Project Location

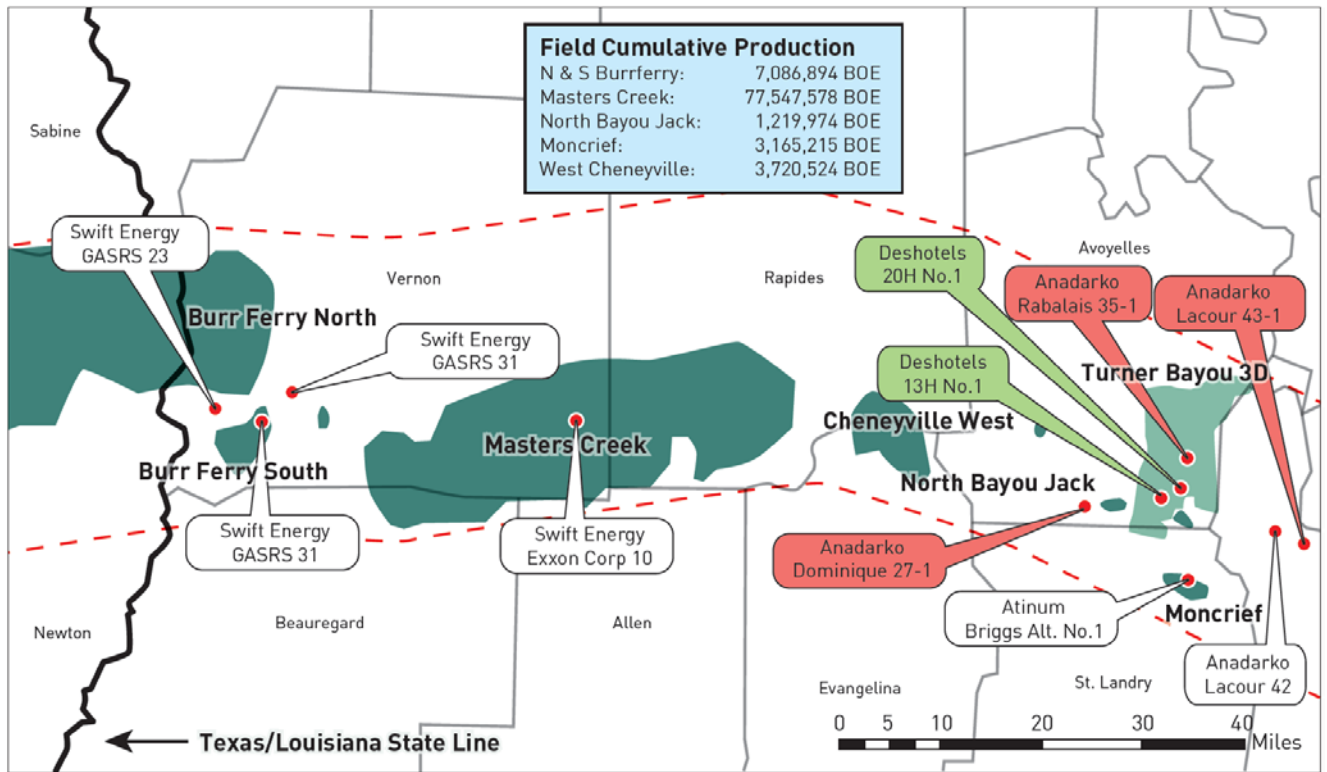


Figure 1

For further information please contact:

**Justin Pettett**  
**Managing Director**  
**Pryme Energy Limited**  
 Telephone: +61 7 3371 1103

**Ryan Messer**  
**Chief Operating Officer**  
**Pryme Energy Limited**  
 Telephone: +1 713 401 9806

Website: [www.prymeenergy.com](http://www.prymeenergy.com)

ASX Code: PYM

OTCQX Code: POGLY

### 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](http://www.spe.org).