



ASX / Media Release

14 June 2013

Turner Bayou Operations Update

HIGHLIGHTS

- Investigation indicates reservoir damage in Rosewood Plantation 21H sustained during drilling
- Legal action initiated by Pryme Energy against Signa Engineering
- Re-negotiation of debt facility terms

Rosewood Plantation 21H No.1 (61.53% Working Interest / 46.15% NRI)

The Rosewood Plantation 21H No.1 well, which was recently completed and put online in April, was drilled to a depth of 15,320 feet (4,670 metres) with a “lateral” section, within the Austin Chalk formation, of 4,480 feet (1,365 metres) in length. A slotted production liner was installed in the lateral section.

An investigation by Pryme has revealed that drilling fluids, solids, cuttings and other debris were forced into the Austin Chalk formation during drilling of the well. Pryme believes this has damaged the formation around the well bore and caused the well to significantly underperform. The well is currently flowing at fluctuating rates between 20 and 40 barrels of oil per day (10 -20 barrels of oil per day net to Pryme.)

Legal Action Initiated by Pryme Energy against Signa Engineering Corporation

Pryme’s wholly owned US subsidiary, Pryme Energy LLC (“Pryme Energy”), as operator of the Rosewood Plantation 21H well located in Avoyelles Parish, Louisiana, has initiated legal action against Signa Engineering Corporation (“Signa”) to recover losses in connection with the formation damage and certain costs overruns.

Re-negotiation of debt facility terms

Pryme is currently re-negotiating the terms of their non-recourse credit facility with Macquarie Bank Limited with the re-negotiations expected to be concluded in the coming weeks.

Of priority to Pryme is to consider, design and implement a remediation procedure for the Rosewood Plantation 21H and conduct additional drilling in the project along with repaying the current outstanding loan.

Further details of the revised debt facility will be released once finalised.

“The past months have been challenging for management, shareholders of Pryme and our partners in Turner Bayou. As operator and a major equity owner of the project we have worked diligently to investigate, assess and then act on the series of events that have resulted in our latest well result in



the project,” said Justin Pettett Pryme’s Managing Director. “We remain committed to Turner Bayou. Additionally shareholders can be assured that much work is going on the background to execute on the strategic direction outlined at our recent annual general meeting. Further details on this will be released as we further our plan.”

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

ASX Code: PYM

OTCQX Code: POGLY

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.