



16 June 2011

Boardroom Radio Broadcast

Pryme operations and capital raising update

Pryme Energy Limited (ASX: PYM) has joined the Boardroom Radio Australia (BRR) team to record and publish online broadcasts of various announcements it makes through the Australian Securities Exchange (ASX.) Please click on the following link to listen to this latest broadcast.

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PRYME ENERGY LIMITED (PYM) provides the opportunity to listen to an audio broadcast with Mr Justin Pettett, CEO and MD in a presentation titled "Pryme operations and capital raising update - Justin Pettett, Managing Director".

The presentation details are as follows:

-  Pryme operations and capital raising update - Justin Pettett, Managing Director
-  Presented by Mr Justin Pettett, CEO and MD
-  Thu, 16 Jun 2011 9:50am AEST
-  A transcript of the broadcast is included below

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TRANSCRIPT OF QUESTION & ANSWER SESSION WITH MR JUSTIN PETTETT

JAMES: Good morning and welcome to Boardroom Radio. I'm joined by Justin Pettett, who is the managing director of Pryme Energy. Justin, good morning and thank you for your time.

MR PETTETT: Thank you, James, good to be here.

JAMES: Justin, we're going to catch up on a couple a couple of pieces of news. I might start with the non-renounceable rights issue that you announced this morning. Can you run me through the structure, how much money you're hoping to raise and I guess where you're going to use those funds and how you'll be placed post the raising.

MR PETTETT: Absolutely. We're looking to raise up to \$4 million of new cash and primarily it's being raised to make sure that if we have any overruns on this second well we're drilling in Turner Bayou that we can pay our share but also to keep a healthy cash balance in the company. It's always through these times to have a good cash balance. The only way the board would look at raising any type of equity is through a rights issue to make sure that all of the very loyal and supportive shareholders that we have an opportunity to take up their proportionate share and not be diluted. And to that end, we're doing a one for seven rights issue. The purchase price or offer price is 12 and a half cents with the record date being 23 June and the offer will close on 13 July. We did do a rights issue late last year and we extended the closing date so shareholders could have the advantage of additional information but we don't anticipate extending the closing date. This will close on 13 July.

JAMES: Okay. And in terms of the current activities that you're undertaking, you're partway through the drilling the Deshotels Number 13. Can you give me some information on how that's progressing from a technical perspective? Are you happy with how the program has run so far and what's the current status of work?

MR PETTETT: We've got a – the next few months for Pryme are very exciting. We're drilling our second well in Turner Bayou. We brought in a smaller rig to drill our surface hole, which is down to 4500 feet. We've got our surface casing in place. As we speak, the larger rig that will complete the drilling of the vertical section and also the horizontal leg is rigging up so we expect to be back drilling in the next few days. We're very excited about well number 2 in Turner Bayou. Well 1 was a geological success. We encountered significant fracturing; we had shows back to the surface. Unfortunately, we had a mechanical issue which can be repaired and it's something that we would look to repair after well 2. We had a mechanical issue that has inhibited us from completing that well properly, the well producing around 150 barrels which is – it's pretty flat production but it certainly can produce a lot more than that once we can get in and repair this mechanical problem. So well 2, we've obviously changed a lot of things that went wrong on well 1 mechanically so we've rectified those and we're very confident that any of the problems that we had in well 1 have been covered through changes in the well design for well number 2.

JAMES: Okay. Just down the road, more or less a stone's throw from where you're drilling at the moment, Anadarko have commenced worked on a well of their own. How does the work that they're doing compare from a technical perspective to what you're doing with your second Turner Bayou?



MR PETTETT: We previously announced Anadarko have leased all around us. They've taken quite a large acreage position which, interestingly enough, you can look back to April last year when we had that disaster in the Gulf of Mexico with BP and you can see a lot of, like, Anadarko, Chesapeake, a lot of the larger independents have come in offshore and taken quite large positions on shore in the US and they're looking to develop their onshore assets because it's problematic now drilling offshore, particularly in the Gulf of Mexico. Anadarko have sputtered their first well which is roughly about seven miles west of us. It's on trend with Turner Bayou and the Deshotels 20H and 13H. They've drilled down around 12,000 feet.

Based on the public data available, they're going to drill down and probably drill a pilot hole through the Eagle Ford just as we did on the 20H. They'll probably spend a lot more money evaluating that zone and then they'll plug back and drill a horizontal leg through the Austin Chalk. They're planning to drill 7000 foot lateral, which is a little longer than what we've been drilling. But any information in this area and any new drilling is very exciting. Particularly a company like Anadarko; they're a \$38 billion company. They don't set out to drill wells that produce hundreds or a few hundred barrels a day, they set out to drill wells that are material to their company and their stock price. They like to develop plays. You know, it's an exciting time.

JAMES: Good stuff. All right, well, good luck with the remainder of the hole that you're currently drilling. I'm assuming we'll be getting some operation updates as you progress?

MR PETTETT: Absolutely. We'll get updates – we're aiming for every Tuesday as we did when we drilled the 20H so once a week we'll get an update out and if there's anything significant throughout the week we'll certainly keep the market well informed.

JAMES: Okay. Well, Justin, always good to speak to you. Good luck with the rights issue and we look forward to following the operational updates and the progress for the second well.

MR PETTETT: Thanks, James.

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