



5 October 2010

Deshotels 20-H No.1 Drilling Update Turner Bayou Chalk Project

Directional drilling to intersect the Austin Chalk formation at the target depth of approximately 15,330 feet (4,672 metres) and establish the 4,500 feet (1,372 metres) long horizontal leg of the well, has been delayed. Complications with kicking off from the cement plug which was installed at the kick-off point of the vertical leg have prompted the operator to set in place a more permanent device (a whipstock) to guide the directional motor into the formation and begin the horizontal leg. We expect that directional drilling to establish the horizontal leg will resume in a few days and that the completion schedule will be extended by one week.

Pryme has a 40% working interest (30% net revenue interest (NRI)) in this well.

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Pryme Oil and Gas Limited is an Australian oil and natural gas producer and explorer with interests in the Gulf States of the U.S. The company has oil and gas exploration projects focused on Louisiana, the fifth-largest oil-producing state in the U.S. These projects are funded in part by existing cash flow. Pryme's board of directors and management team has over 100 years of energy industry experience and has uniquely focused local knowledge, underscored by the proven track records of its managers and directors. Directors of the company are George Lloyd (Non Executive Chairman), Justin Pettett (Managing Director) and Ryan Messer (Executive Director) and Greg Short (Non Executive Director).