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Turner Bayou Operational Update

Pryme Oil and Gas Limited (“Pryme”) provides the following update on operations and production at its Turner Bayou project in Louisiana, USA. Turner Bayou comprises approximately 80 square miles (50,000 acres) which have been imaged by a proprietary 3D seismic survey. Primary targets are contained within six prospective formations ranging in depth from the Frio at 3,000 feet, to the Tuscaloosa at 16,200 feet.

Deshotels 20-H No.1 (40% Working Interest / 30% NRI)

The well is currently producing at 240 barrels of oil per day. Natural gas is being flared onsite until such time as construction of the flow line to the main gas sales pipeline is complete. Based on well production characteristics to date we expect this rate of production to remain fairly flat.

“Understandably investors have paid a great deal of attention to the performance of the first well to be drilled in our Turner Bayou Chalk project. Based on surrounding production, the strong geological data from drilling and the encouraging physical signs, bottom hole pressures, the amount of oil produced while drilling and the sizeable flare burning on site, the Deshotels 20-H No.1 should have yielded a substantially higher production rate if it had been properly completed,” said Justin Pettett, Pryme’s Managing Director.

“Mechanical issues are a risk in deep horizontal wells and, unfortunately, we have encountered some of these in our first well. Nevertheless, we are confident that the Turner Bayou Chalk project will prove to be a very good investment for Pryme,” said Mr Pettett.

The project focus is on the drilling of well number two which is expected to spud in early May.

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Technical information contained in this report in relation to Turner Bayou was compiled by Pryme and 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 consents to the inclusion in this report of the information in the form and context in which it appears.