

PETSEC ENERGY LTD

ACN 000 602 700

19 May 2016

Petsec Energy Ltd 2016 AGM Presentation

Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)

Attached is a copy of the presentation to be delivered today by Petsec Energy Ltd.'s Chairman and Managing Director Mr. Terry Fern at the 2016 Annual General Meeting ("AGM") of members of Petsec Energy Ltd, held at the Museum of Sydney, corner Bridge and Phillip Streets, Sydney.

A copy of the presentation will also be made available on the Company's website, www.petsec.com.au.

For further information, please contact:

Paul Gahdmar
Company Secretary & Group Financial Controller
Petsec Energy Ltd
Tel: 612 9247 4605
Fax: 612 9251 2410

Petsec Energy Ltd

Annual General Meeting 2016



Forward Looking Statement Disclaimer

This presentation contains predictions, estimates and other forward looking statements that are subject to risk factors associated with the oil and gas industry. Although the company believes that the expectations reflected in these statements are reasonable, it can give no assurance that its expectations and goals will be achieved. Important factors that could cause actual results to differ materially from those included in the forward looking statements include, but are not limited to, commodity prices for oil and gas, currency fluctuations, the need to develop and replace reserves, environmental risks, drilling and operating risks, risks related to exploration and development, uncertainties about reserve estimates, competition, loss of market, government regulation, economic and financial conditions in various countries, political risks, project delay or advancement, and approvals and cost estimates.

All references to dollars in this presentation are to US currency, unless otherwise stated.

The reserves assessment follows guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). The USA and Yemen reserve assessments provided within this presentation are based on information contained within the announcements released to the ASX on 8 March 2016 and 15 March 2016, respectively, and reproduced in the 2015 Annual Report.

The Company confirms that it is not aware of any new information or data that materially affects the information included within the Financial Statements and the Annual Report, and that all the material assumptions and technical parameters underpinning the estimates therein continue to apply and have not materially changed.

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- Key Achievements
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- Oil & Gas Prices / Industry Review

❖ **Petsec Energy : Oil & Gas Assets**

- USA Production / Exploration – Onshore Louisiana & shallow waters of the Gulf of Mexico
- MENA / Yemen – Damis (Block S-1) Production, Block 7 (Al Barqa) Exploration

2016 Exploration, Development & Acquisitions Programme

- USA: Hummer gas/oil discovery, Main Pass 270/273/274, Gulf of Mexico
- MENA / Yemen: Damis (Block S-1) Production, Block 7 (Al Barqa) Exploration

Petsec Energy Corporate Profile



Petsec Energy Corporate Profile: Corporate Objective and Strategy

Corporate Objective

To increase shareholder value through successful oil and gas exploration, development and production, and by oil and gas reserve acquisitions, thereby building Petsec Energy into a significant mid-tier oil and gas exploration and production company.

Corporate Strategy

To drill high impact exploration prospects, predominately for oil and develop those discoveries, and to acquire oil and gas reserves, developed/producing or undeveloped, in onshore leases which hold significant development, low risk exploitation and high exploration potential, that make a major positive impact on the value of Petsec Energy.

The geographical focus is onshore and offshore Louisiana and Texas, USA , the Republic of Yemen, and the MENA region generally.

Petsec Energy Corporate Profile: Operations

Petsec Energy is an independent oil and gas exploration and production company listed on the Australian Stock Exchange with operations in the shallow waters of the Gulf of Mexico and onshore Louisiana, USA (offices Houston & Lafayette), and onshore in Yemen (offices Sanaa & Dubai-UAE).

USA

- ❖ Operated in USA Gulf of Mexico and Louisiana since 1991.
- ❖ Drilling success: 109 wells / 81 successful / 74% success – net production 214.3 Bcfe, US\$564MM EBITDAX.
- ❖ 2015 discoveries: Mystic Bayou & Hummer (Main Pass 270/273/274) / 2P reserves 3.6 MMboe (predominately Mystic).
- ❖ Hummer: Potential to exceed predrill mapped target of 59 Bcf & 1.2MMbbl – 183 Bcf & 3.7MMbbl. Reserves determination requires well test to determine oil component and further development wells.
- ❖ 2016 Development - Hummer: Jacket, well completion, well test – oil volumes. Net capex ~ US\$2MM.
- ❖ Net 2P reserves as of 1 January 2016: 3.7 MMboe / NPV10 US\$32.7MM (Cawley, Gillespie & Associates).

Yemen

- ❖ Commenced operations 2014.
- ❖ Damis (BlockS-1) Production Licence (100% PI) acquired February 2016:
 - Holds five oil & gas discoveries – An Nagyah (developed/productive) / Osaylan, Harmel, An Naeem & Wadi Bayhan (undeveloped)
 - An Nagyah Oilfield reserves as of 1 January 2016 ²: 12MMbbl oil gross / 5.6 MMbbl net (NPV10 U\$155.4MM)
 - The four undeveloped oil & gas fields hold resource potential ³: > 34 MMbbl oil & 550Bcf gas gross
- ❖ Block 7 (Al Barqa) 75% working interest (63.75% participating interest) acquired 2014/2015:
 - Al Meashar undeveloped oil discovery – 2 wells / target 11 MMbbl oil gross (7 MMbbl net) / > 50 MMbbl potential.
 - Eight prospects / leads: target sizes 2 to 900 MMbbl oil gross.

¹ Calculated using deterministic method and conversion to BOE was calculated using ratio of six thousand cubic feet of natural gas to one barrel of oil

² Source: DeGolyer and McNaughton Canada Limited

³ Source: Wood Mackenzie Asia Pacific Pty Ltd

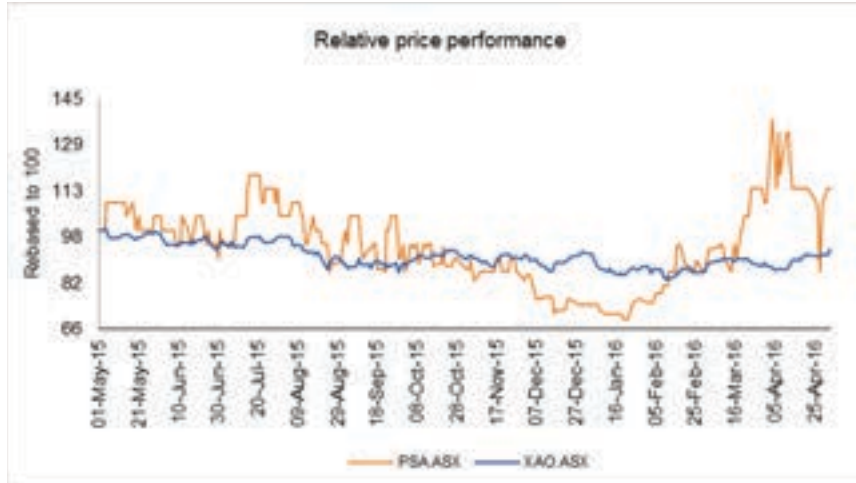
Petsec Energy Corporate Profile: Capital Structure / Valuation

Petsec Energy Capital Structure

Capital Structure

Market Listing	ASX: PSA / OTC ADR: PSJEY
Shares / Options on issue	235.5 MM / Nil
Market capitalisation at 16/5/16 @ 14.5 c/s	A\$34 MM
Cash at 31/3/16	US\$10.9 MM
Net oil & gas reserves (2P) as of 1/1/16	9.3 MMboe
PV10 reserves (2P) as of 1/1/16	US\$188.1 MM

PSA Share Price vs. S&P/ASX200 Energy Index (XEJ)



Petsec Energy:

Capital Structure / Valuation

Net Reserves – NPV10 US\$188.1MM (~ A\$1.06/share)

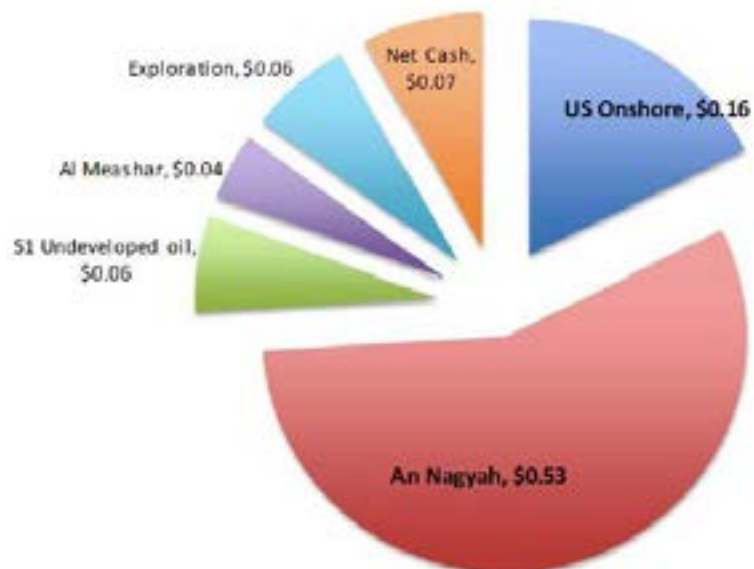
Oil Equivalent (MMBoe) ¹	Net Proved Reserves ²	Net Probable Reserves ²	Net Proved + Probable Reserves ²
USA Reserves			
Reserves as of 1 Jan 2015	0.3	0.1	0.4
Additions	2.0	1.6	3.6
Revisions	(0.1)	(0.1)	(0.2)
Production	(0.1)	-	(0.1)
USA reserves as of 1 Jan 2016	2.1	1.6	3.7
Yemen Reserves			
Reserves as of 1 Jan 2015	-	-	-
Acquisitions – An Nagyah Oilfield	4.5	1.1	5.6
Yemen reserves as of 1 Jan 2016	4.5	1.1	5.6
Total Petsec Group Reserves as of 1 Jan 2016	6.6	2.7	9.3
NPV₁₀ Petsec Group Reserves as of 1 Jan 2016			US\$188.1MM ~ A\$1.06/share

¹ Million barrels of oil equivalent (using a ratio of approximately six thousand cubic feet of natural gas to one barrel of oil).

² Net reserves means those reserves representing the Company's net revenue interest (or net economic interest) which is the Company's working interest less royalties payable in the USA , and in Yemen net of all costs including all Yemen government costs including taxes .

Petsec Energy Corporate Profile: Capital Structure / Valuation

Red Leaf Securities Pty Ltd¹: Petsec Energy Valuation of 93 cents/share



	Pr	A\$M	Acps
US Onshore	100%	\$39	\$0.16
Yemen			
An Ngyah	75%	\$123	\$0.53
S1 Undeveloped oil	10%	\$14	\$0.06
Al Meashar	10%	\$10	\$0.04
Exploration		\$15	\$0.06
TOTAL			\$0.77
Net Cash		\$18	\$0.07
		\$219	\$0.93

	2016F	2017F	2018F	2019F	2020F	LONG TERM
FX	0.7416	0.7426	0.7382	0.7256	0.7190	0.7500
WTI OIL (US\$/B)	38.73	44.89	47.47	48.41	49.32	70.00

¹ Source: Andy Williams, Oil & Gas Analyst, on behalf of Red Leaf Securities Pty Ltd

Petsec Energy Corporate Profile: Comparative Valuation vs. Peers

Red Leaf Securities Pty Ltd¹: PSA is simply undervalued

COMPANY		Price	Cap'n	EV	Reserves	EV/2P
		A\$	A\$m	A\$m	2P Mboe	A\$
Woodside	WPL	26.44	21759	20832	1508	13.81
Oil Search	OSH	6.74	10263	14771	513	28.81
Santos	STO	4.03	7118	13648	945	14.44
Beach Energy	BPT	0.64	1191	1179	98	12.03
AWE Ltd	AWE	0.62	324	521	109	4.78
Senex Energy	SXY	0.23	259	160	94	1.70
Cooper Energy	COE	0.25	82	55	3	19.15
Horizon	HZN	0.06	82	256	13	19.51
Tap Oil	TAP	0.10	24	58	4	14.20
Petsec Energy	PSA	0.14	33	18	16.2	1.11

¹ Source: Andy Williams, Oil & Gas Analyst, on behalf of Red Leaf Securities Pty Ltd

Above table: Relative reserves metrics – PSA is simply undervalued

Table data sourced from ASX data; Company data (as of most recent reserves reported adjusted where necessary)

Companies priced (rounded) as of 15-Apr-2016

Petsec Energy Corporate Profile:

Board of Directors

Board of Directors



**Terry Fern,
Chairman &
Managing Director**

- ❖ Over 40 years experience in petroleum & minerals exploration, development and financing.
- ❖ Bachelor of Science Degree, University of Sydney.



**David Mortimer AO,
Non-Executive Director**

- ❖ Over 40 years experience in corporate finance.
- ❖ Bachelor of Economics Degree (First Class Honours), University of Sydney.
- ❖ Ex CEO of TNT Limited Group and Chairman of Leighton Holdings, Chairman of Australia Post.
- ❖ Current Chairman of Opera Australia, Crescent Capital Partners Limited, Buildcorp Advisory Board, and the Senate Investment and Commercialisation Committee.
- ❖ He is a director of MySale Group PLC, Clayton Utz Foundation, the Grant Samuel Advisory Board, and is on the CEDA's Board of Governors.



**Alan Baden,
Non-Executive Director**

- ❖ Over 35 years experience in the U.S. oil & gas industry.
- ❖ Juris Doctor Degree from Case Western Reserve University, and a Bachelor of Science. (Economics) Degree from the University of Pennsylvania.
- ❖ Ex Partner at Vinson & Elkins.
- ❖ Current Senior Counsel with Thompson & Knight.

Corporate Management



Paul Gahdmar
**Company Secretary &
Group Financial Controller**

- ❖ Over 23 years of experience in the oil & gas industry.
- ❖ Master of Business and Technology Degree, University of New South Wales; Diploma in Investor Relations, Australasian Investor Relations Association.
- ❖ Fellow of Institute of Public Accountants and Member of Australian Institute of Company Directors.
- ❖ Ex Australian Oil and Gas Corporation.



Manny Anton
**Head of Investor Relations &
Corporate Development**

- ❖ Over 28 years experience in financial markets.
- ❖ Bachelor of Business, University of Technology, Sydney.
- ❖ Previously based in Europe and Asia, as well as Australia, in capital markets roles covering equities, equity-based products and derivatives.
- ❖ Ex Credit Suisse, UBS and RBC Capital Markets.

USA Management



Dick Smith
Chief Executive Officer of
Petsec Energy Inc.

- ❖ Over 35 years experience in the U.S. and international oil & gas industry.
- ❖ Master of Science (Geology) from the University of Tennessee, Knoxville, Tennessee and a Bachelor of Science (Geology) from SUNY at Brockport, Brockport, New York.
- ❖ Ex Amerada Hess Corporation, Amoco Production Company, Pedernales Production LLC, Houston Energy LLC, Prime Natural Resources (formerly F-W Oil Interests, Inc.), and F-W Oil Exploration LLC/F-W Oil Trinidad LLC.



Ross Keogh
President of Petsec Energy Inc. & Group
Chief Financial Officer

- ❖ Over 30 years of experience in the oil & gas industry.
- ❖ Bachelor of Economics Degree, Macquarie University.
- ❖ Ex Total Oil Company & Bridge Oil Limited.



Ron Krenzke
Executive Vice President Exploration of
Petsec Energy Inc.

- ❖ 40 years of experience in the oil & gas industry.
- ❖ Bachelor of Science Degree (Geophysics), Texas A&M University.
- ❖ Ex Mobil, Amerada Hess, VP Exploration Gryphon Exploration Company.

MENA Management



Maki Petkovski
Chief Executive Officer of Petsec
Energy (Middle Eastern) Limited

- ❖ Over 25 years' experience in the international oil and gas industry.
- ❖ Bachelor of Science (Geology) Degree from the University of Technology, Sydney.
- ❖ He has worked in the MENA Region since 2000.
- ❖ Ex BP, Ampolex Limited and most recently **20 years with Oil Search** where he was responsible for managing Oil Search's MENA portfolio.



Murray Hawkes
Chief Operating Officer & Yemen
General Manager
Petsec Energy (Middle Eastern)
Limited

- ❖ Over 35 year' experience in the international oil and gas industry.
- ❖ Bachelor and Master of Science (Geology) degrees from Canterbury University in Christchurch, New Zealand.
- ❖ He has lived and worked in the MENA region since 2004.
- ❖ 12 years with Oil Search where he became Yemen General Manager based in Sana'a, Yemen. He has also held senior managerial roles in Tunisia, Iraqi Kurdistan, and worked for Pacific Tiger Energy, BHP Petroleum.



John Rees
VP Technical of Petsec Energy
(Middle Eastern) Limited

- ❖ Over 40 years' experience in international oil & gas.
- ❖ Bachelor of Science (Geology & Computing Science) degree from the University of Calgary, Canada.
- ❖ Has lived and worked in the MENA Region since 1991, lived in Aden, Yemen and worked on the prolific Masila basin project which peaked at 250,000 bopd.
- ❖ Lived 5 Years in Yemen with Nexen, Lasmo, British Gas, PetroKazakhstan.

Petsec Energy 2015 Year in Review

Key Achievements

Added 9.2 MMboe of 2P reserves / NPV10 value ~ US\$188MM equivalent to A\$1.06 per Petsec share for a net cash expenditure of ~ US\$18MM

USA:

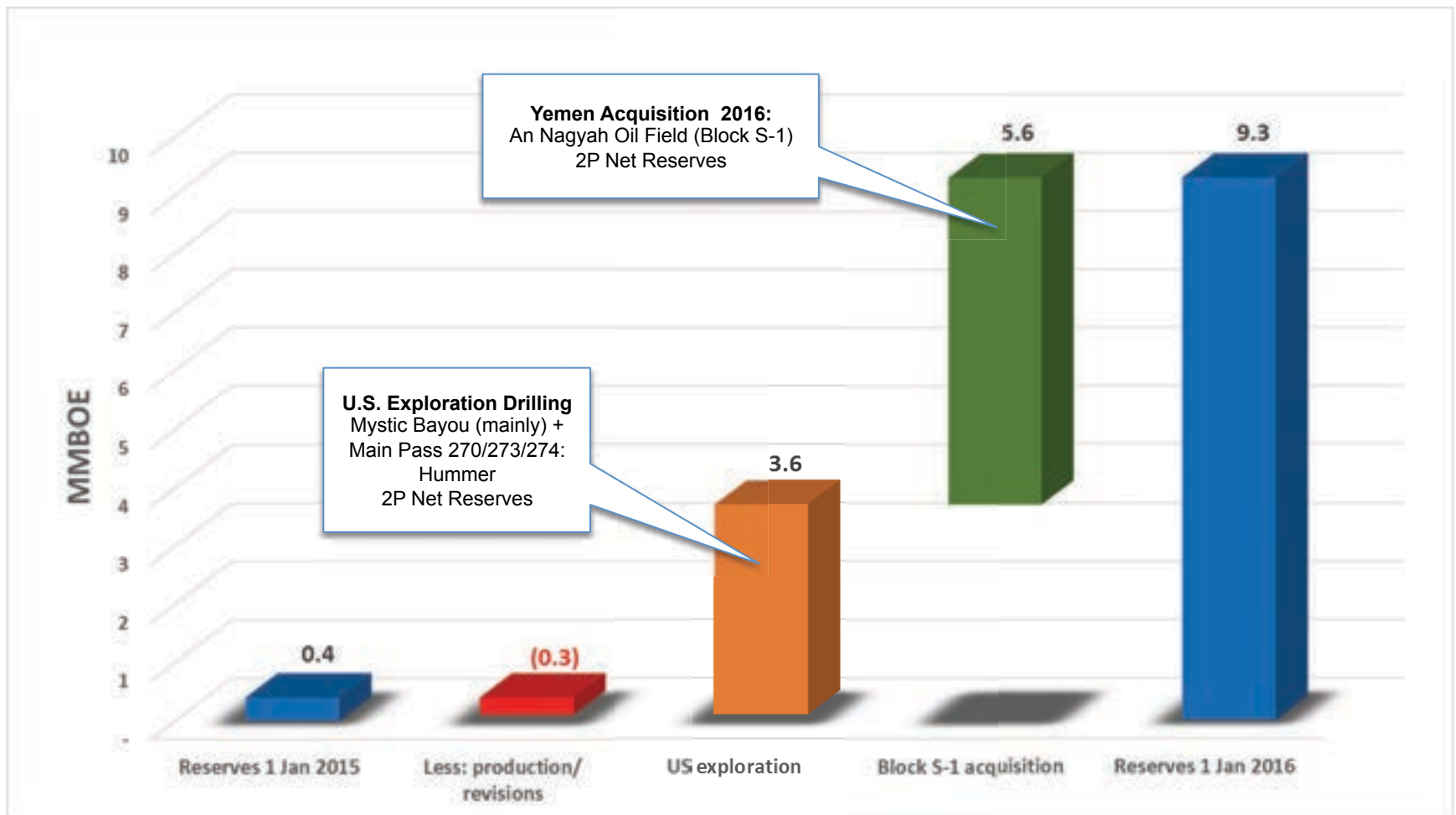
- ❖ **Added 3.6 MMboe through exploration success, not including high potential to increase reserves at Hummer discovery from testing and development.**
- ❖ Drilled eight prospects with mapped potential of ~ 4 MMboe net to Petsec Energy.
- ❖ 2 major successes at Mystic Bayou & Hummer (Main Pass 270/273/274). Further development potential in both discoveries.
- ❖ Hummer discovery: Remaining high potential reserves at Hummer subject to further testing. Potential exceeds pre-drill mapped target range of 59 Bcf + 1.2 MMbbl to 183 Bcf + 3.7 MMbbl.
- ❖ Net 2P oil and gas reserves as of 1 Jan 2016 of 3.7 MMboe (mainly Mystic Bayou) / NPV10 US\$32.7MM.

YEMEN:

- ❖ **Added 5.6 MMbbl of developed/productive net 2P reserves (NPV10 US\$155.4MM) plus 34 MMbbl and 550Bcf of oil and gas resources in four undeveloped fields from acquisition of Damis (Block S-1) Production Licence:**
 - Acquired 100% W.I. in Damis (Block S-1) Production Licence which holds the An Nagyah Oilfield 12.8 MMbbl gross 2P reserves (5.6MMbbl net to Petsec / NPV10 US\$155.4MM).
 - Four undeveloped oil and gas fields: > 34 MMbbl oil and 550Bcf gas – Osaylan, Harmel, An Naeem & Wadi Bayhan.

Petsec Energy: 2015 Year in Review

3000% Growth in Net 2P Oil & Gas Reserves



Petsec Energy:

2015 Year in Review

Financial Results

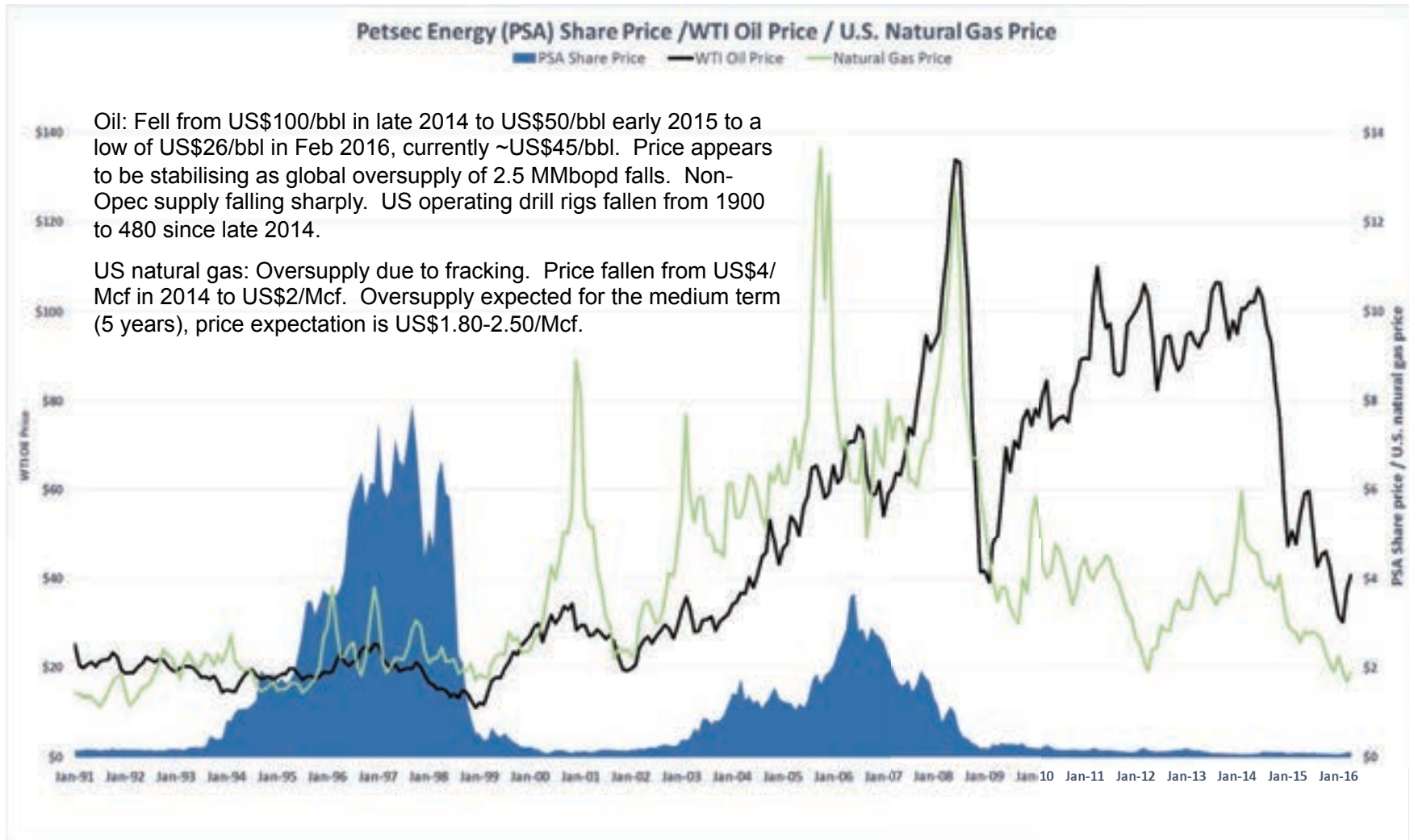
Production and the financial results were significantly reduced compared to the 2013 & 2014 years due to the divestiture of the Company's production interests in the Marathon and Main Pass Block 270 fields for US\$17 MM in July 2014, to provide capital for the 2015 exploration programme of 8 wells, and MENA acquisitions which resulted in a 3000% increase in reserves to 9.3 MMboe.

KPI	FY2015 Result	Change on FY2014
Net production	511 MMcfe	Down 68%
Average sales price	US\$3.07/Mcfe	Down 40%
Net Revenue	US\$1.6 MM	Down 80%
EBITDAX	(US\$3.5 MM)	n/a
Net loss after tax	US\$10.6 MM	n/a
Cash at 31/12/15 *	US\$12.8 MM	Down 61%
Net 2P oil & gas reserves	9.3 MMboe	Up 3000%



* Nil debt

Oil and US Natural Gas Prices



Petsec Energy Oil and Gas Assets

Petsec Energy

USA Oil and Gas Assets

Onshore Louisiana & Shallow Waters Gulf of Mexico

- ❖ **USA net 2P oil & gas reserves as of 1 January 2016 were 3.7 MMboe with a NPV10 of US\$32.7 million (Cawley, Gillespie & Associates).**
- ❖ **Production:** Two fields – Jeanerette (ASF #4 well) (2014) and Mystic Bayou Williams # 2 Alt. well (2015).
- ❖ **P&A:** Main Pass Block 19 reached end of its economic life in mid-June 2015. P&A late 2016.
- ❖ **Development:**
 - Williams No.2 Alt. well on the Mystic Bayou Field brought into production on 31 August 2015, just four months after spud. Three development well locations – PUD locations (2017/2018).
 - Main Pass 270 #3 BP 1 well on the Hummer prospect (discovered in 2015) to be completed and tested in 2016. Three to nine additional development locations (2017-2019).



2015 USA Discovered Reserves: 3.6 MMboe

Main Pass 270/273/274: Hummer Prospect – Gulf of Mexico

- ❖ Located 80 kilometres (50 miles) southeast of the Mississippi River delta, in 65 metres (215') of water in the Gulf of Mexico USA.
- ❖ Petsec owns a 12.5% non-operating working interest (10.2% net revenue interest).
- ❖ The Main Pass 270 #3 exploration well was drilled in June-December 2015 to a total measured depth of 4,812 metres (15,788'), equivalent to 4,800 metres (15,748') true vertical depth.
- ❖ Installation of jacket, completion of well and well testing is anticipated in the 3rd quarter 2016, with first production expected in 2nd quarter 2017.



Mystic Bayou Prospect – Onshore Louisiana

- ❖ Located 65 kilometres (40 miles) southeast of Lafayette in a low lying area of the Atchafalaya River Basin in St. Martin Parish, onshore Louisiana USA, the Mystic Bayou Field has produced in excess of 3.4 million barrels of oil and 39 billion cubic feet of gas in the target horizons.
- ❖ Petsec owns a 25% non operating working interest (18.5% net revenue interest).
- ❖ The Williams #2 Alt well was drilled to a total measured depth of 5,263 metres (17,266'), equivalent to 5,143 metres (16,873') true vertical depth.
- ❖ The well tested at 5.7 million cubic feet of gas and 744 barrels of condensate and was brought into production on the 31st August 2015.
- ❖ Future development will focus on drilling the adjacent three well locations of proved undeveloped reserves.

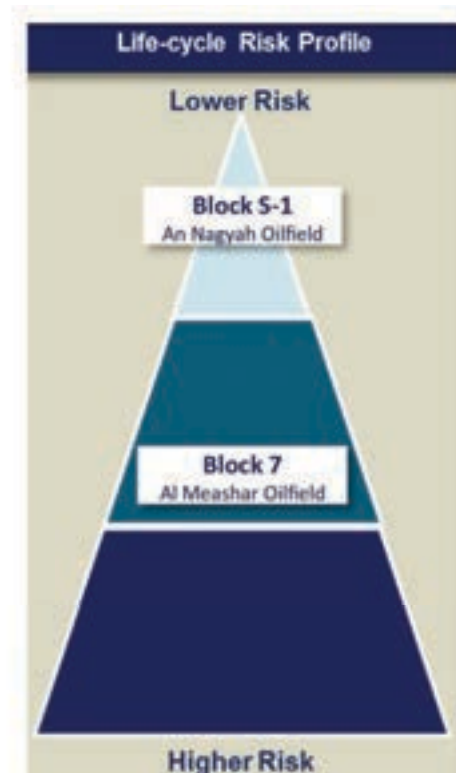
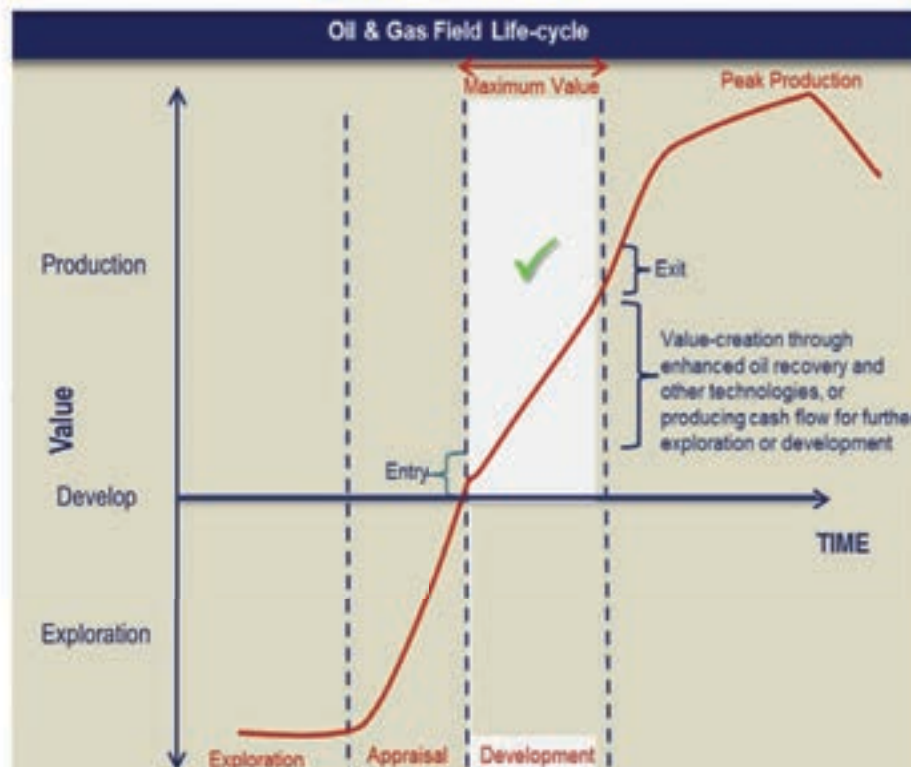


Petsec Energy

MENA Oil and Gas Assets

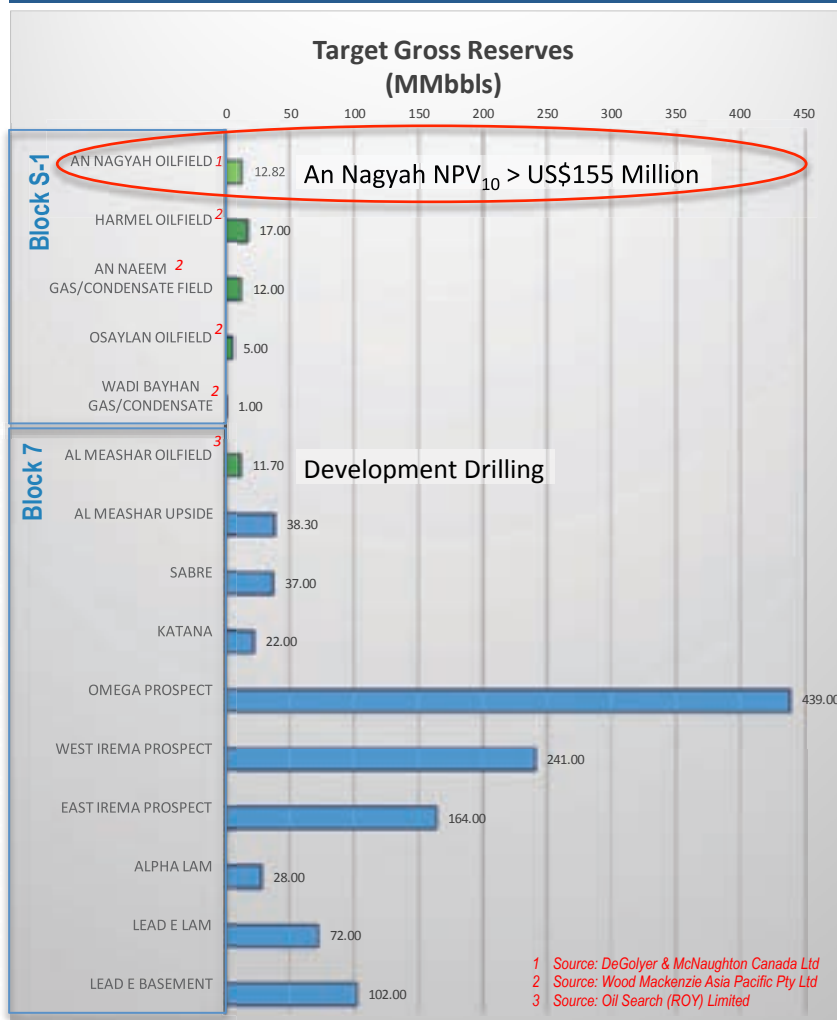
Middle East and North Africa (MENA) Growth Strategy

- ❖ Acquire assets in the MENA region during the current period of low oil prices and difficult political climate which prohibits much larger companies from operating, and where our network of contacts and relationships can advance projects.
- ❖ Acquire oil reserves both developed/producing and undeveloped, with near term production capacity, which hold the potential to substantially increase the value of Petsec Energy.
- ❖ Risk Management:
 - **Subsurface: The Geology – Target ‘World Class Petroleum Systems’.**
 - **Engineering: Acquire ready to produce hydrocarbons / Facilities & wells are in place.**
 - **Surface Conditions / Operating Environment: ‘Licence to operate’ – local knowledge, leverage relationships & contacts.**



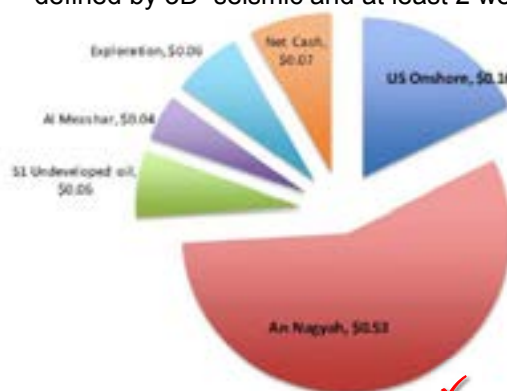
Middle East and North Africa (MENA)

12 Month Progress: 'The Score Card'



Results

- ❖ Activities over the past 12 months have secured a material resource base that provides a platform for major growth in the coming years.
- ❖ Yemen has delivered high value, low technical risk, developed assets, at very low entry costs.
- ❖ DAMIS (Block S-1) contains 5 discovered oil and gas fields plus additional development opportunities beneath the current productive reservoirs within the discovered fields. There is also additional exploration potential in the licence area currently being evaluated by our technical team in Dubai.
- ❖ Block 7 contains the discovered, to be developed Al Meashar oilfield with 2 wells / target 11 MMbbl oil gross (7 MMbbl net) and > 50 MMbbl potential. Eight prospects / leads: target sizes 2 to 900 MMbbl oil gross.
- ❖ **Commercial analysis by Red Leaf Securities suggests Petsec's Yemen acquisitions have a value in excess of A\$219 million OR 93 cents per share.**
- ❖ The analysis by Red Leaf gives minimal value to the 4 undeveloped fields in Block S-1 and to Al Meashar in Block 7. Each field has been defined by 3D seismic and at least 2 wells.



Production

Development

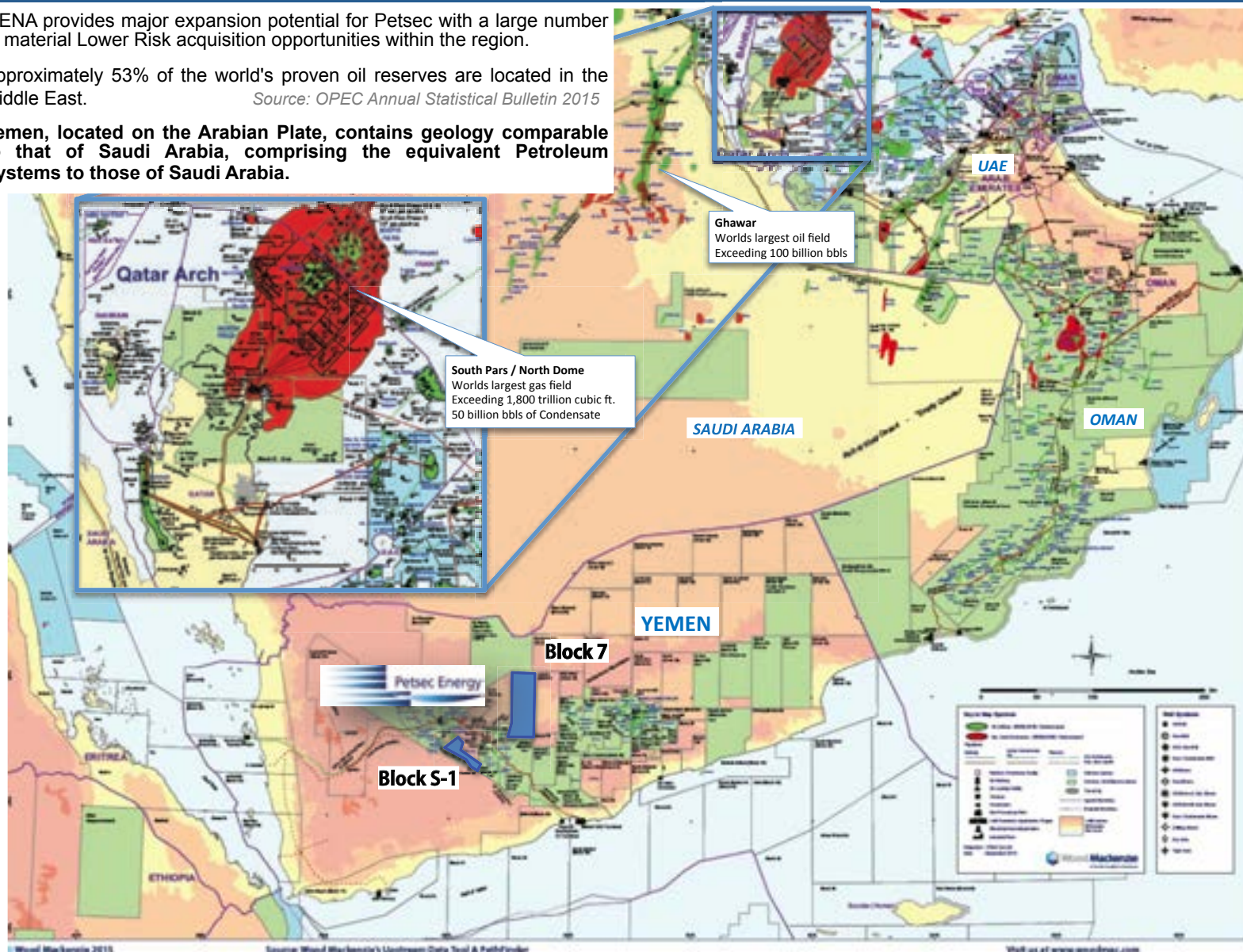
Targeted Exploration

Damis (Block S-1)

Al Barqa (Block 7)

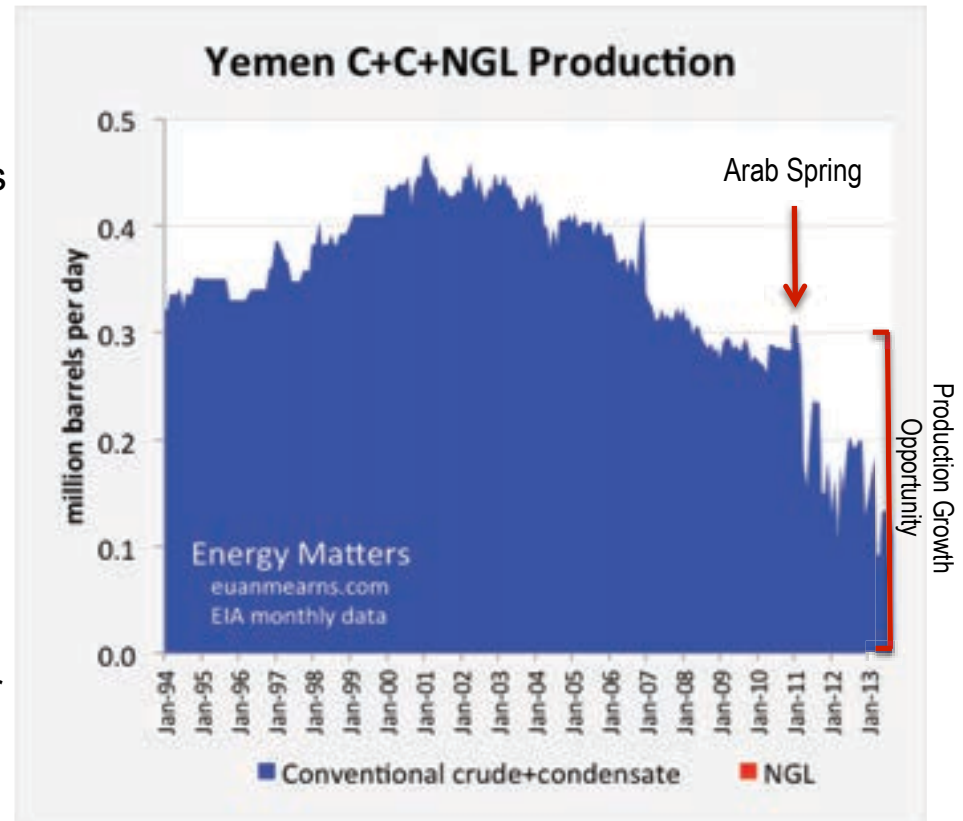
Middle East and North Africa (MENA) World's Largest Oil & Gas Reserves

- ❖ MENA provides major expansion potential for Petsec with a large number of material Lower Risk acquisition opportunities within the region.
- ❖ Approximately 53% of the world's proven oil reserves are located in the Middle East.
Source: OPEC Annual Statistical Bulletin 2015
- ❖ **Yemen, located on the Arabian Plate, contains geology comparable to that of Saudi Arabia, comprising the equivalent Petroleum Systems to those of Saudi Arabia.**



Opportunities

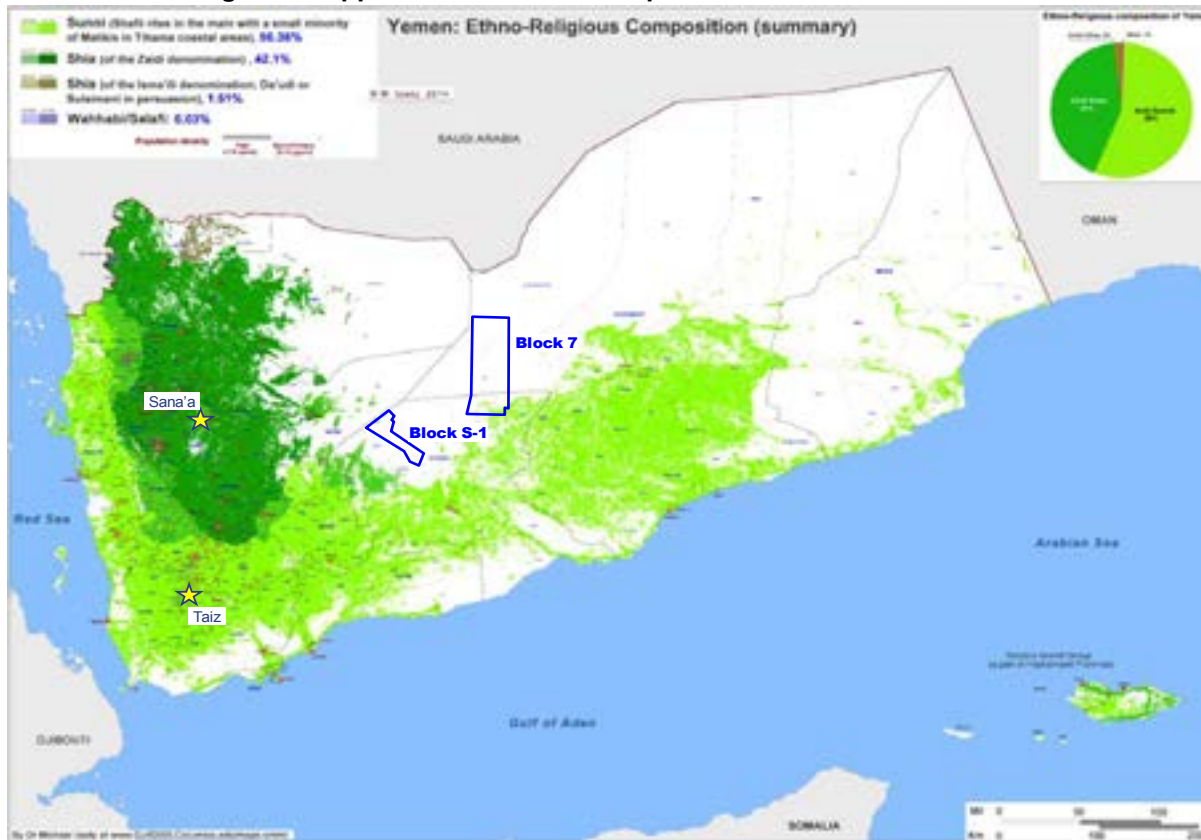
- ❖ First commercial discovery made in 1984 in the Marib-Shabwa Basin by Hunt Oil. More than 2 billion BOE have been discovered in the Marib-Shabwa Basin to date.
- ❖ Yemen discovered reserves total 5.3 billion BOEs (since 1984) of which 2.2 billion BOEs remain to be produced.
- ❖ Commercial success rates in past 30 years of exploration wells in the order of 30%.
- ❖ There are a number of projects available in Yemen that have the potential to deliver significant upside through the application of new technology, and low cost operations.
- ❖ 'Distressed' assets are available in the current low oil price environment and the current political climate which restricts larger companies from operating.
- ❖ **Petsec's MENA management has extensive knowledge & experience in Yemen with excellent contacts in the region, working in MENA since the 90's.**



Yemen Political Status

Peace Negotiations Underway

- ❖ **22nd April 2016** - Peace negotiations begin and are currently ongoing in Kuwait.
- ❖ 10th April 2016 - Ceasefire announced, implemented, and is currently holding.
- ❖ 20th March 2016 - Yemen Houthis announce they are 'ready' to withdraw from Sanaa.
- ❖ **30th April 2015** – Last crude exports with cessation of liftings, oil industry in Yemen remains shut-in.
- ❖ 28th March 2015 – Saudi-led coalition of Gulf Arab states launches air strikes against Houthi targets and imposes naval blockade.
- ❖ 14th October 2014 - Houthi rebels take control of Sanaa.
- ❖ 1st August 2014 - President Hadi sacks his coalition cabinet & ministry.
- ❖ **Our areas of operation in the Shabwah Governorate are very sparsely populated (see figure) and remain relatively peaceful, with the local government extending their support for the restart of operations in both Block S1 and Block 7.**



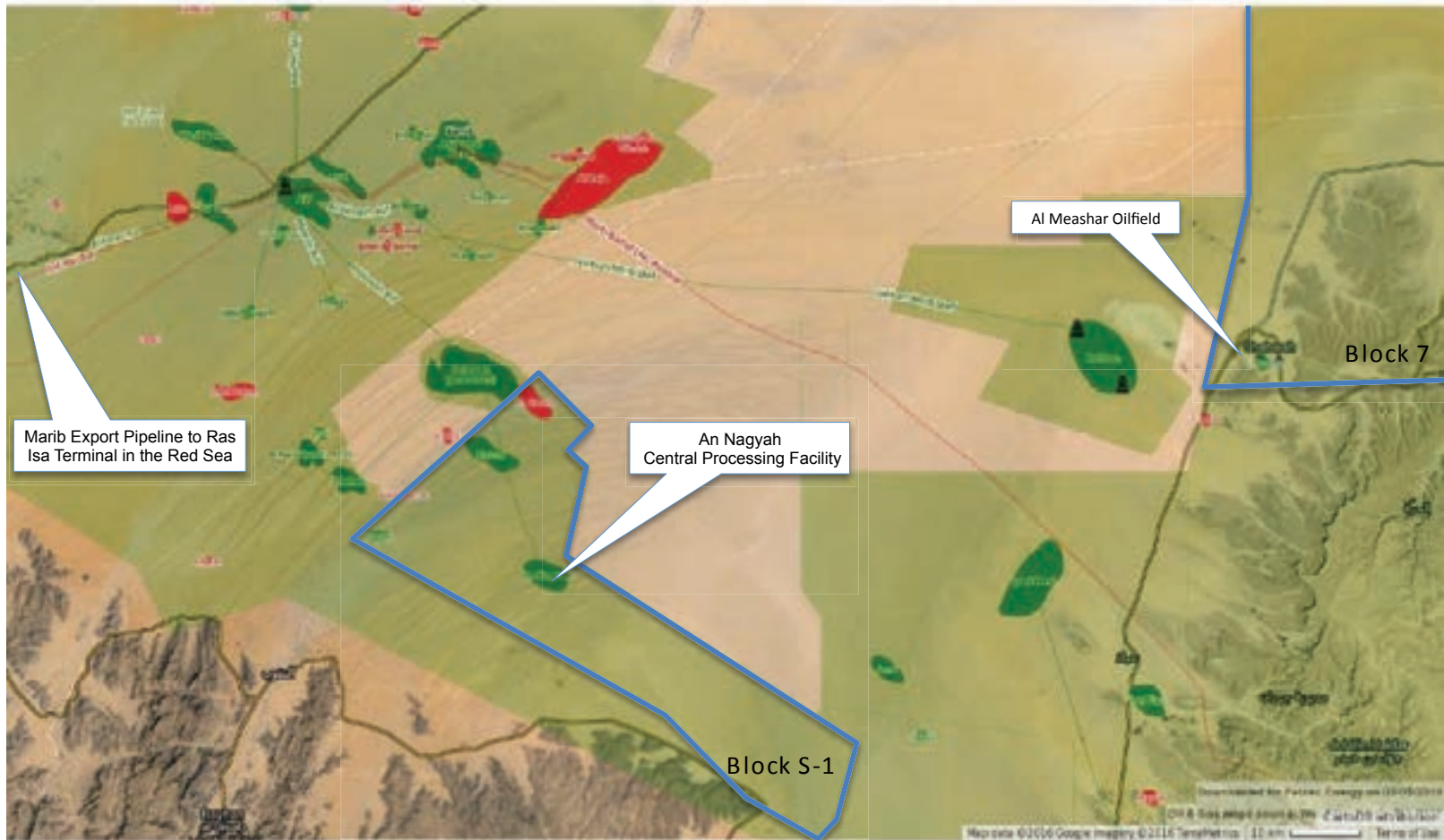
Petsec Energy Yemen Leases: Damis (Block S-1) & Block 7

- ❖ Damis (Block S-1) Production Licence and Block 7 Exploration Licence are located in the Shabwa Basin which has extensive oil production and pipeline transportation facilities.
- ❖ The Shabwa Basin has exceptional petroleum source rocks and associated petroleum system, in excess of 2 billion barrels of oil have been discovered in the basin to date.
- ❖ Damis (Block S-1) includes 5 oil and gas fields with significant production infrastructure that is connected to the main Marib Export Pipeline.
- ❖ **Block 7 holds the Al Meashar Oilfield and eight prospects and leads strategically located adjacent to major infrastructure and planned future pipelines.**

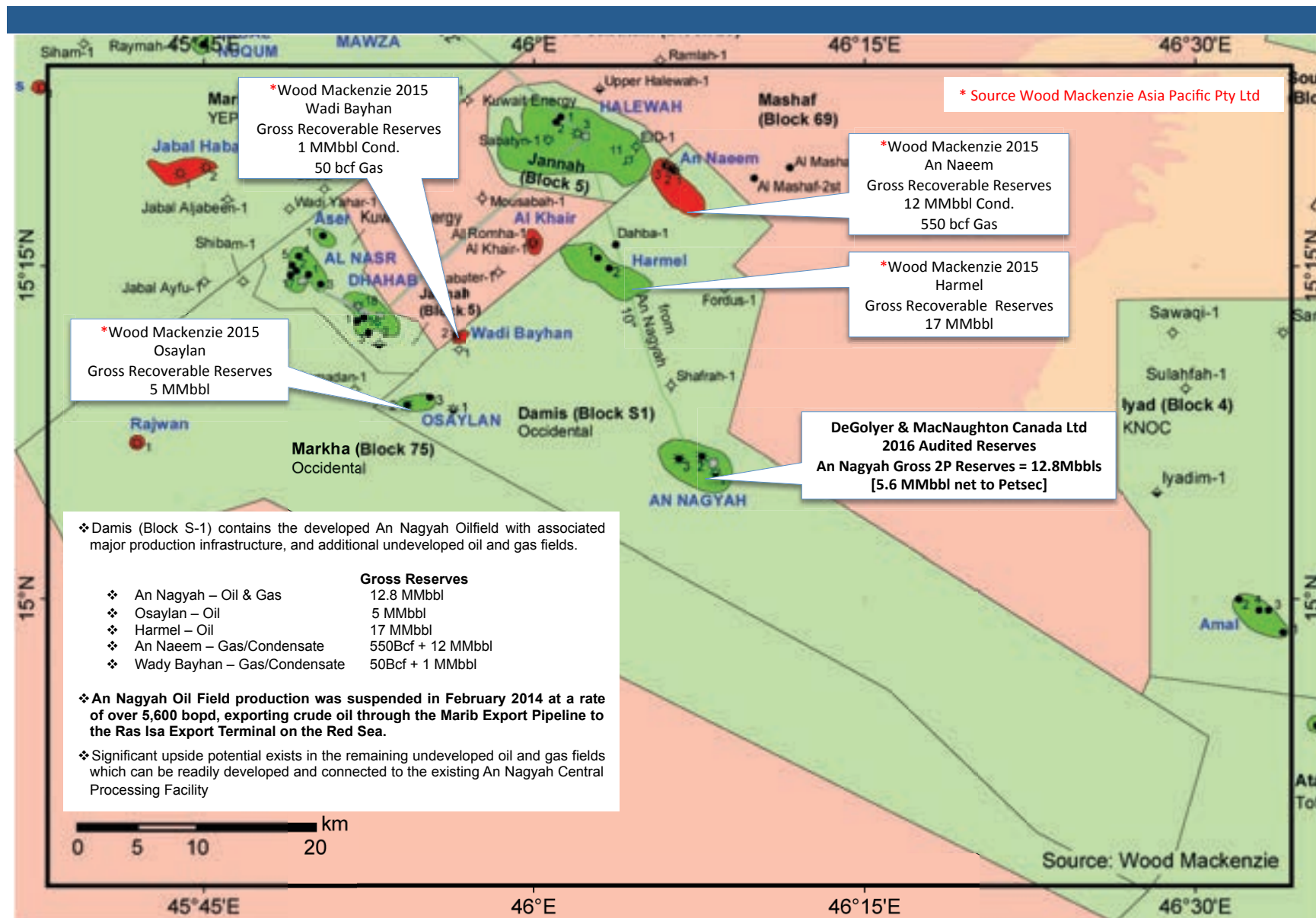


Damis (Block S-1): An Nagyah Oilfield Marib-Shabwah Basin Production Hub

- ❖ Damis (Block S-1) and Block 7 are located within the prolific, 'world class', Marib-Shabwah Basin.
- ❖ Excess production capacity at the An Nagyah CPF in Block S-1 can be utilised to produce the identified reserves in the four undeveloped fields within the block.
- ❖ An Nagyah is connected to the Marib-Shabwah production hub which delivers crude for export directly to the Ras Isa Terminal on the Red Sea via a 610-910mm diameter 438 km export pipeline.



Damis (Block S-1) Production Licence 5 Oil & Gas Fields



An Nagyah Oilfield Central Processing Facility

Accommodation & Life Support Area.

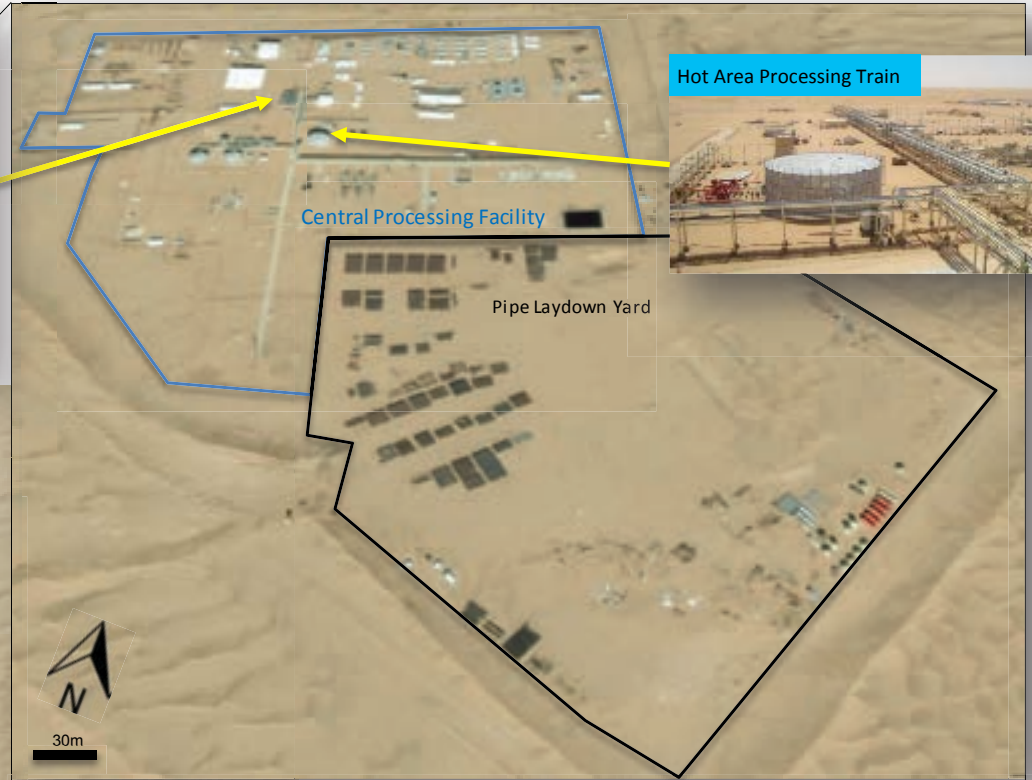


Hot Area Processing Train



Central Processing Facility

Pipe Laydown Yard



- ❖ The previous operator has invested over **\$450 million in the An Nagyah Oilfield**; acquiring seismic data, drilling, production facilities and associated infrastructure.
- ❖ Due to the arid environment the An Nagyah facility is in exceptional condition and has been well maintained during the current shut-in period.
- ❖ The CPF is connected via the Company's 80,000 bopd pipeline to the Marib Export Pipeline (200,000 bopd capacity) to the Export Terminal at Ras Isa on the Red Sea.
- ❖ **A large inventory of spare parts, drilling equipment and compression equipment is warehoused onsite.**



An Nagyah Oilfield Central Processing Facility



Crude Storage

- ❖ The Central Processing Facility (CPF) was completed in 2004 reaching a peak production rate of over 12,000 bopd.
- ❖ The CPF can process 20,000 bopd.
- ❖ Crude storage capacity of 17,500 bbls.
- ❖ The field was producing in excess of 5,000 bopd when production was suspended in February 2014.
- ❖ There are currently 15 production wells shut-in.
- ❖ Experienced Yemeni production staff are based at the CPF.
- ❖ **The company is planning for the re-start of production in the fourth quarter of 2016.**

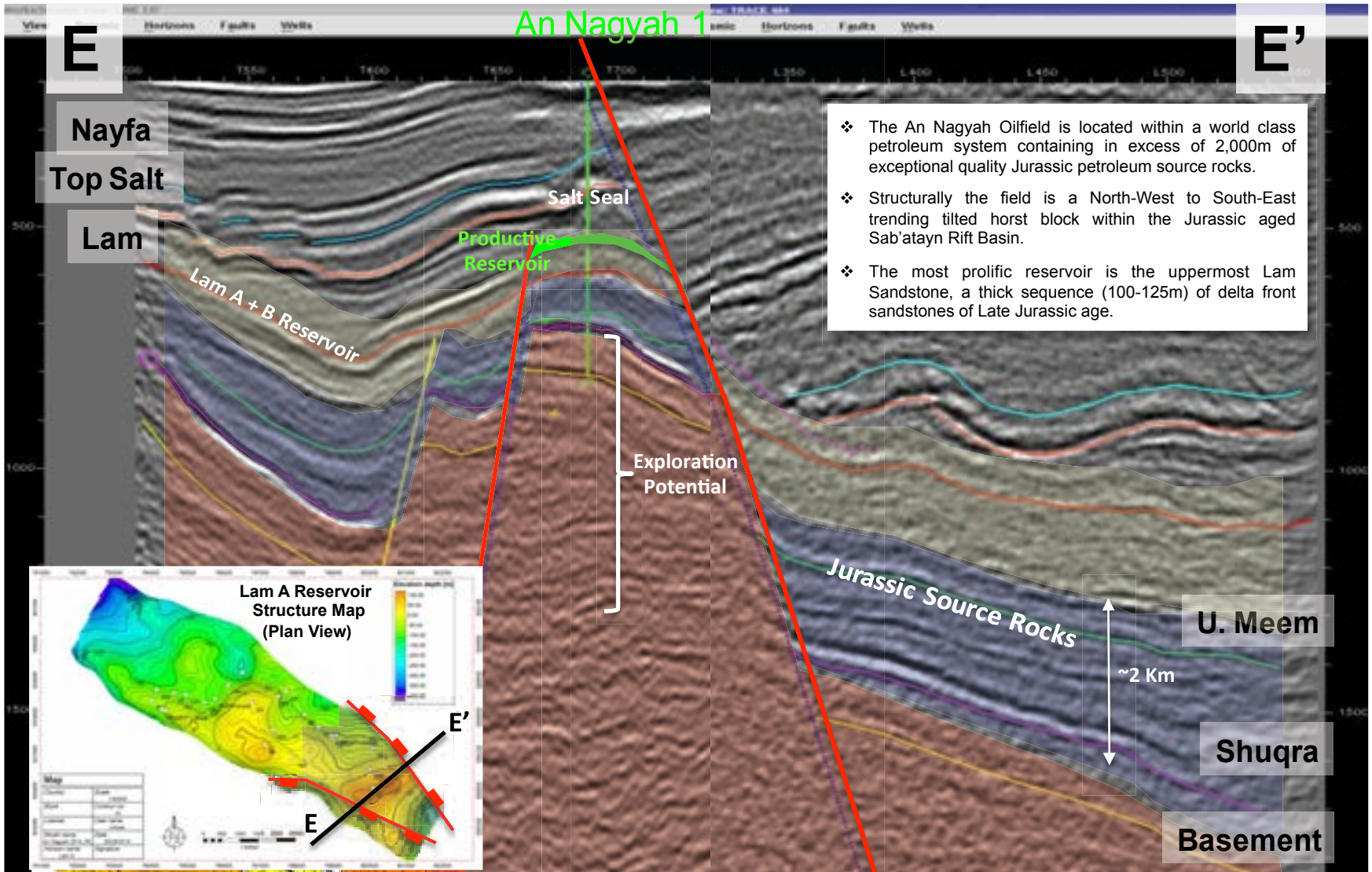


Desalinator

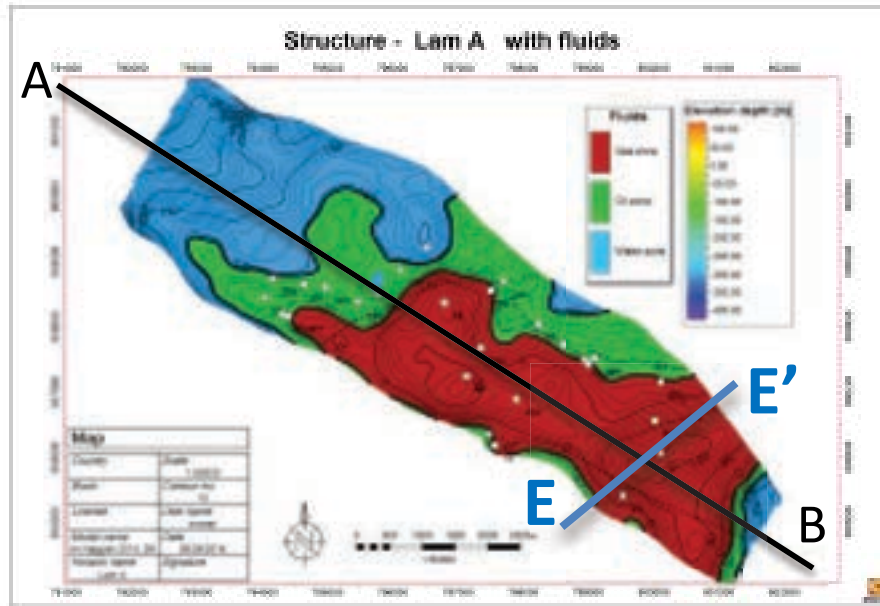


Separator Pipework

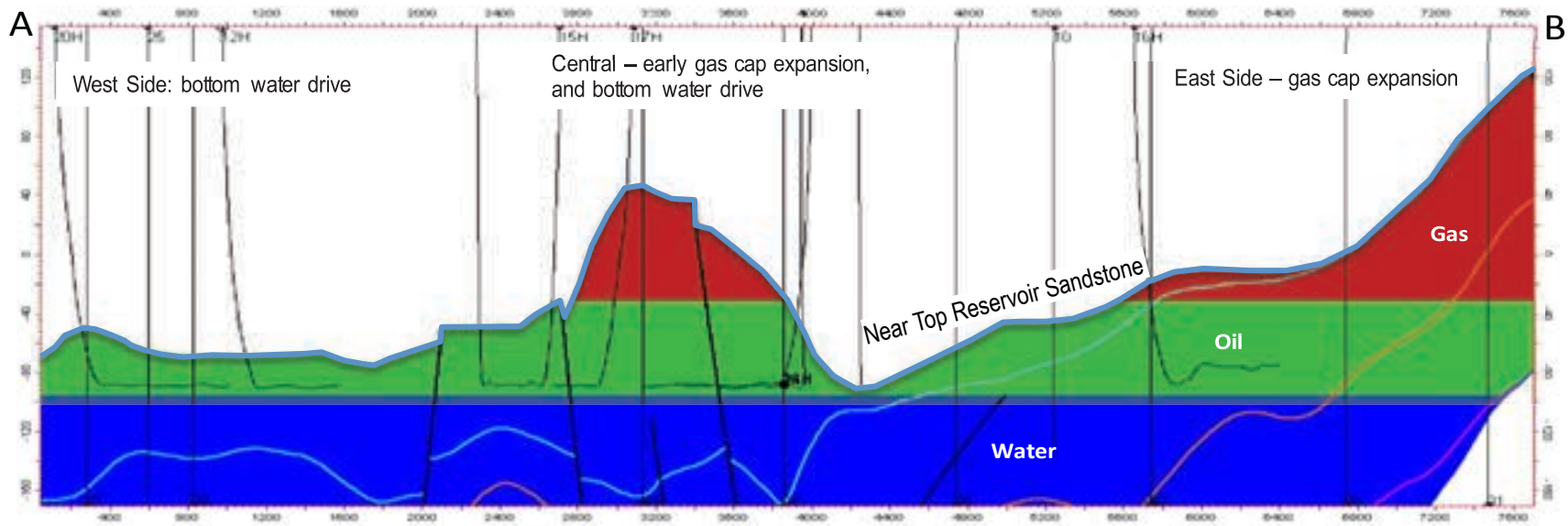
An Nagyah Oilfield Seismic Cross Section



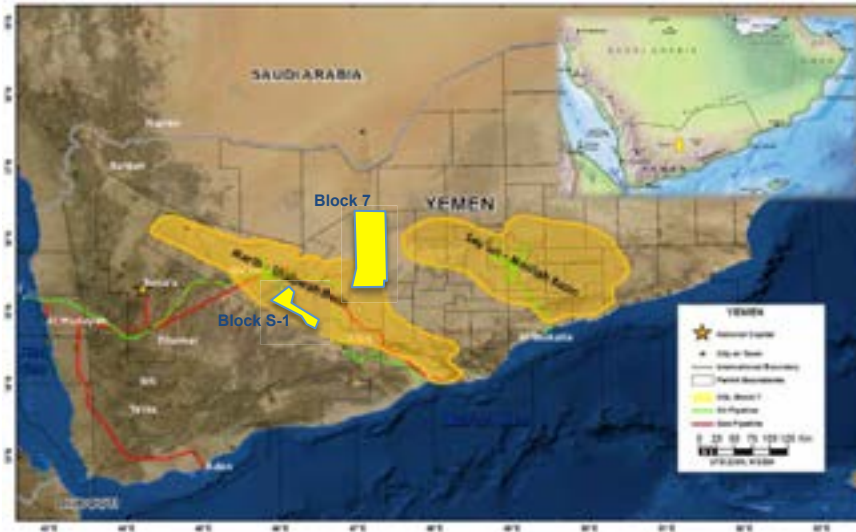
An Nagyah Oilfield Geological Cross Section



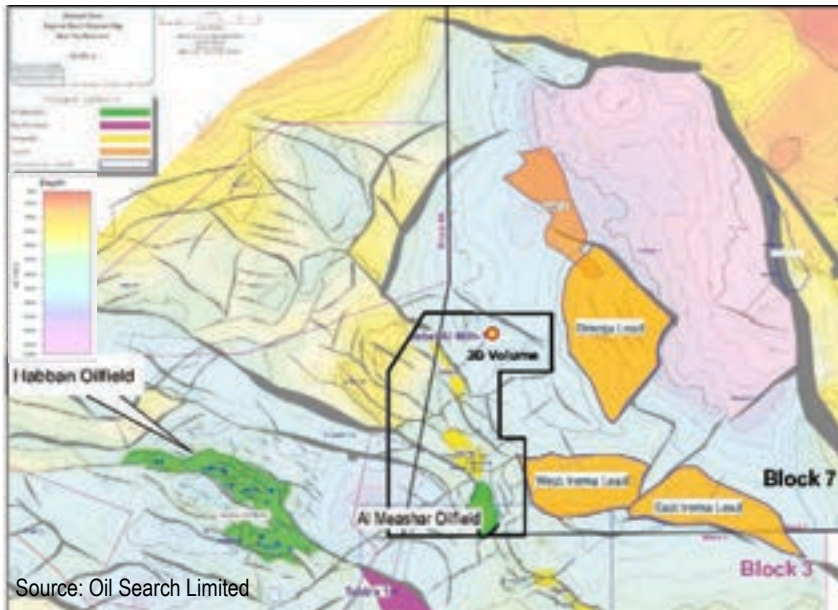
- ❖ The An Nagyah Oilfield contains a 50 metre oil column and up to a 135 metre gas cap at its structural crest.
- ❖ Oil is produced through vertical and horizontal wells drilled across the sandstone reservoir.
- ❖ Production in the field is maintained through an active aquifer in the north-west flank of the field and via gas expansion in the up dip South-Eastern crest where there is a significant gas cap.
- ❖ Peak production has exceeded 12,000 bopd but has been limited by gas compression capacity for the re-injection of produced gas back into the reservoir.
- ❖ The re-injected gas maintains reservoir pressure and allows for greater recovery of oil from the field.



Al Barqa (Block 7) Development & Exploration Potential



- ❖ Block 7 is located approximately 80km east of Block S-1, within the prolific Shabwah Basin.
- ❖ The block holds the Al Meashar Oilfield (two wells) - targeting 11 MMbbl oil gross (7 MMbbl net) to > 50 MMbbl potential.
- ❖ In addition, there are eight seismically (3D and 2D) defined prospects and leads with mapped target sizes ranging from 2 – 900 MMbo all with the same primary objectives of the Khulan-Basement reservoirs productive in OMV's Habban Oilfield 14km to the west of Al Meashar in the adjacent Block S2 (recent past production 20,000 BOPD).
- ❖ Significant potential is also recognised in Cretaceous sands of the Lam formations (An Nagyah Block S-1 production) - extensive shows in the wells drilled in Block 7 and flowed over 1000 bopd in the neighbouring Habban Oilfield.

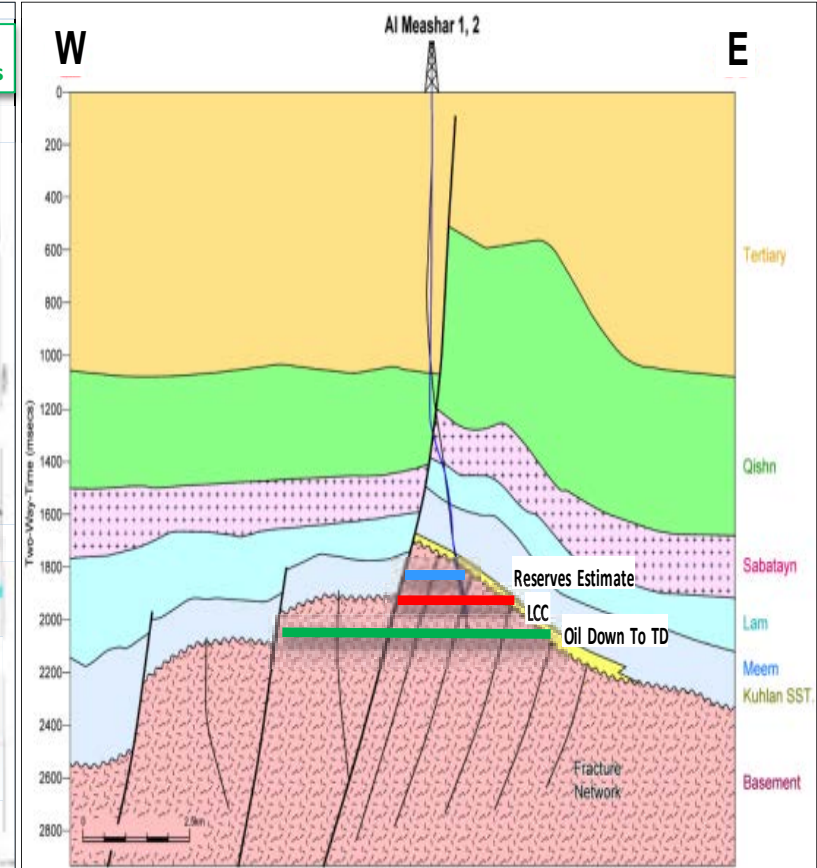
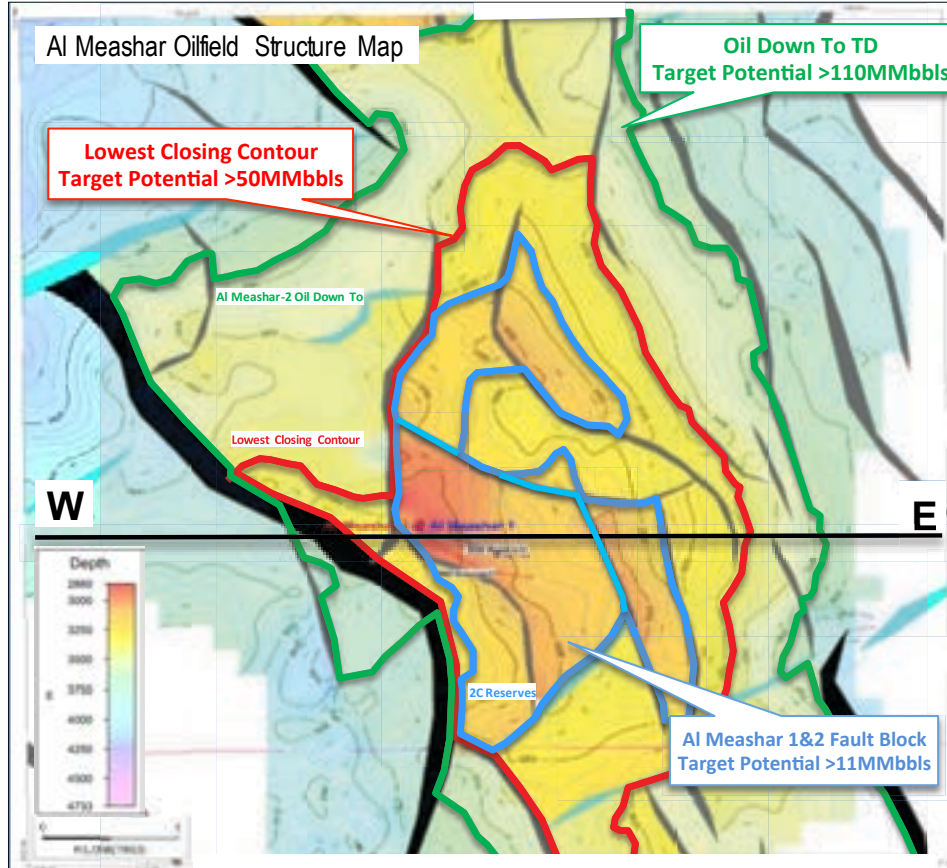


Source: Oil Search Limited

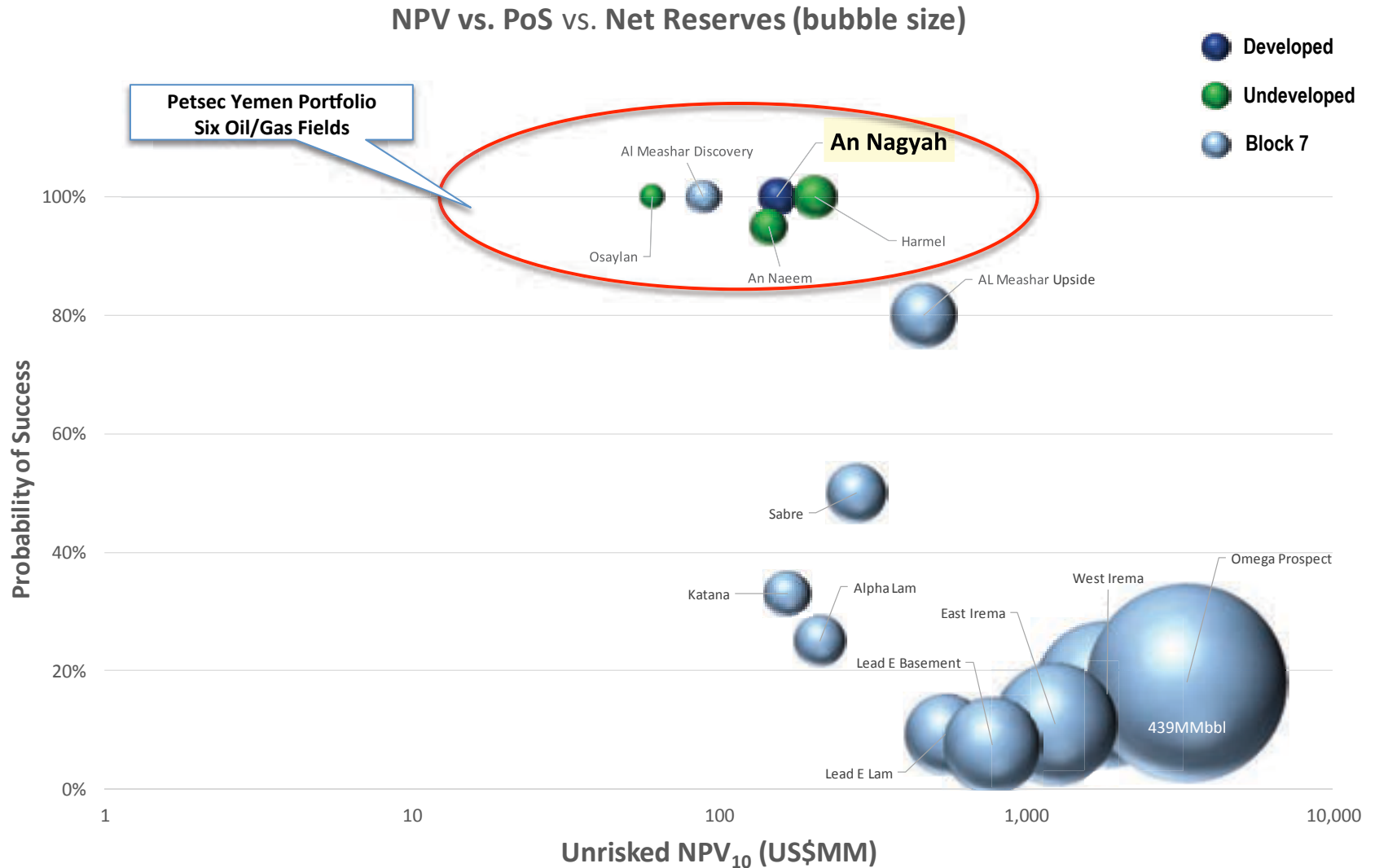


Al Barqa (Block 7) Al Meashar Development Potential

- ❖ The **Al Meashar 1 & 2 discovery wells** intersected an oil column in excess of 800m in the Kuhlan Sandstone and Basement formations, the same formations as in **OMV's Habban Oilfield** which has an oil column of 945m and has been producing ~20,000 BOPD up until production was suspended in March of 2015.
- ❖ The Al Meashar undeveloped oil discovery within the drilled fault block – two well intersection targets 11 MMbbl oil gross (7 MMbbl net) with potential to increase to > 50 MMbbl within the currently mapped red Lowest Closing Contour.
- ❖ The oil column identified in the Al Meashar wells exceeds the mapped structural closure by more than 200m as defined by the red LCC contour in the map below. **Current estimates of oil target within the oil-down-to (ODT) green contour exceeds 110 MMbbls.**
- ❖ Development drilling on the Al Meashar structure is expected to extend the oil potential of the entire play fairway within the Block 7 licence area.

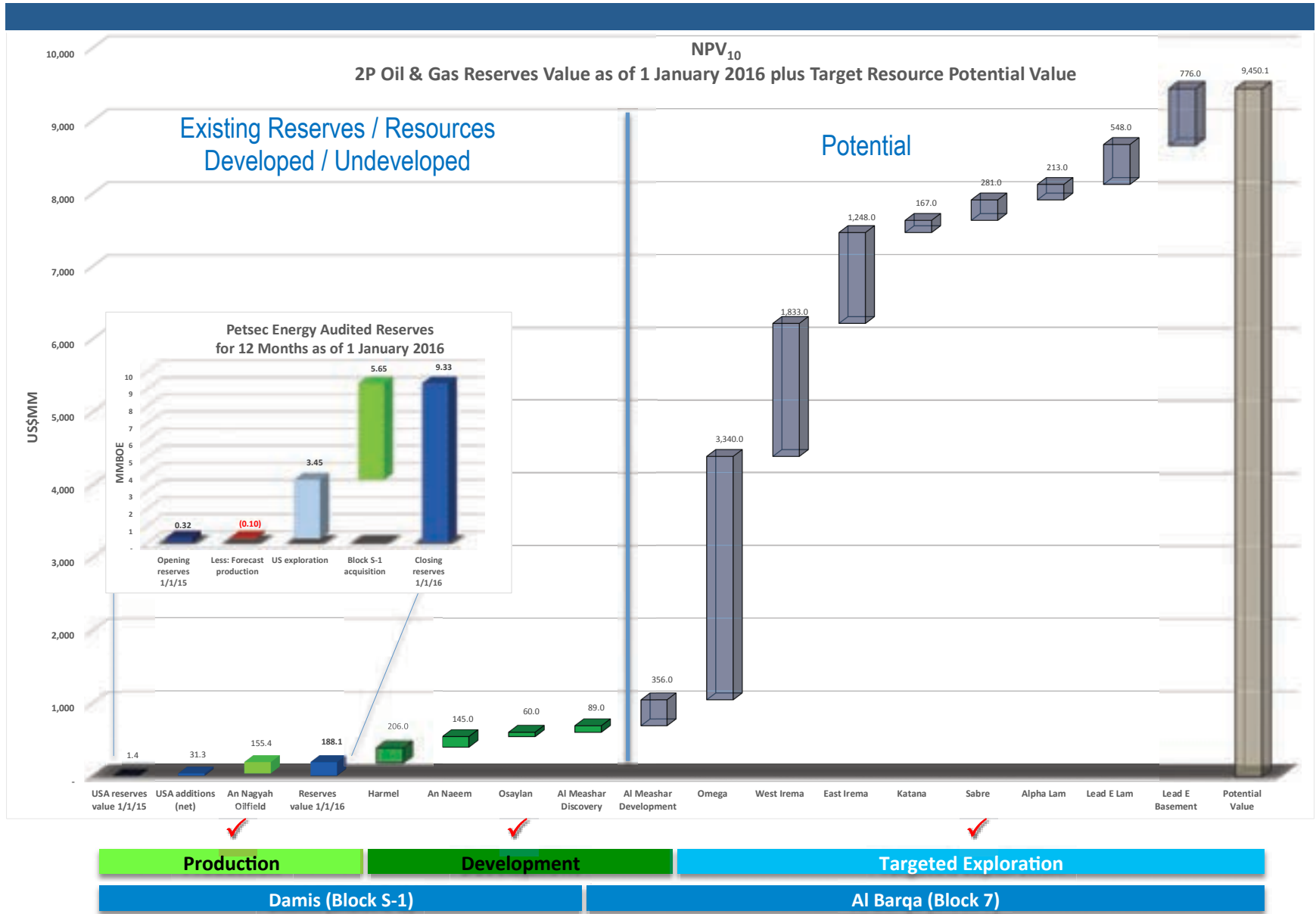


Yemen Reserves Potential Significant Upside



The attributed NPV₁₀ of US\$188MM is solely restricted to the audited reserves of the An Nagyah developed oilfield. The Chart above clearly identifies An Nagyah as the starting point to a significant reserve base of material value.

Estimated Reserves Value & Potential Significant Upside



Petsec Energy 2016 Exploration, Development & Acquisitions Programme

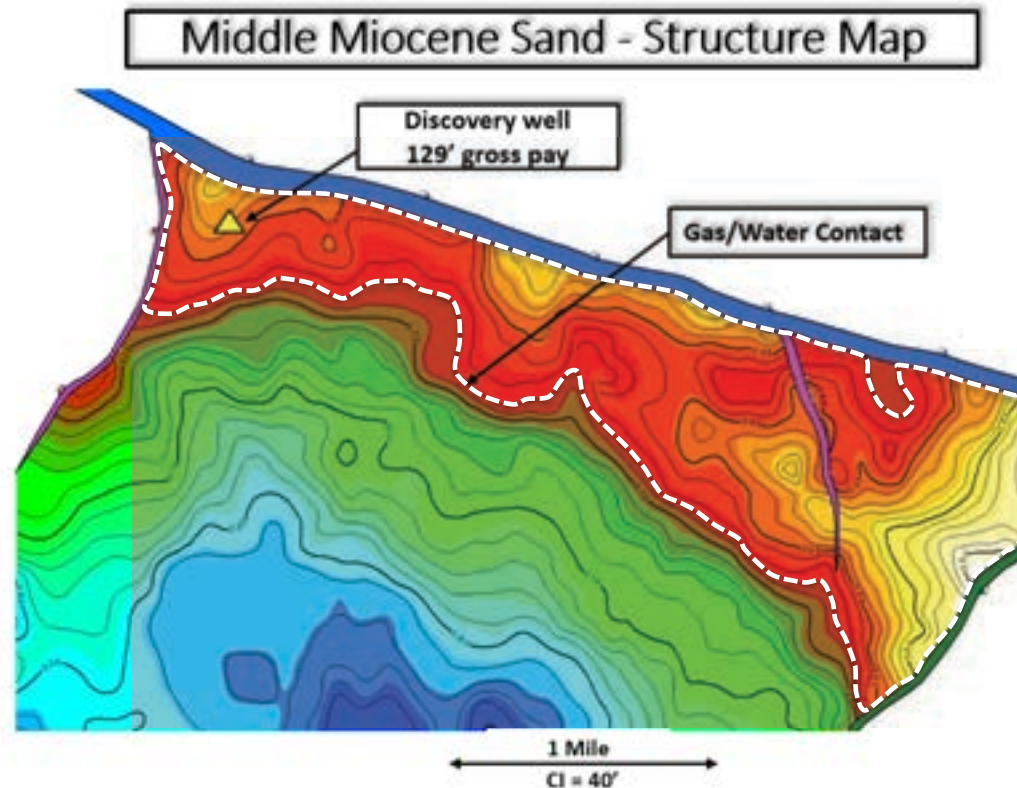
USA: Onshore Louisiana and Gulf of Mexico

- ❖ Exploration: No exploration drilling planned for 2016.
- ❖ Development:
 - Mystic Bayou Field: Three well locations, development anticipated 2017/2018.
 - Hummer discovery (Main Pass 270/273/274): MP 270 #3 BP 1 well-jacket built and set mid-2016. Well to be completed and tested in 3rd/4th Qtr. 2016. Oil volumes to be determined. Facilities built 1st/2nd Qtr. 2017. First production 2nd Qtr. 2017. Additional development three to nine wells 2017-2019.



USA – Hummer Platform Installation and Well Testing

- ❖ Discovery well cased and mud-line suspended December 2015. Intersecting 129 feet oil & gas pay.
- ❖ Indicated resources potential exceed pre-drill mapped resource of 59 Bcfg + 1.2 MMbo to 183 Bcfg + 3.7MMbo.
- ❖ Remaining high potential resources subject to further testing. Further 3 to 9 development wells considered 2017-2019.
- ❖ Jacket construction is currently underway, with installation planned for 3rd Qtr. 2016.
- ❖ Well completion and production testing will follow platform jacket installation during Q3-4 2016 Test to determine oil volumes.
- ❖ Top sides deck and facilities construction and installation along with pipeline hook-up will follow during 3rd/4th Qtr. 2016 and 1st Qtr. 2017.
- ❖ First production expected 2nd Qtr. 2017.

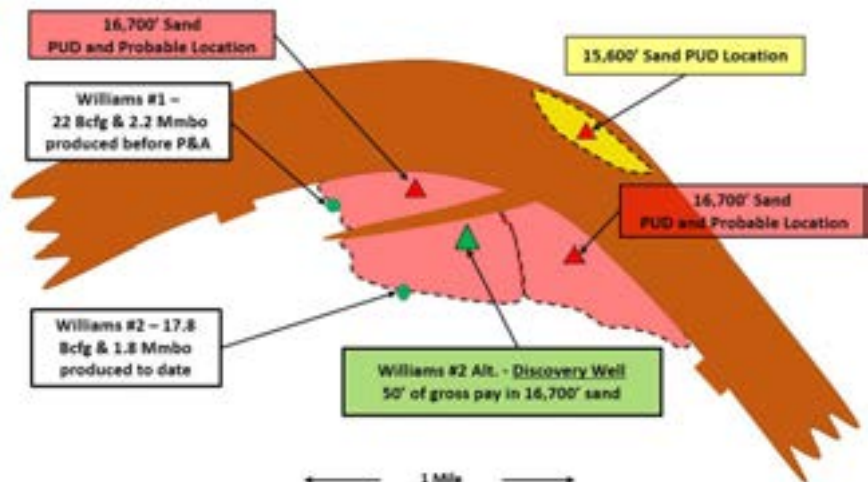


USA – Mystic Bayou Field

- ❖ Petsec owns a 25% non operating working interest (18.5% net revenue interest).
- ❖ Located 65 kilometres (40 miles) southeast of Lafayette in a low lying area of the Atchafalaya River Basin in St. Martin Parish, onshore Louisiana USA, the Mystic Bayou Field has produced in excess of 3.4 million barrels of oil and 39 billion cubic feet of gas in the target horizons.
- ❖ The Williams #2 Alt well was drilled to a total measured depth of 5,263 metres (17,266'), equivalent to 5,143 metres (16,873') true vertical depth.
- ❖ Williams # 2 Alt. well tested at a restricted rate of 5.7 MMcfg & 744 Bc per day on a 13/64" choke from the Lower Miocene 16,700' sand.
- ❖ Net reserves 14.1 Bcfg + 0.9MMbbc NPV10 US\$31MM.
- ❖ Future development will focus on drilling the adjacent three well locations of proved undeveloped reserves-development drilling 2017.



Mystic Bayou Map with 16,700' Reservoir Outlines



An Nagyah Production Restart & Further Oil Reserve Acquisitions

Damis (Block S-1)

- ❖ **Restart oil production at the An Nagyah Oilfield- late 2016:**
 - ❖ Currently there are 15 wells capable of producing oil at An Nagyah; production is expected to restart at or above 5,000 bopd - field exceeded 5,650 bopd when it was last in production in February 2014.
 - ❖ Following the start-up of production a work-over and infill drilling campaign is targeted to double production.
 - ❖ Production from the other oilfields in Block S-1 will also be initiated from existing wells with produced crude being trucked to the An Nagyah CPF for processing and export via pipeline.

Al Barqa (Block 7)

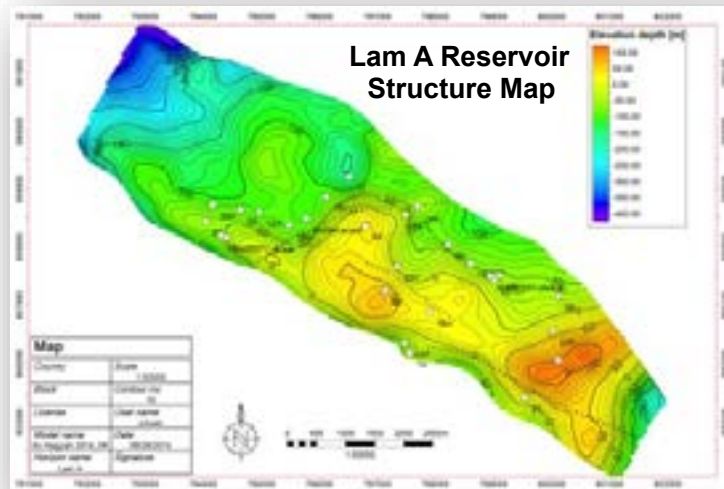
- ❖ Initiate a long term production test of the Al Meashar 1 & 2 wells when conditions allow.
- ❖ Drill an exploration well on the Omega Prospects given rig availability.

Acquisitions

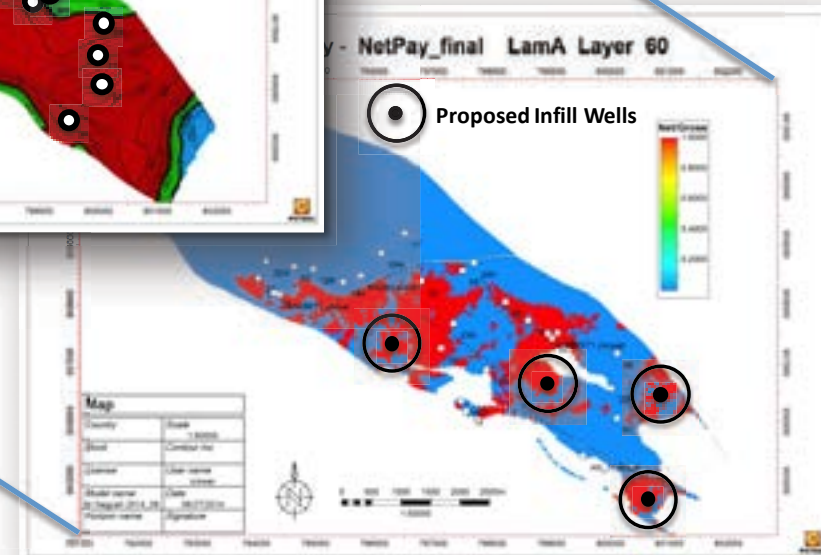
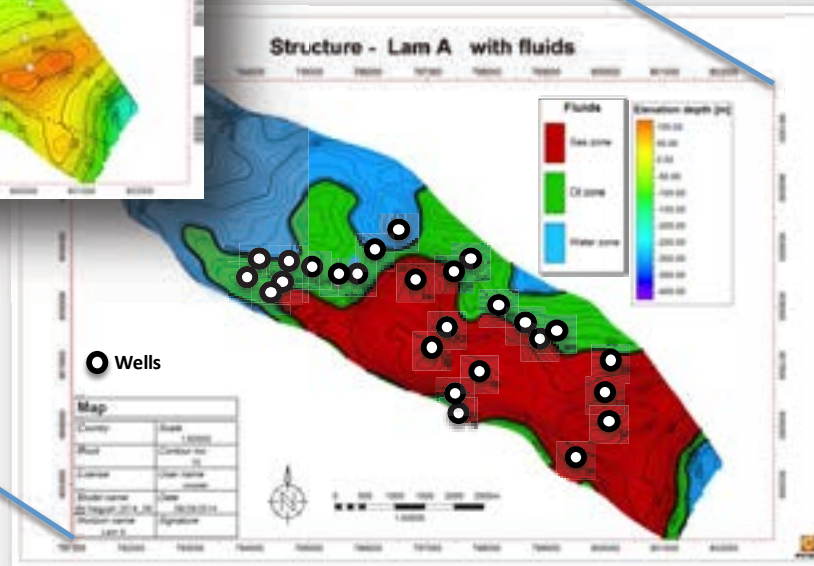
- ❖ There are a number of projects available in Yemen that have the potential to deliver significant upside through the application of new technology, and low cost operations.
- ❖ 'Distressed' assets are available in the current low oil price environment and the current political climate which restricts larger companies from operating.

2016-17 MENA Programme

An Nagyah - Production Increase

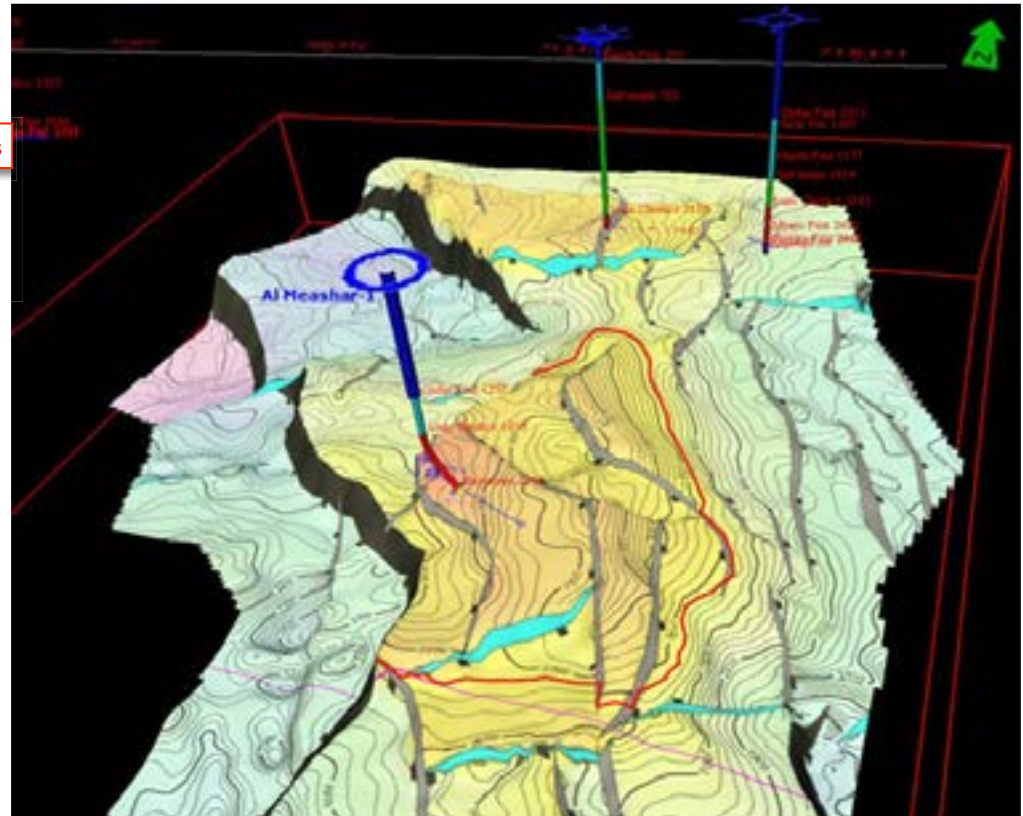
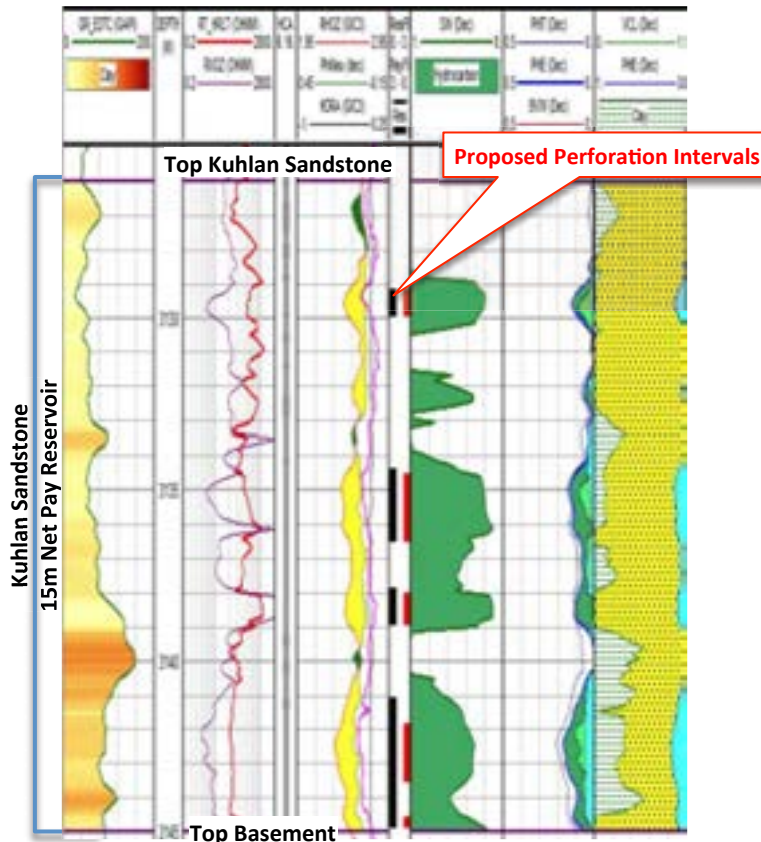


- ❖ Cash flow from production will be re-invested to increase production rates and ultimate reserve recovery.
- ❖ Reservoir modelling and simulation work conducted by the previous operator has identified unswept reservoir segments.



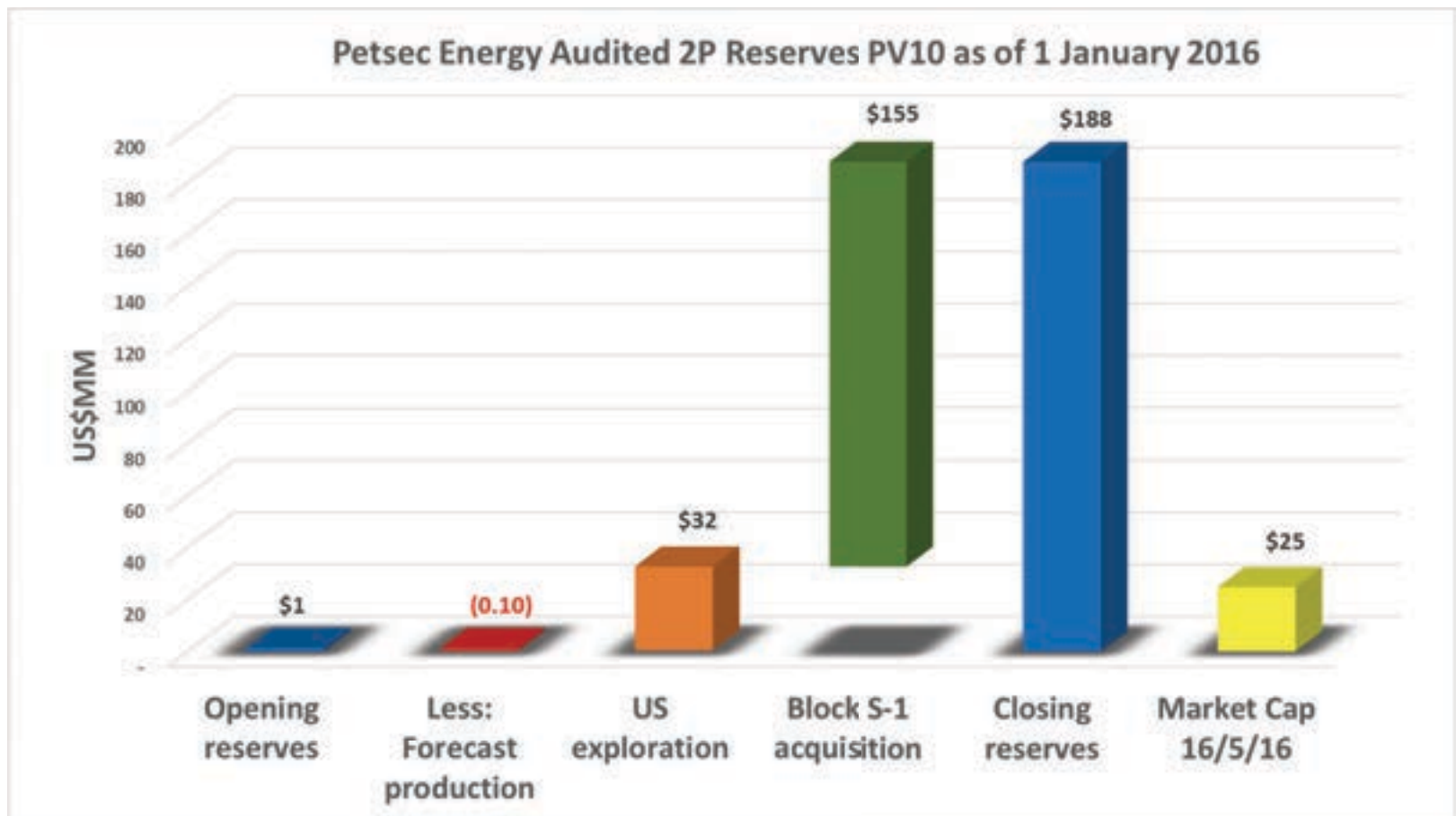
- ❖ Simulation studies will be completed to identify and prioritise key wells for a work-over programme which is expected to increased production.
- ❖ Four proposed infill development wells will substantially increase production rates and recovered reserves.

- ❖ The Al Meashar 1 & 2 well heads are in place and both wells are suspended. The proposed re-entry will drill out the suspension plugs and install production tubing in both wells using a low cost work-over rig located at the Habban CPF, 14km to the West.
- ❖ Petrophysical analysis of the Kuhlan Sandstone in Al Meashar-2 demonstrates 15m of oil saturated net reservoir pay, the casing will be perforated for production testing of the Kuhlan Sandstone.
- ❖ In Al Meashar-1 the basement section is to be tested utilising a long tail pipe to avoid interference with production in Al Meashar-2 out of the Kuhlan Sandstone. The Al Meashar-1 well tested a peak flow of 1046 BOPD & 6.36 MMcfpd gas on 1" choke over Shukra, Kuhlan and basement during testing of the discovery well.
- ❖ **The Kuhlan Sandstone overlaying basement is in communication with the Basement reservoir and is the production 'highway' as demonstrated in the Habban Oilfield. The well logs suggest 11% porosity consistent with Kuhlan in OMV's Habban Oilfield to the West.**



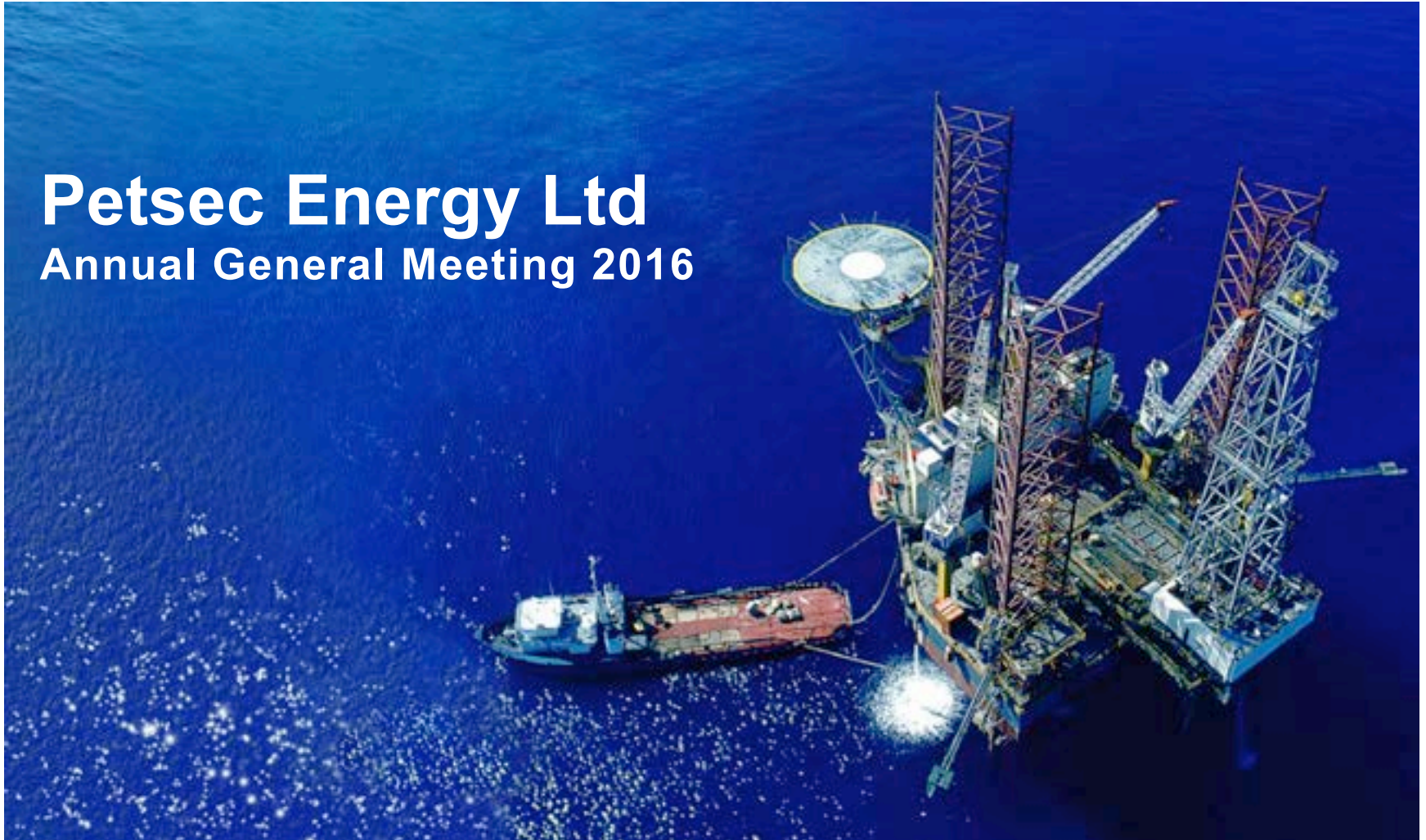
Net Reserves – NPV10 US\$188.1MM (~ A\$1.06/share)

Red Leaf Securities Pty Ltd: PSA is simply undervalued



Petsec Energy Ltd

Annual General Meeting 2016



Petsec Energy Ltd

Annual General Meeting 2016

