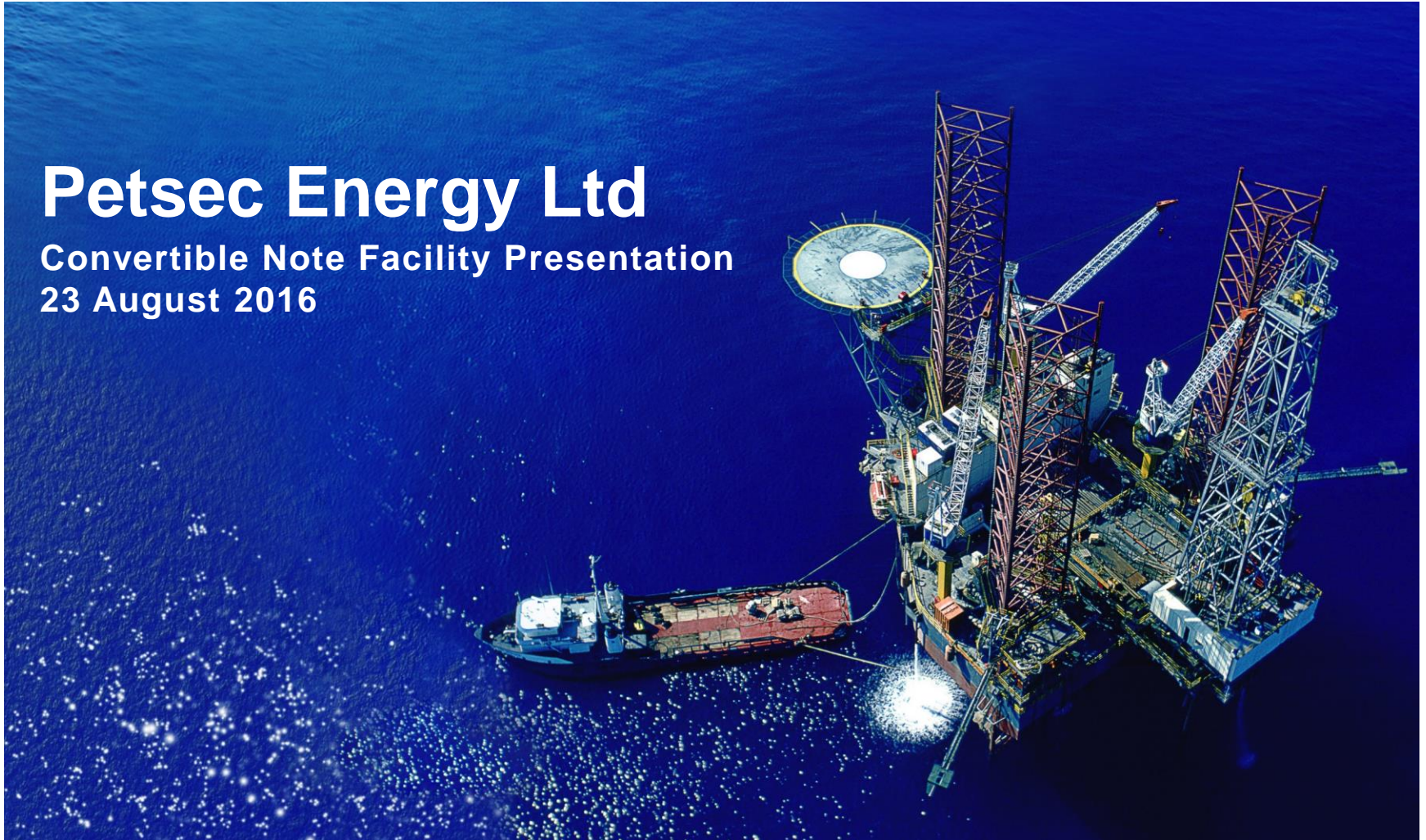


Petsec Energy Ltd

Convertible Note Facility Presentation
23 August 2016



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The reserves assessment follows guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). The USA and Yemen reserve estimates provided within this presentation are based on information contained within the following releases to the ASX: Announcements on 8 March 2016 and 15 March 2016; and 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 above releases, and that all the material assumptions and technical parameters underpinning the estimates therein continue to apply and have not materially changed.

Convertible Note Facility

- 1 Executive Summary**
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Executive Summary

- ❖ Petsec Energy Ltd (“Petsec”) has established a US\$15 million secured convertible note facility.
- ❖ The facility will be used, together with existing operating cash flow and working capital, to fund development / oil production capital expenditures over the next 12 to 18 months.
- ❖ The capital expenditure programme includes:
 - Hummer gas/oil discovery (Main Pass Blocks 270/273/274) – development of a four pile platform, well testing and production facilities for production of the initial well.
 - An Nagyah Oilfield in Block S-1, Yemen: re-start of oil production by end of 2016.
 - An Nagyah Oilfield: optimisation of production to exceed 5,000 BOPD.
 - Potential acquisition of additional oil reserves in the MENA region.

Overview of Convertible Note Facility

Type of Funding	Secured Unlisted Convertible Notes
Facility Arranger	Republic Investment Management and associates in Singapore, managed through the registrar Sing Rim Pte Ltd of Singapore
Loan Amount	Total of US\$15 million in 3 tranches of US\$5 million each
Facility Term	31 December 2017
Coupon	10% p.a. compounded on a monthly basis. Interest to be capitalised for the duration of the term
Conversion	<p>Tranche 1: Interest convertible at A\$0.15/share and principal debt convertible at A\$0.20/share to a maximum of 50% of the outstanding principal</p> <p>Tranche 2: Principal and interest convertible at A\$0.30/share to a maximum of 50% of the principal debt and capitalised interest</p> <p>Tranche 3: Principal and interest convertible at A\$0.40/share to a maximum of 50% of the principal debt and capitalised interest</p>

Other terms and conditions are typical of a facility of this nature and include the granting of security, penalty interest rates and early repayment costs.

Funding and Use of Proceeds

Tranche No.	Amount	Purpose
1	US\$5 million	Development of the Hummer gas/oil discovery (Main Pass Block 270 #3 well), USA - four pile platform, well testing, production facilities; and preliminary start-up operations for the An Nagyah Oilfield in Yemen
2	US\$5 million	Ramp up of production at the An Nagyah Oilfield and potential acquisitions of other oil producing assets in the MENA region
3	US\$5 million	Expansion and optimisation of production from the An Nagyah Oilfield and potential acquisitions of other oil producing assets in the MENA region

Petsec Energy Ltd – Investment Value Proposition

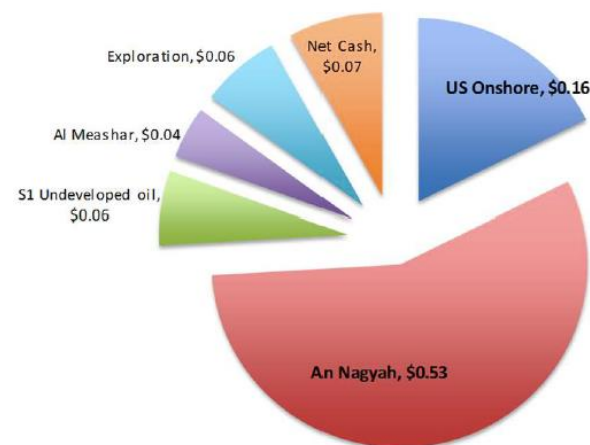
- ❖ **Strong management and technical team with extensive knowledge & experience**
- ❖ **Significant assets with potential for significant reserve, production & cash flow growth**
 - Reserve growth of 3000% achieved in FY2015
 - Net 2P reserves of 9.3 MMboe as of 1 January 2016:
 - USA: 3.7 MMboe predominantly from the Mystic Bayou Field
 - Yemen: 5.6 MMboe (An Nagyah Oilfield only)
 - Reserve & production growth will be driven by:
 - Development of Hummer gas/oil discovery on the Main Pass Blocks 270/273/274 in the shallow waters of the Gulf of Mexico, USA
 - Restart of production from the An Nagyah Oilfield in Block S-1, Yemen
 - Incremental increase in production and reserves from the An Nagyah Oilfield through infill drilling
- ❖ **Yemen leases provide potential for significant upside through further development & exploration**

Petsec Energy Ltd: Capital Structure & Valuation Metrics

Capital Structure

Market Listing	ASX: PSA / OTC ADR: PSJEY
Shares on issue	231.5 MM
Market capitalisation at 22/8/16 @ 21 c/s	A\$48.6 MM
Cash at 30/06/16	US\$9.2 MM
Debt at 30/06/16	Nil
Net oil & gas reserves (2P) as of 1/1/16	9.3 MMboe
NPV ₁₀ reserves (2P) as of 1/1/16	US\$188.1 MM

Valuation of A\$0.93/share ¹



	Pr	A\$M	Acps
US Onshore	100%	\$39	\$0.16
Yemen			
An Nagyah	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 Ltd: Operational Overview

USA Production & Development Assets

- ❖ 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) of which US\$31 million relates to Mystic Bayou
- ❖ Production fields – Jeanerette (ASF #4 well) (2014) and Mystic Bayou Williams # 2 Alt. well (2015)
- ❖ Hummer gas/oil discovery well – Main Pass Block 270 lease (2015)
- ❖ Development projects:
 - Hummer discovery (Main Pass 270/273/274): MP 270 #3 BP 1 well-jacket built and to be set mid-September 2016. Well to be completed and tested in 3rd/4th Qtr. 2016. Gas/oil volumes to be determined. Facilities built 1st/2nd Qtr. 2017. First production anticipated 2nd Qtr. 2017. Additional development 3 to 9 wells (2017-2019)
 - Williams No.2 Alt. well on the Mystic Bayou Field brought into production on 31 August 2015, four months after spud. Three development well locations – PUD locations (2017/2018)



Petsec Energy Ltd: Operational Overview

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

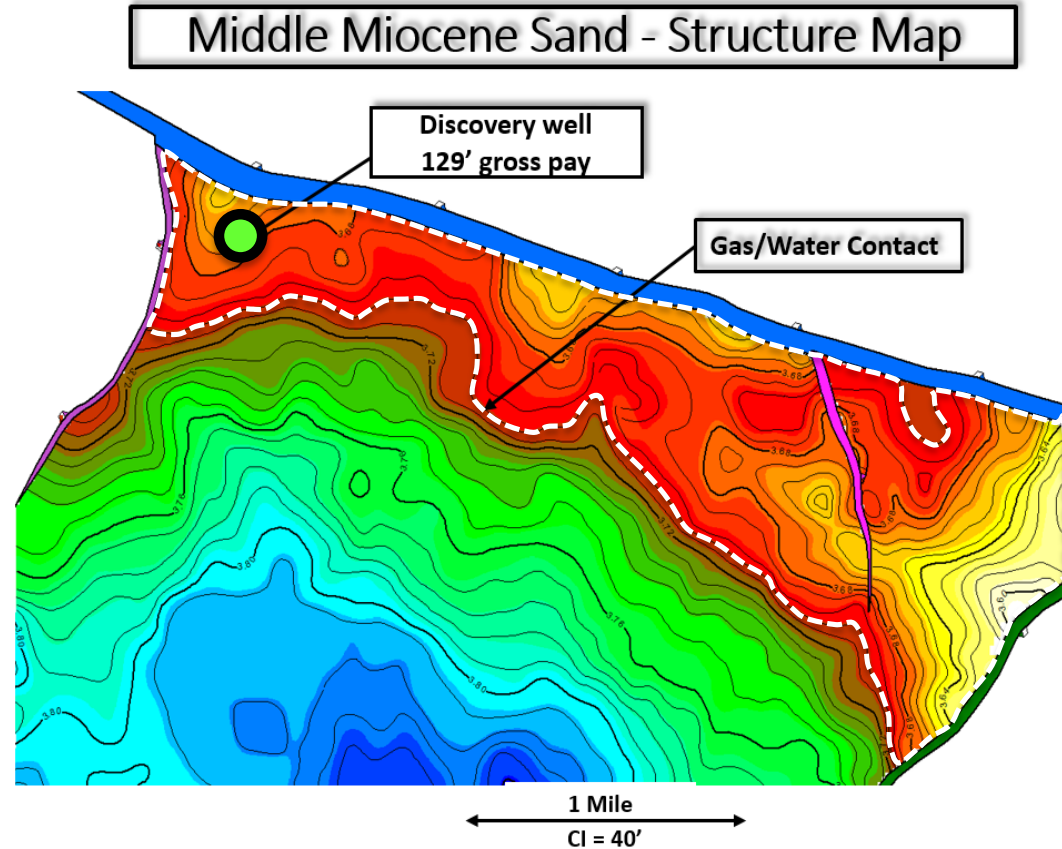
- ❖ Located 65 kilometres (40 miles) southeast of Lafayette in a low lying area of the Atchafalaya River Basin in St. Martin Parish, onshore Louisiana USA, the Mystic Bayou Field has produced in excess of 3.4 million barrels of oil and 39 billion cubic feet of gas in the target horizons
- ❖ Petsec owns 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 Ltd: Operational Overview

Hummer Platform Installation & 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
- ❖ Four pile jacket constructed, with installation planned for September 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



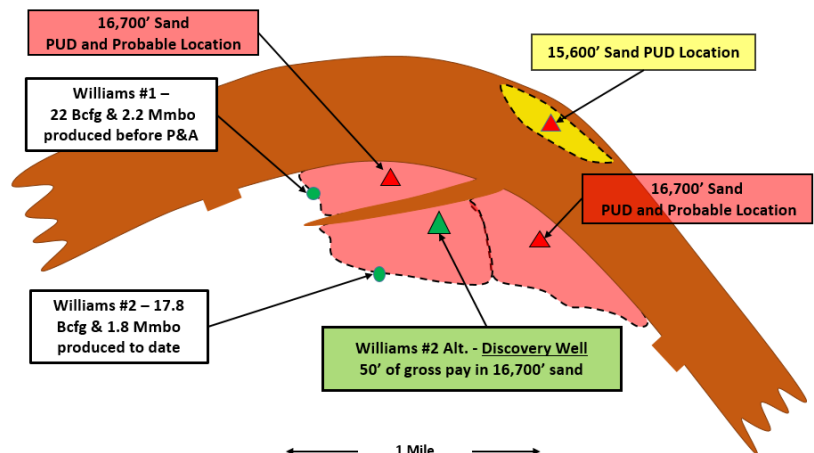
Petsec Energy Ltd: Operational Overview

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



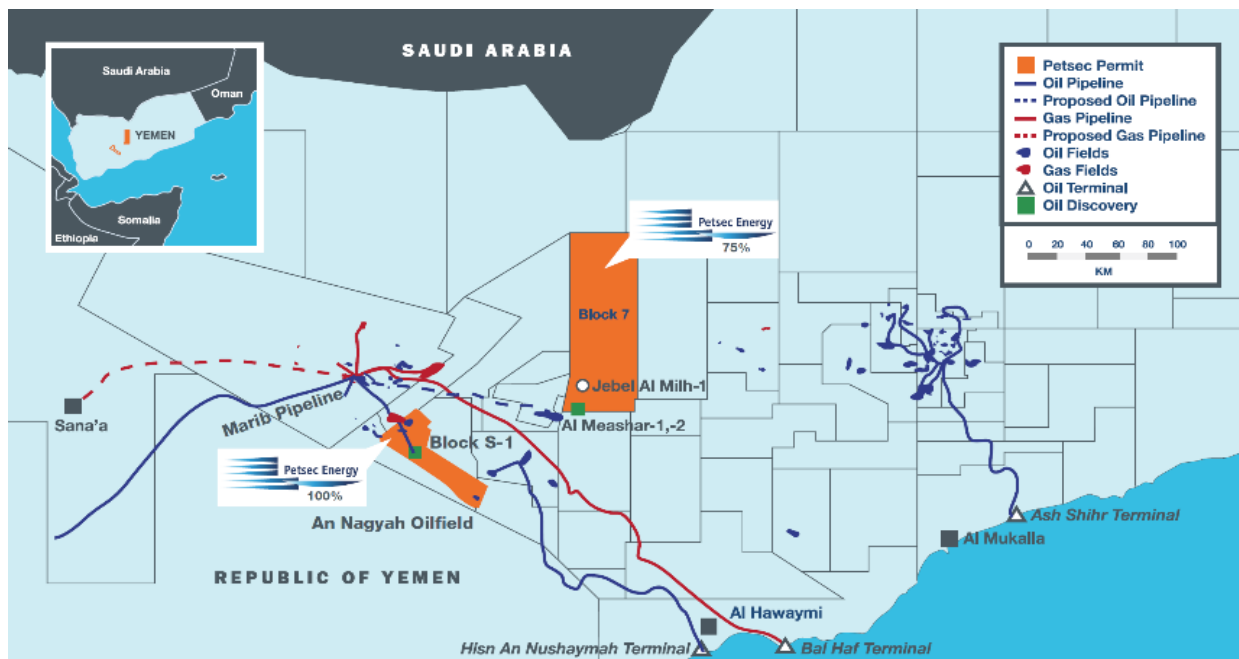
Mystic Bayou Map with 16,700' Reservoir Outlines



Petsec Energy Ltd: Operational Overview

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

- ❖ Damis (Block S-1) Production Licence and Al Barqa 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**

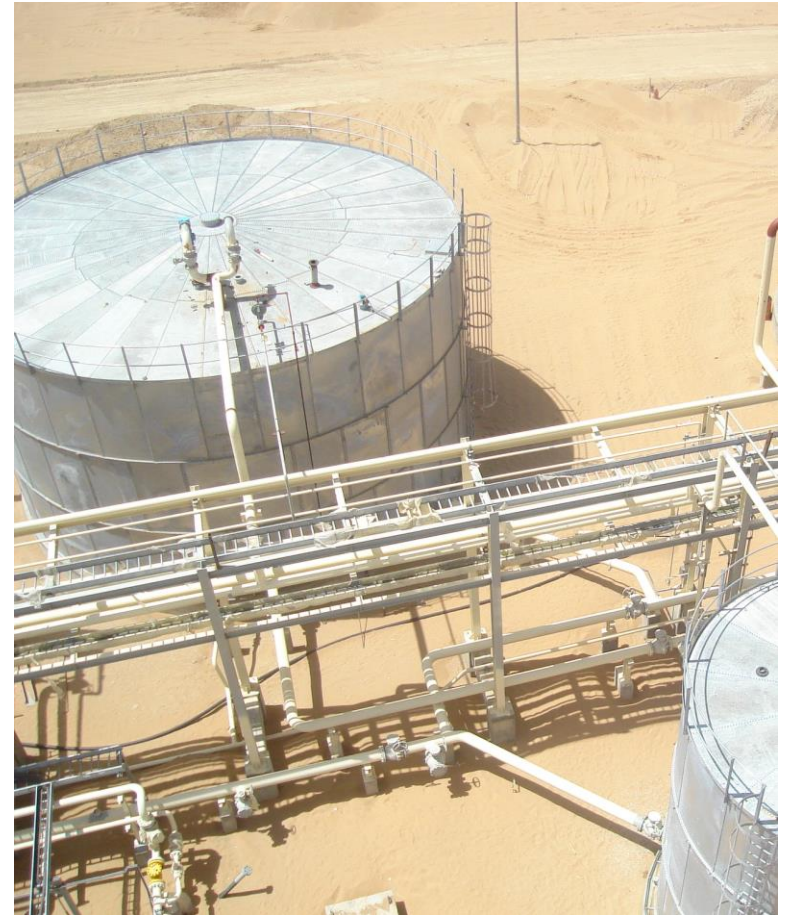


Petsec Energy Ltd: Operational Overview

An Nagyah Oilfield: Production Restart & Optimisation

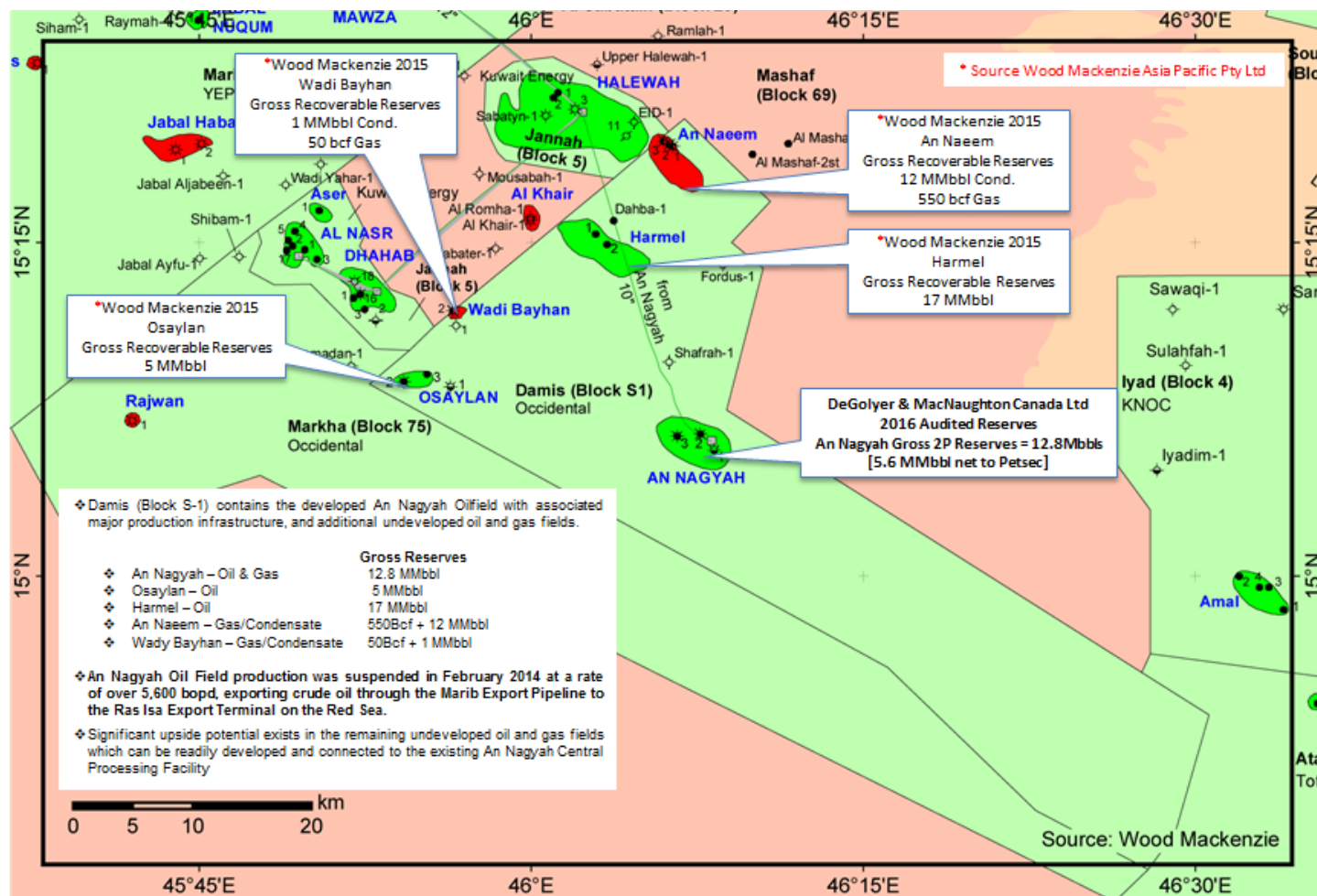
- ❖ **Restart oil production at the An Nagyah Oilfield:**
 - Currently there are 15 wells capable of producing oil at An Nagyah
 - Production is expected to restart at or above 5,000 BOPD

- ❖ **Optimise production at the An Nagyah Oilfield by:**
 - Increasing well production rates through work-overs and possible infill drilling
 - Increasing gas injection capacity with installation of additional compressors already on site
 - Production from the other oil fields 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



Petsec Energy Ltd: Operational Overview

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



Summary Investment Highlights of the CN Facility

- ❖ Secure flexible funding until 31/12/2017 to deliver significant cash flow from Company oil/gas reserve developments
- ❖ Provides flexibility on timing of drawdowns
- ❖ Strengthens equity base upon conversion
- ❖ Potential to issue equity at a premium to current share price
- ❖ Provides flexible funding to deliver early cash flow by:
 - Development of the Hummer gas/oil discovery in the USA
 - Restart of oil production at the An Nagyah Oilfield in Yemen
 - Providing additional capital for further high-value oil reserve acquisitions in the MENA area