

15th November 2016

Block 7, Yemen: Petsec Energy Increases Interest to 100%

KUFPEC 25% WI Acquisition Agreement Signed

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

Petsec Energy is pleased to advise it has executed an agreement with KUFPEC to acquire their 25% working interest in Block 7, Al Barqa Permit, in the Republic of Yemen.

The KUFPEC transaction brings our potential interest in the block to 100% pending completion of the KUFPEC and Oil Search transactions which are subject to customary approvals from the Government of Yemen, the Ministry of Oil and Minerals. The KUFPEC agreement follows the agreement executed in 2015 with Oil Search Limited to acquire its 40% working interest in Block 7 and operatorship. Petsec is currently the registered holder of a 35% working interest in the block.

Block 7 is an onshore exploration permit covering an area of 5,000 square kilometres (1,235,527 acres) located approximately 340km east of Sana'a, the capital of Yemen. The block contains the Al Meashar oil discovery as well as an inventory of leads and prospects defined by 2D and 3D seismic surveys with significant oil potential.



Petsec Energy now holds 100% interests in two oil leases in Yemen, Block S-1 and Block 7.

Block S-1, acquired in February 2016 from Occidental Petroleum, holds the developed An Nagyah Oilfield, and four undeveloped oil and gas fields which hold substantial oil and gas resources, in excess of 34 million barrels of oil and 550 billion cubic feet of gas ¹.

Crude oil shipments from Yemen restarted in August 2016 for the first time since March 2015 when 4 million barrels of oil were shipped from the Ash Shihr terminal near Mukalla on the Gulf of Aden, and in turn the Masila oilfields have returned to production. The Aden Refinery, which has a 150,000 bopd processing capacity, has returned to production and the Company anticipates the restart of the Total operated LNG plant at Bal Haf on the Gulf of Aden.

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Petsec Energy's Chairman, Terry Fern, commented on the Agreement:

"We are pleased to have entered into this agreement with KUFPEC which increases our interest in Block 7 to 100%. The Al Meashar oil discovery and the 8 large prospects and leads in Block 7 hold the potential for substantial oil reserves and a consequent substantial increase in the value of Petsec Energy. We look forward to the early start of production from the An Nayah Oilfield in Block S-1 and subsequent production from the two suspended wells on the Al Meashar oil discovery in Block 7".

¹ Source: Wood Mackenzie Asia Pacific Pty Ltd

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Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. It has operations in the shallow waters of the Gulf of Mexico and state waters of the Louisiana Gulf Coast region of the USA, and exploration activities in the Gulf Coast onshore and bay areas of Texas and Louisiana, USA and Yemen.