

Petsec Energy Ltd

Proactive Investors Presentation
January 2017



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.

To the maximum extent permitted by law, the company and its personnel:

- ❖ disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions;
- ❖ do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this presentation, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward looking statement; and
- ❖ disclaim all responsibility and liability for these forward looking statements (including, without limitation, liability for negligence).

Nothing contained in this presentation constitutes investment, legal, tax or other advice. The Information does not take into account the investment objectives, financial situation or particular needs of any recipient. Before making an investment decision, each recipient of this presentation should make its own assessment and take independent professional advice in relation to the information and any action taken on the basis of this presentation.

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.

Petsec Energy is an independent oil and gas exploration and production company listed on the Australian Securities Exchange with operations in the shallow waters of the Gulf of Mexico and onshore Louisiana, USA, and onshore in Yemen.

High Value Asset Base

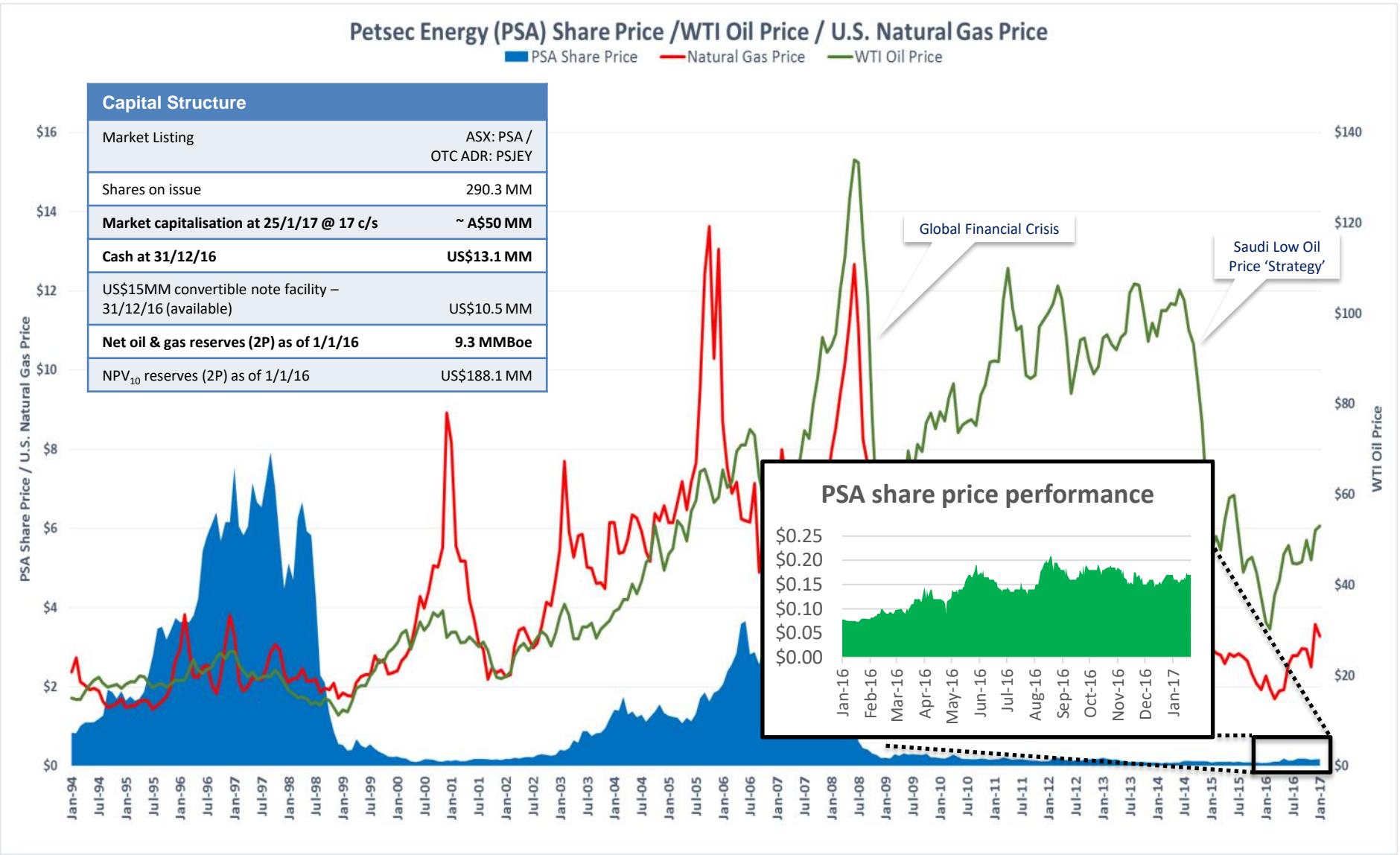
- ❖ **Audited Reserves: 9.3MMboe**
- ❖ **NPV10 US\$188.1MM**
- ❖ **Petsec Energy Value per share: A\$1.06**

USA

- ❖ **Net 2P reserves 1 Jan 2016: 3.7MMboe / NPV10 US\$32.7MM**
- ❖ Mystic Bayou gas/oil field
- ❖ Full value not yet attributed to Hummer Development, discovered in Nov 2015

Yemen

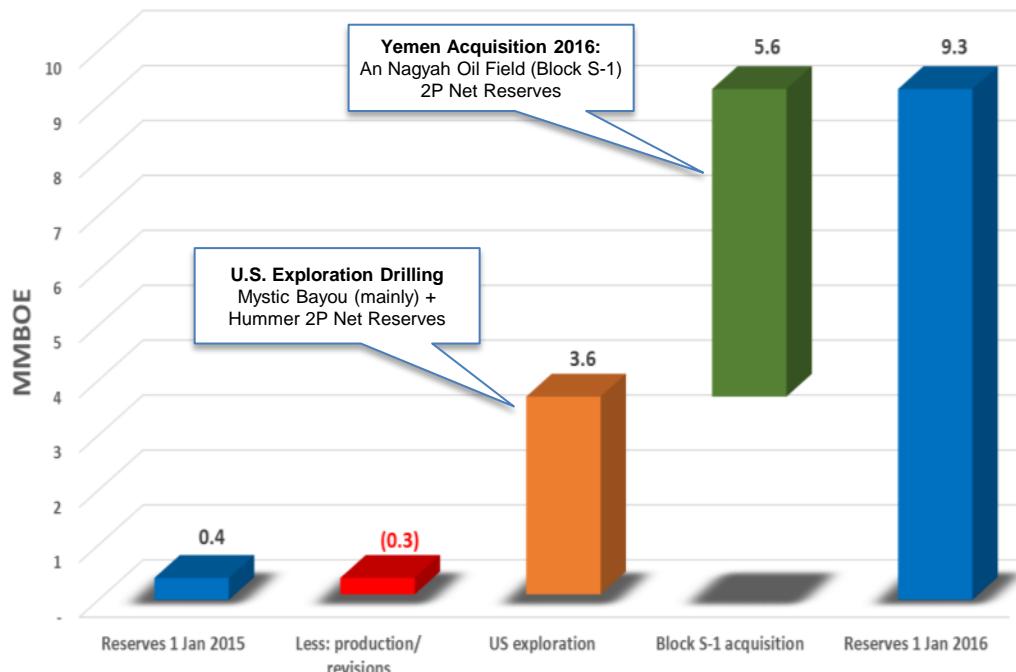
- ❖ **Net 2P reserves 1 Jan 2016: 5.6MMbbls / NPV10 US\$155.4MM**
- ❖ An Nagyah Oilfield in DAMIS (Block S-1) only, no value attributed to remaining 4 oil and gas fields in Block S-1
- ❖ No value attributed to Al Meashar Oilfield in Al Barqua (Block 7)



3000% Growth in Net 2P Oil & Gas Reserves

Net Reserves

Net Present Value₁₀ = US\$188.1MM (~A\$1.06/share)



Notes

- 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.

Valuation vs. Peers

Petsec Energy (ASX: PSA) is undervalued

Company	Ticker	Share Price 25/01/17	Shares on Issue mn	Capitalisation A\$mn	EV A\$mn	Reserves*		MCap/2P A\$/boe	EV/2P A\$/boe
						2P Mboe	2P Mboe		
Oil Search	OSH	6.99	1522.7	10,644	14,710	484	21.99	30.39	
Horizon	HNZ	0.06	1302.0	79	245	9	9.23	28.50	
Beach Energy	BPT	0.77	1865.1	1,436	1,384	67	21.46	20.68	
Woodside	WPL	31.96	842.4	26,925	32,443	1413	19.05	22.96	
Santos	STO	4.00	2032.0	8,128	12,754	883	9.20	14.44	
Tap Oil	TAP	0.09	424.0	37	44	3	11.84	13.81	
AWE Ltd	AWE	0.62	528.2	325	331	70	4.63	4.71	
Cooper Energy	COE (Adj)	0.35	659.6	231	203	48	4.79	4.22	
Senex Energy	SXY	0.29	1154.4	329	247	83	3.96	2.97	
Elk Petroleum	ELK (Adj)	0.07	854.0	62	61	21	2.92	2.87	
Petsec Energy	PSA (Adj)	0.17	308.6	52	33	13	4.04	2.56	

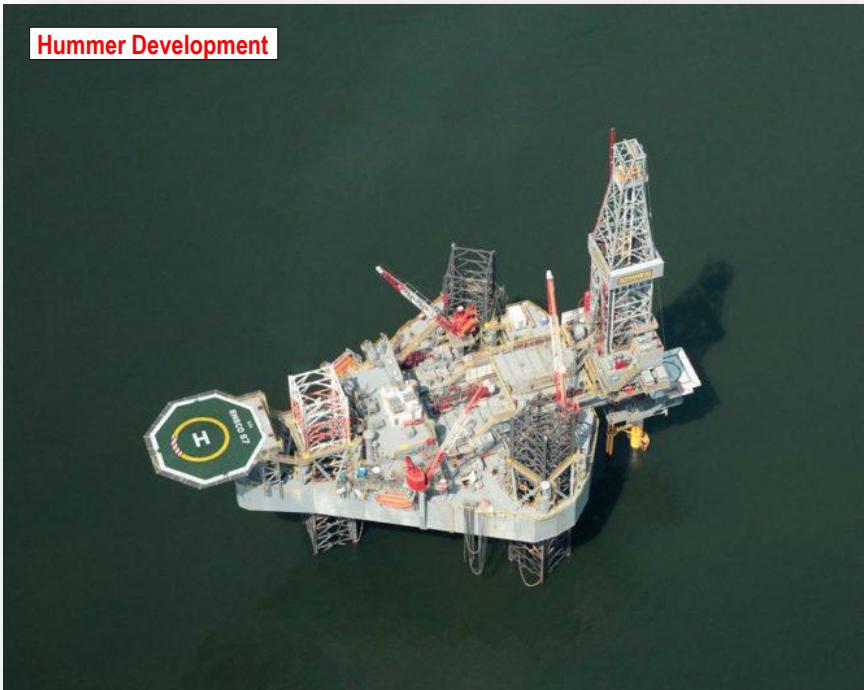
Source: Taylor Collison estimates

Table data sourced from IRESS;

All stocks priced (rounded) as of close of trading 28 November 2016

Onshore Louisiana & Shallow Waters Gulf of Mexico

Hummer Development

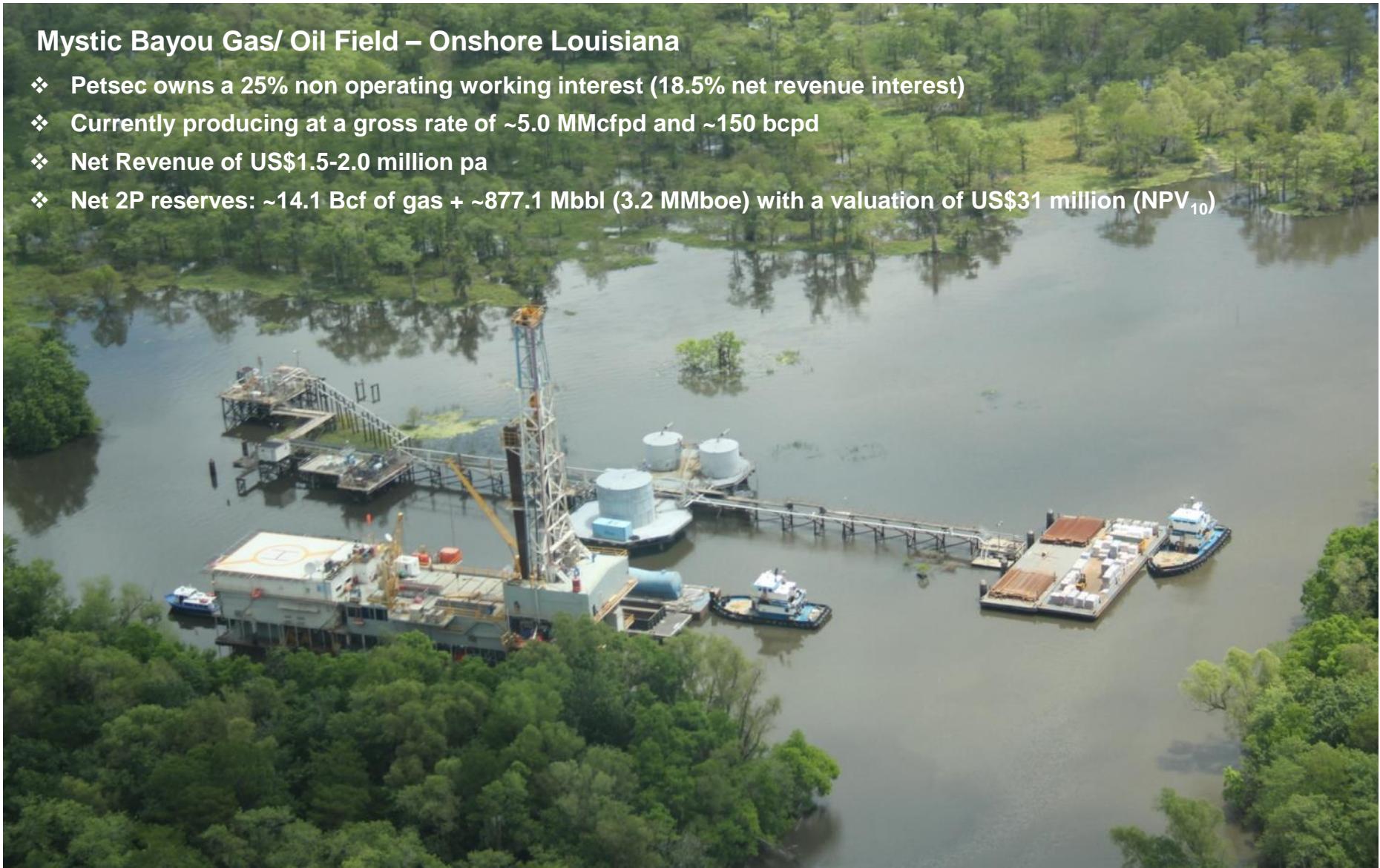


- ❖ USA net 2P oil & gas reserves as of 1 January 2016 were 3.7MMboe with a NPV10 of US\$32.7MM (Cawley, Gillespie & Associates) mostly attributed to the Mystic Bayou Field (3.2MMboe / US\$31MM).
- ❖ Production: Two fields – Jeanerette (ASF #4 well) and Mystic Bayou Williams # 2 Alt. well.
- ❖ **Development Projects:**
 - Mystic Bayou: Williams No.2 Alt. well brought into production on 31 August 2015. Three further development well locations.
 - Hummer Project: Main Pass 270 #3 well discovery in late 2015, completed for production in Nov 2016. Additional appraisal / development well locations planned for 2018 – 2019 drilling.



Mystic Bayou Gas/ Oil Field – Onshore Louisiana

- ❖ Petsec owns a 25% non operating working interest (18.5% net revenue interest)
- ❖ Currently producing at a gross rate of ~5.0 MMcfpd and ~150 bcpd
- ❖ Net Revenue of US\$1.5-2.0 million pa
- ❖ Net 2P reserves: ~14.1 Bcf of gas + ~877.1 Mbbl (3.2 MMboe) with a valuation of US\$31 million (NPV₁₀)

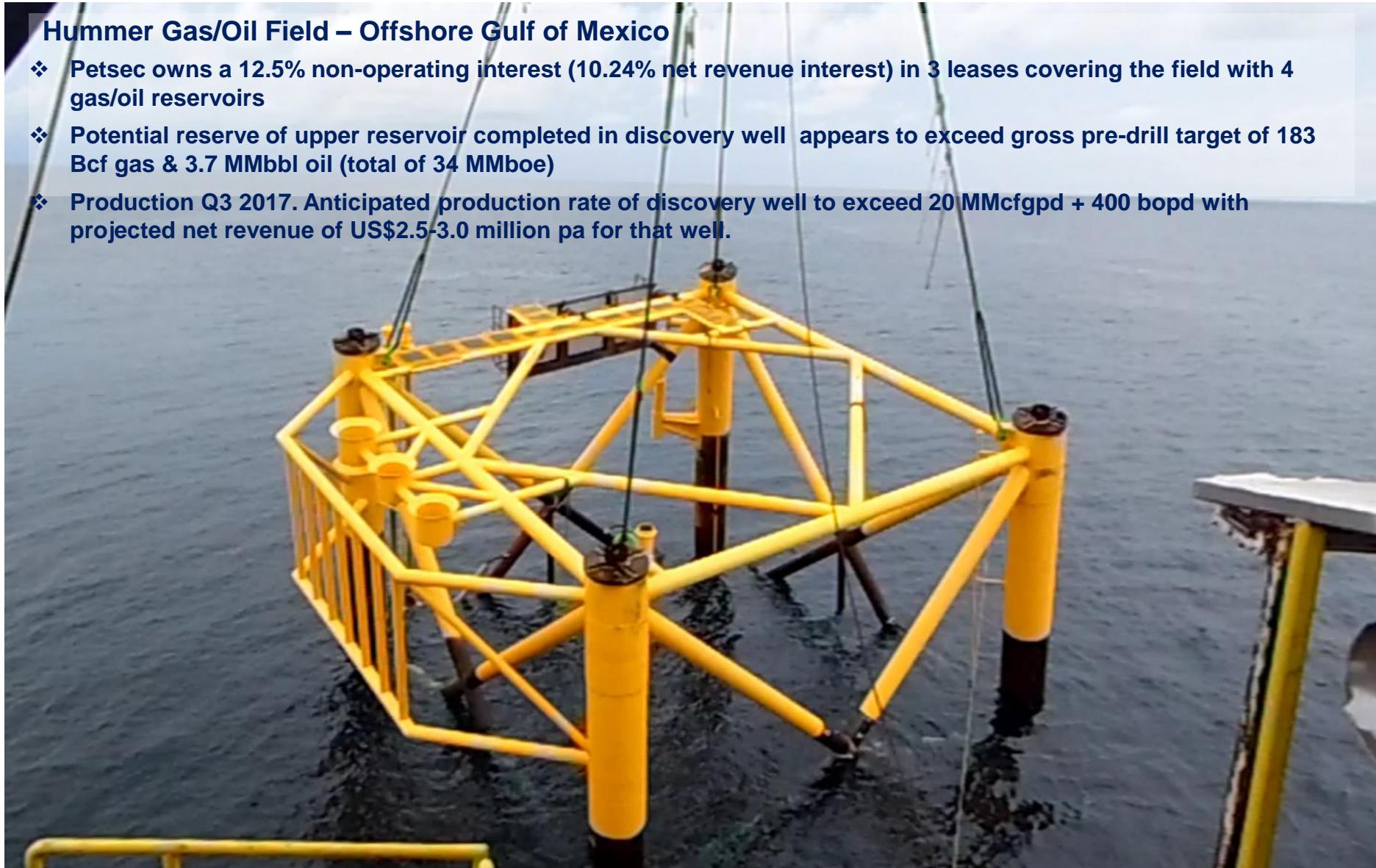


Petsec Energy Oil & Gas Assets: USA: Hummer Gas/Oil Field (2015)

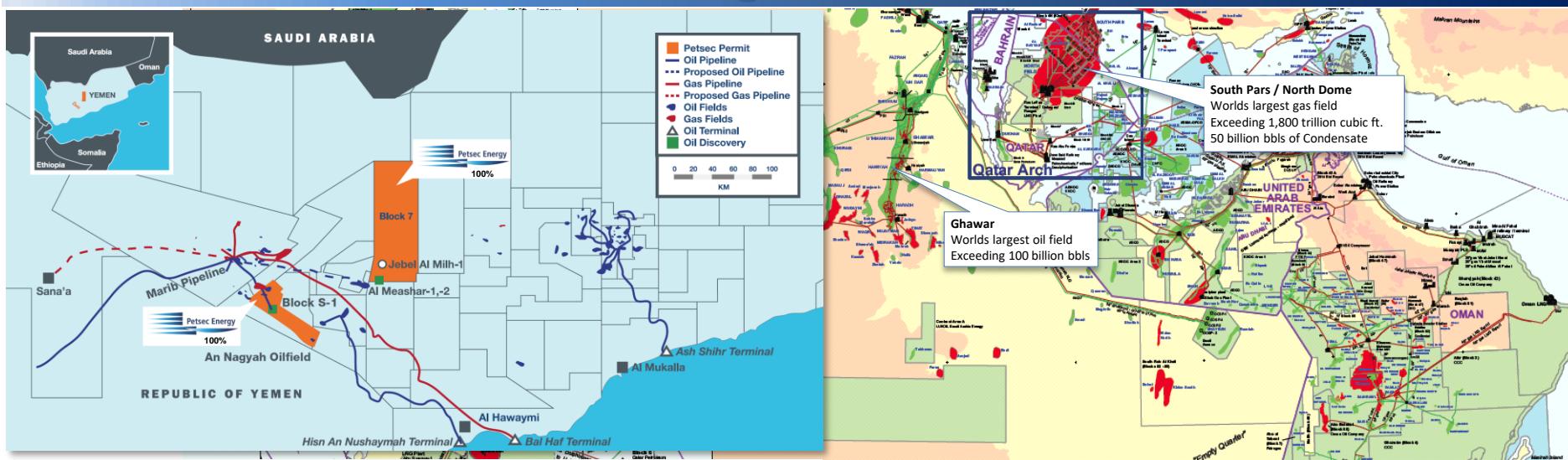
2016/2017 Development / Commercial Production 2017

Hummer Gas/Oil Field – Offshore Gulf of Mexico

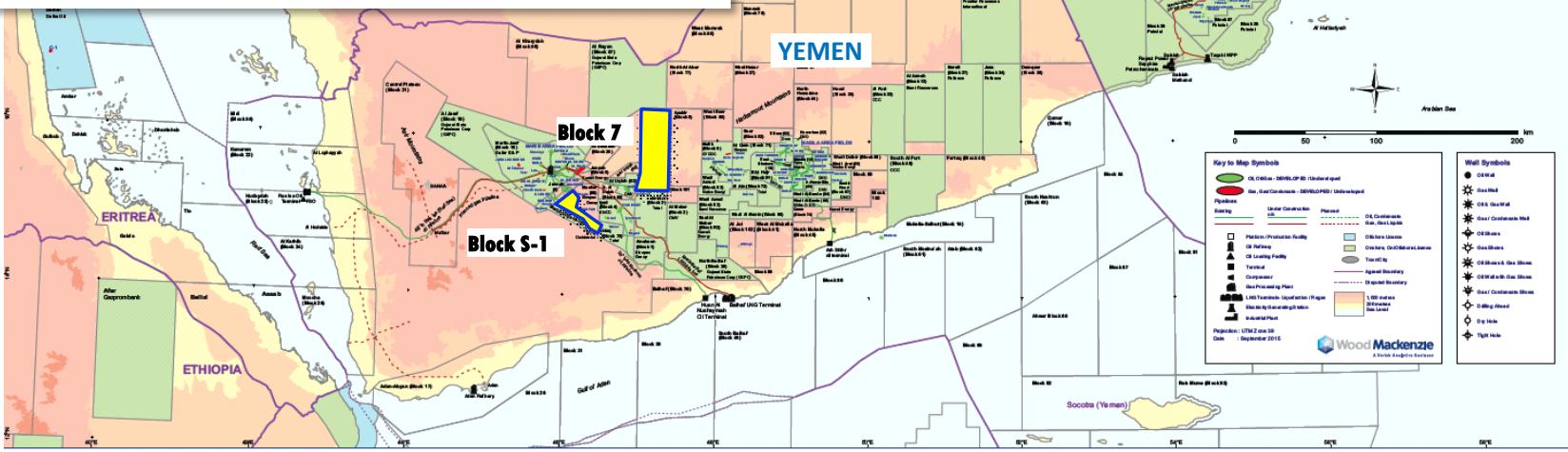
- ❖ Petsec owns a 12.5% non-operating interest (10.24% net revenue interest) in 3 leases covering the field with 4 gas/oil reservoirs
- ❖ Potential reserve of upper reservoir completed in discovery well appears to exceed gross pre-drill target of 183 Bcf gas & 3.7 MMbbl oil (total of 34 MMboe)
- ❖ Production Q3 2017. Anticipated production rate of discovery well to exceed 20 MMcfgpd + 400 bopd with projected net revenue of US\$2.5-3.0 million pa for that well.



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

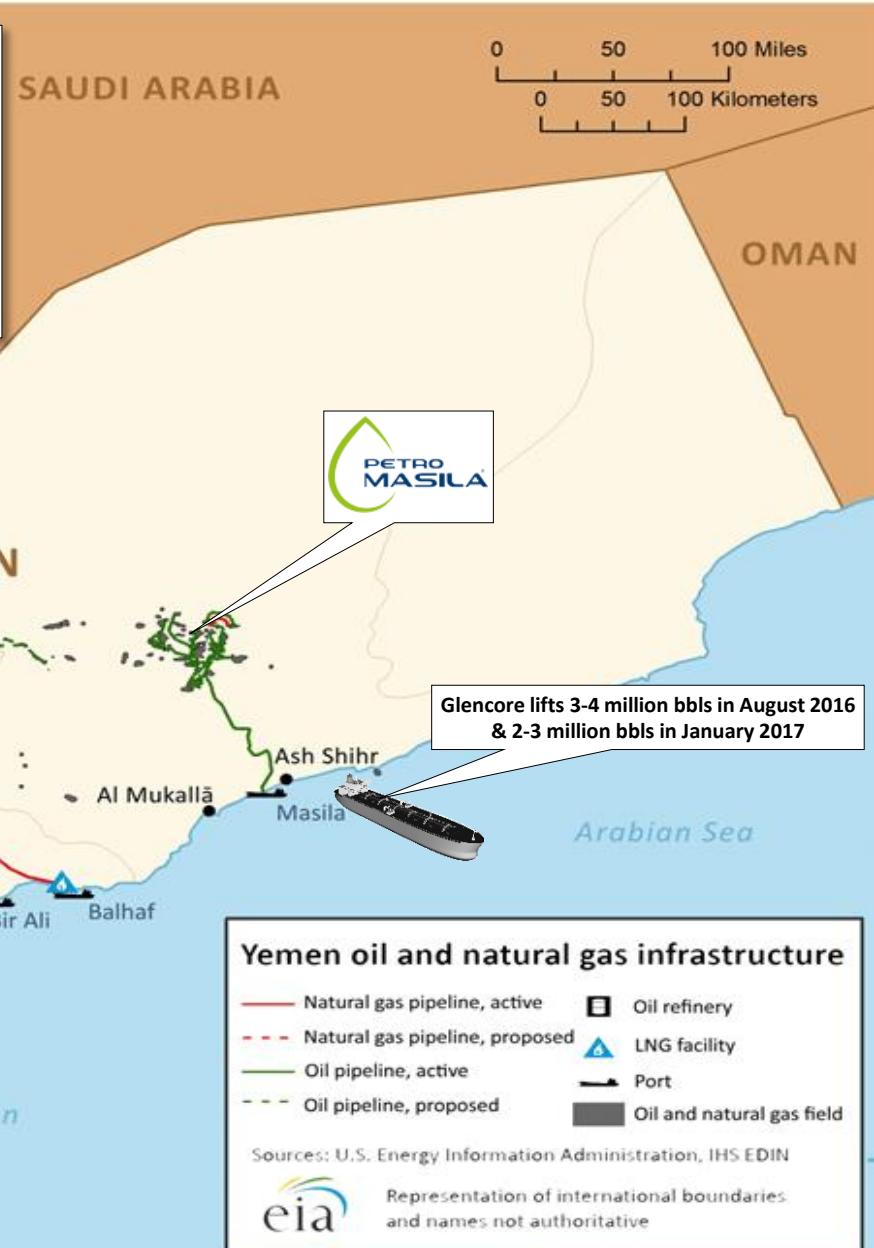


- ❖ Approximately 53% of the world's proven oil reserves are located in the Middle East *Source: OPEC Annual Statistical Bulletin 2015*
- ❖ Yemen, located on the Arabian Plate, contains geology comparable to that of Saudi Arabia, comprising the equivalent Petroleum Systems to those of Saudi Arabia
- ❖ Yemen is under explored & under developed holding the potential for large oilfields
- ❖ Block S-1 has 5 oil & gas fields (target resource > 55 million barrels of oil and 550 Bcf of gas).
- ❖ Block 7 contains the Al Meashar oil field (target resource 11-50 MMBbl) to be appraised and further developed



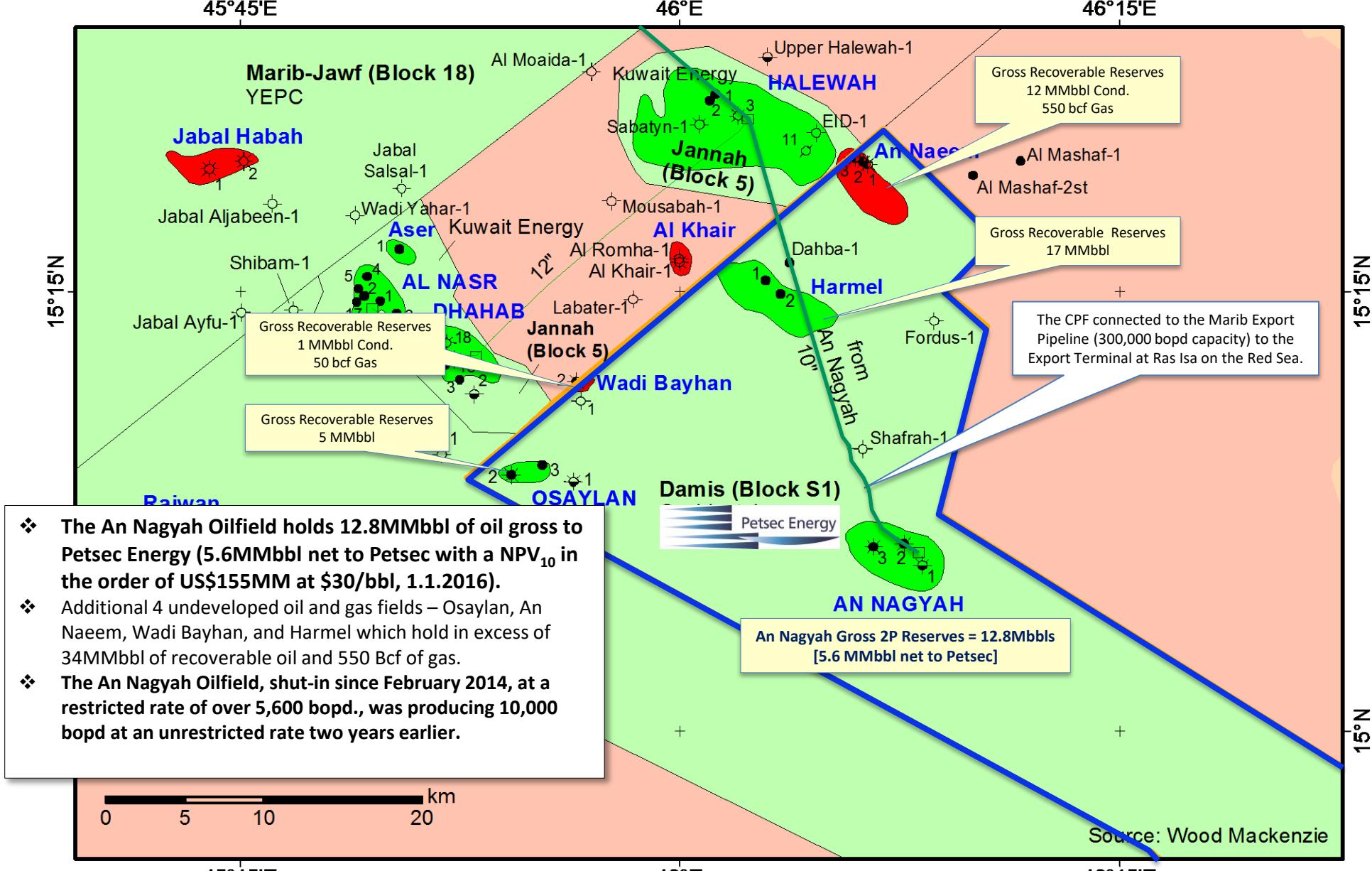
Yemen Oil & Gas Infrastructure Status

- ❖ The areas of conflict are highlighted in Red - located approximately 350km west of Petsec oil and gas fields.
- ❖ Export terminals, pipelines and associated infrastructure are intact and have been well maintained.
- ❖ Petro Masila is currently producing approximately 50,000 BOPD and exporting crude out of the Ash Shihr Terminal near the city of Al Mukalla on the Arabian Sea.
- ❖ **Petsec is planning to start trucking to Masila and piping oil to Ash Shihr Terminal by mid 2017**

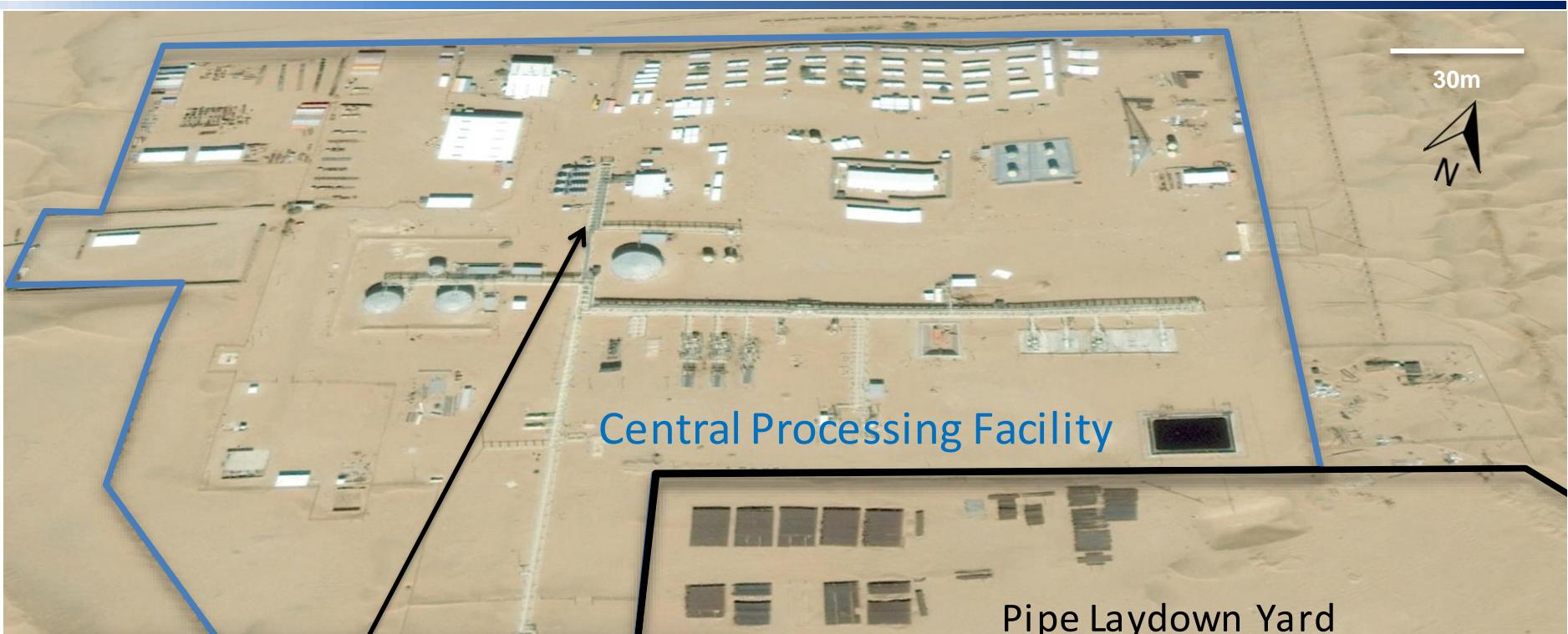


Damis (Block S-1) Production Licence

5 Oil & Gas Fields-34 MMbbl oil\550 BCf gas



An Nagyah Oilfield Central Processing Facility (CPF)



- ❖ The previous operator has invested over \$450MM developing the An Nagyah Oilfield;
- ❖ The An Nagyah production facility has been well maintained during the shut-in period and remains in good condition
- ❖ A recent survey of well heads, pumping station, generators, compressors, control room, pipelines and warehouse confirmed there is no damage and the field can readily be restarted.

An Nagyah Oilfield

Production Restart –Transport by Truck

Crude Processing Train



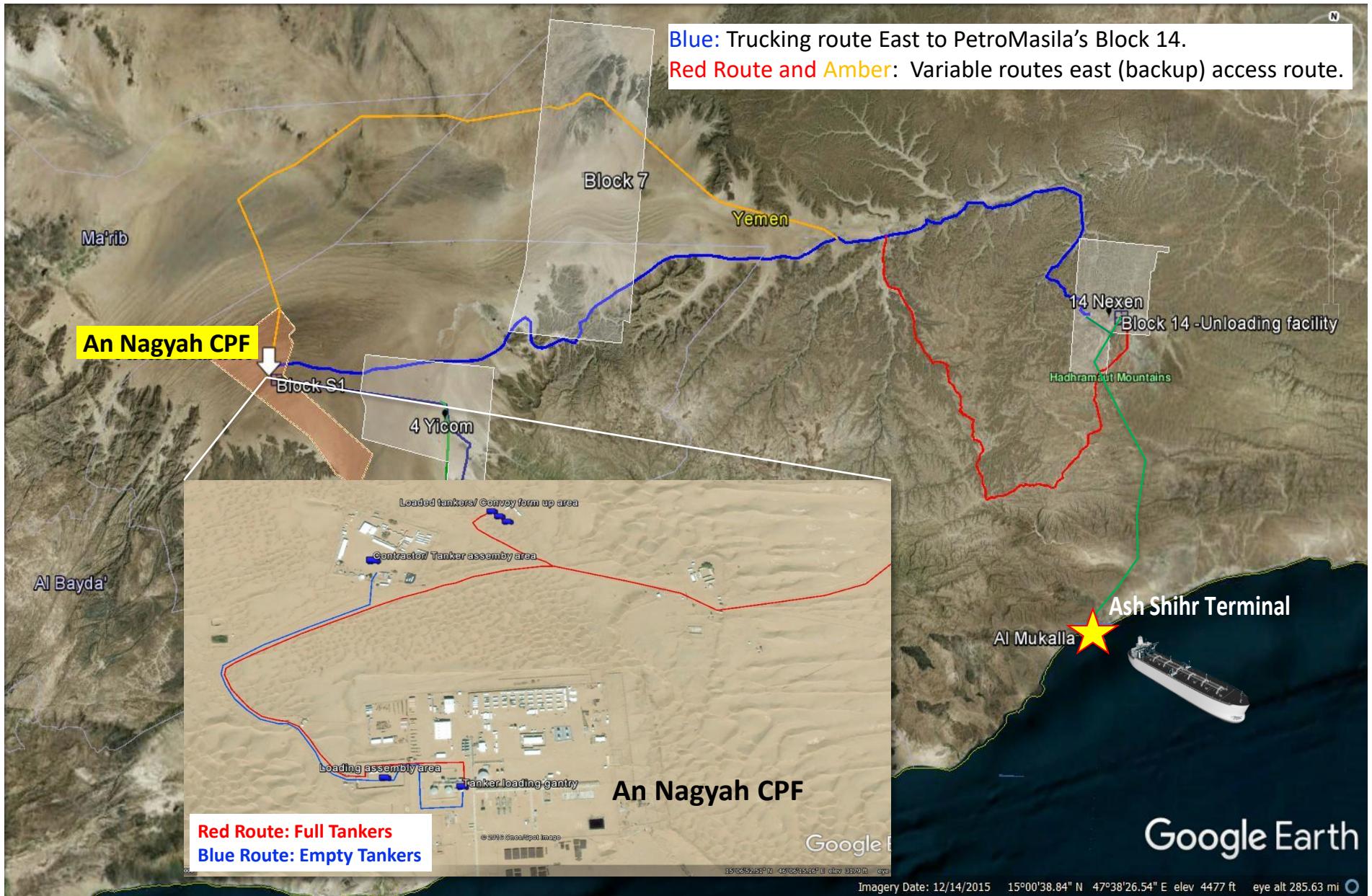
Crude Storage



- ❖ Management is currently planning to restart production at the An Nagyah Oilfield in the second quarter of 2017.
- ❖ Planning to transport crude by truck East to the Masila Basin Pipeline Hub then transported through the pipeline South to the Ash Shihr Oil Terminal on the Gulf of Aden, near the city of Al Mukalla.
- ❖ Current restart activities include:
 - Onsite preparations for truck loading facilities
 - Complete negotiations for trucking contracts
 - Negotiate pipeline access and storage agreements
 - Complete negotiations of sale/shipping contracts

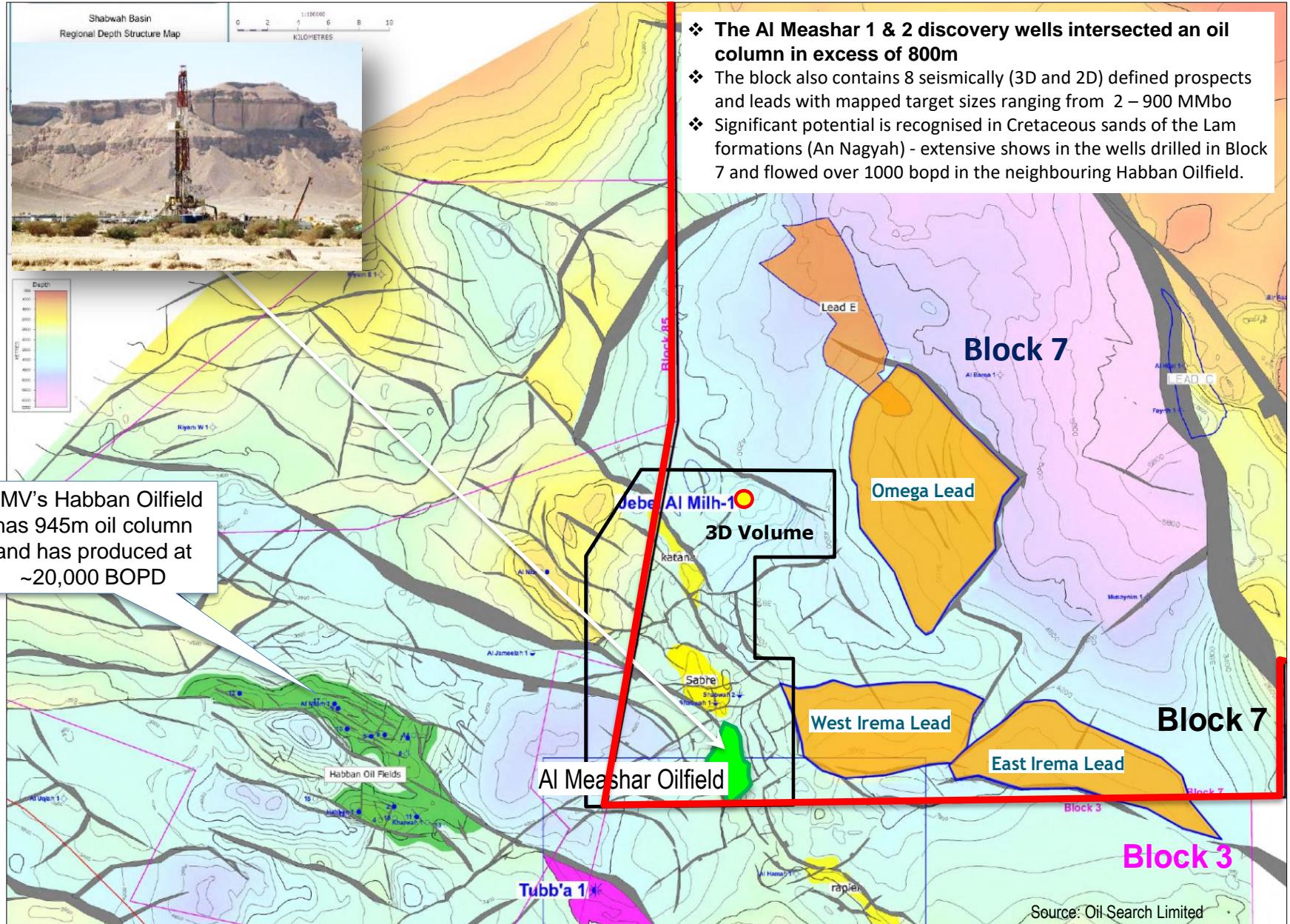


An Nagyah Oilfield: Truck/Pipeline Routes: To Block 14 Pipeline Hub





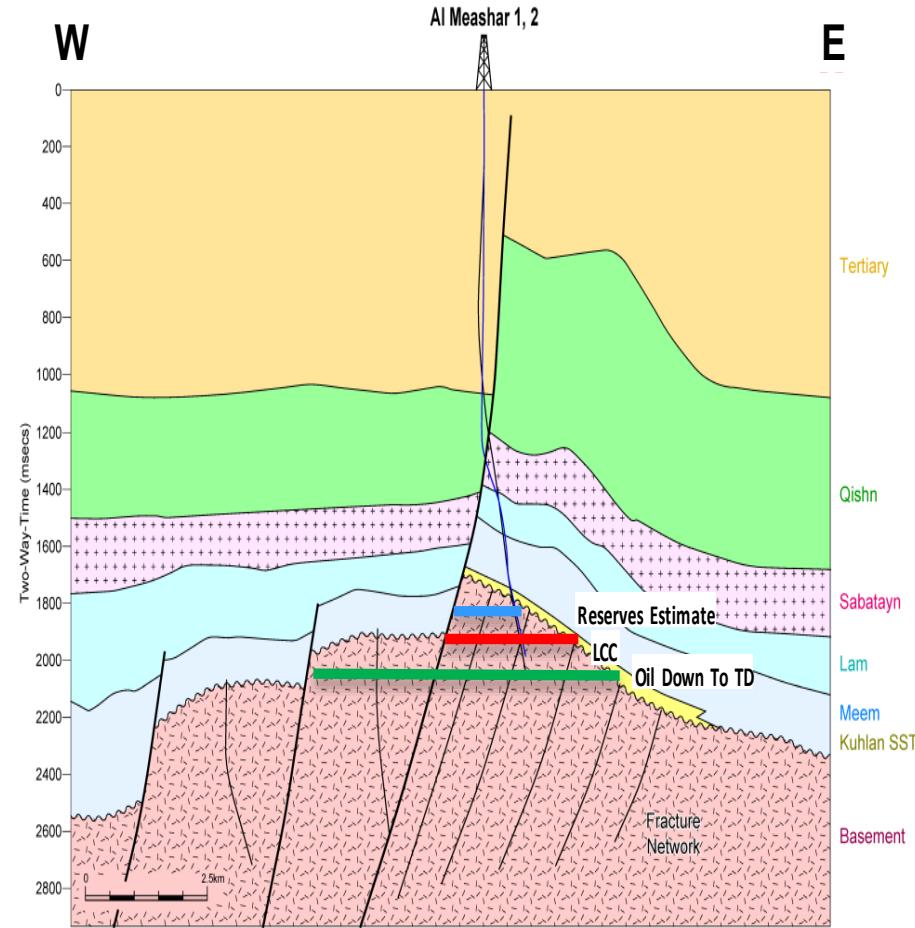
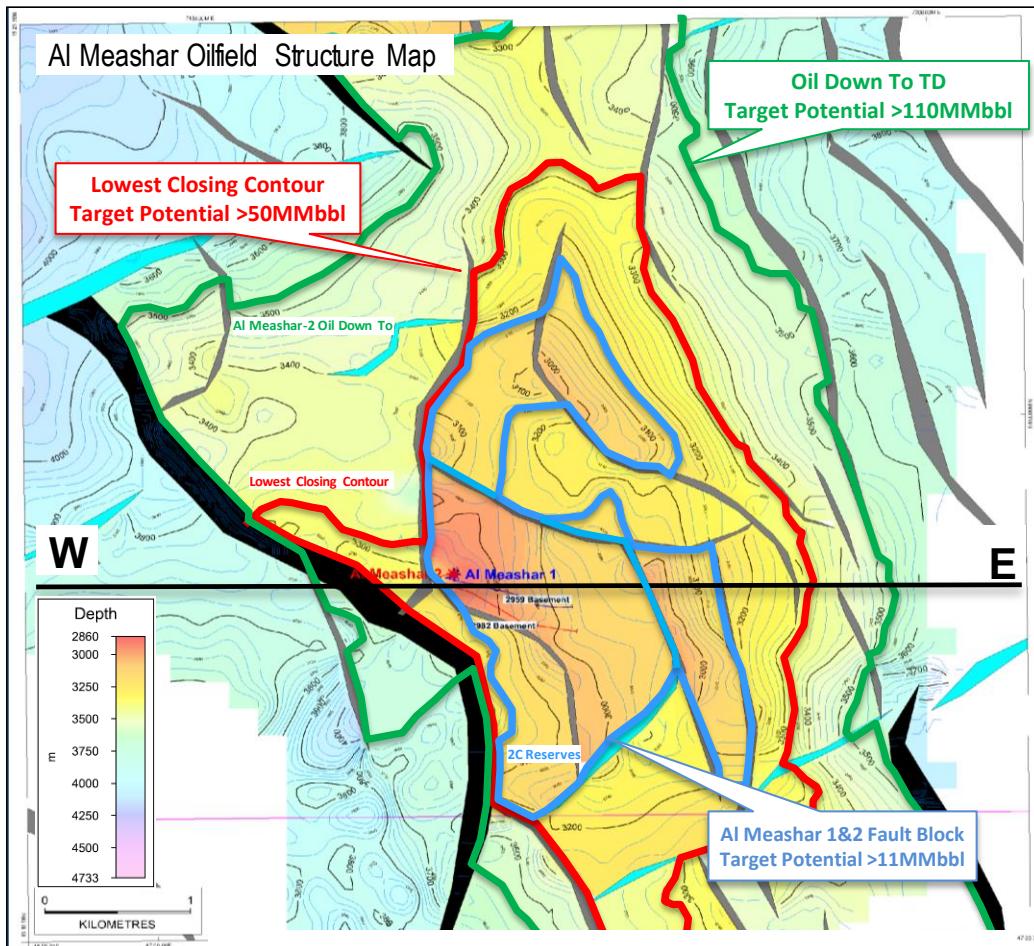
Al Barqa (Block 7) Development & Exploration Potential



Al Barqa (Block 7)

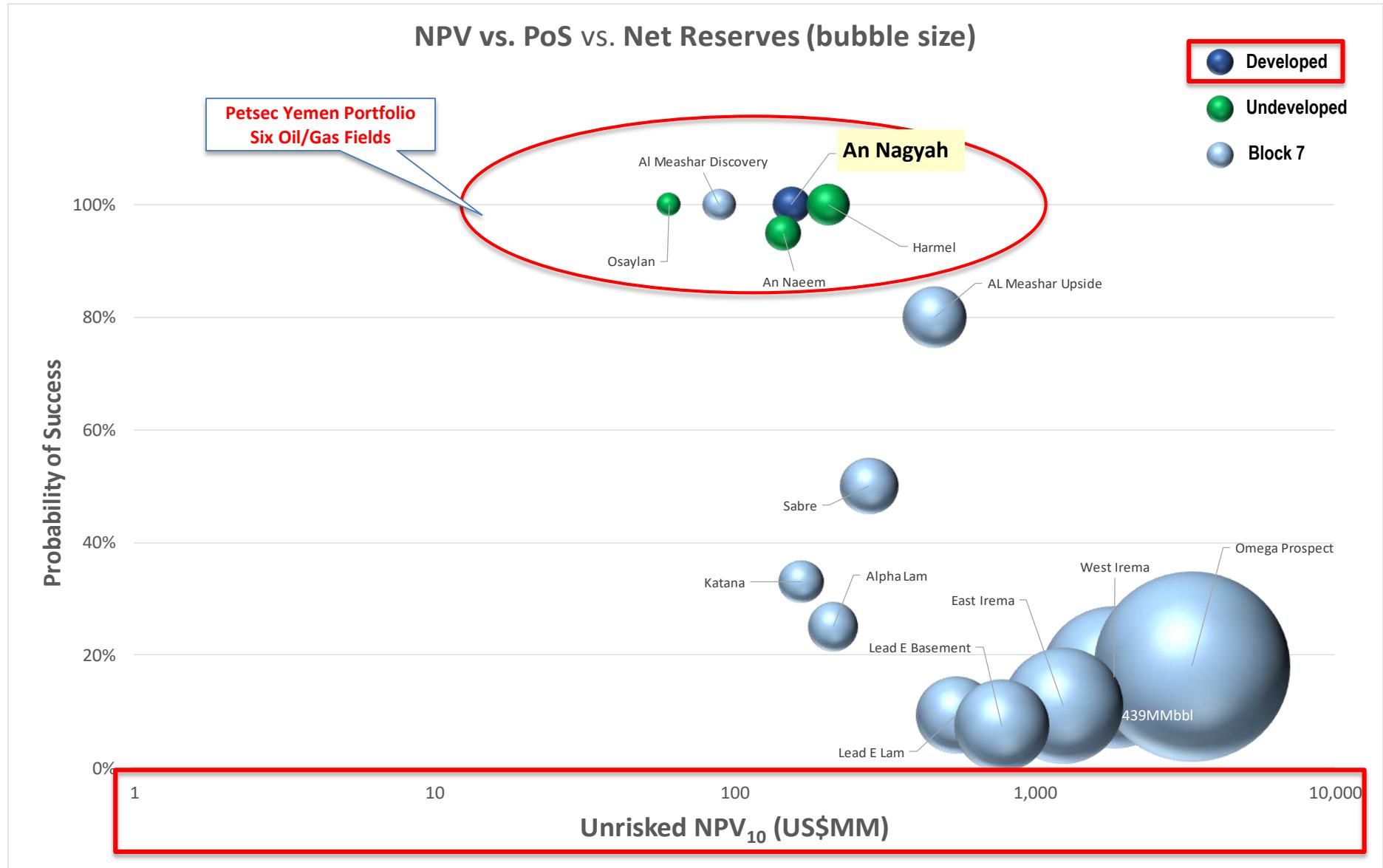
Al Meashar Oilfield Development

- ❖ 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.
- ❖ The Al Meashar undeveloped oil discovery within the drilled fault block – two well intersection targets 11 MMbbl oil gross (9.3 MMbbl net) with potential to increase to > 50 MMbbl within the currently mapped red Lowest Closing Contour.
- ❖ **The oil column 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 MMbbl.**
- ❖ The Company's first objective in this block is to bring the two suspended discovery wells of the Al Meashar Oilfield (target resource of 11 MMbbl-50 MMbbl) into production. Short-term testing of the wells in 2010-11 delivered flow rates ranging from 200 to 1,000 bopd/well.



Yemen Reserves Potential

6 Oil/Gas Fields, 8 Exploration Prospects



Petsec Energy Ltd

Proactive Investors Presentation
January 2017

