

17th April 2019**Petsec Energy Announces Changes to Executive Management and Variation to Terms of its US\$15 Million Convertible Note Facility***Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)***Appointment of Mr Syed Bokhari to Managing Director – Major Objective is the Restart of Oil Production at the earliest from the An Nagyah Oilfield, Yemen**

Petsec Energy Ltd (the “Company”) is pleased to announce the appointment of Mr. Syed Wamiq Bokhari to the position of Managing Director of Petsec Energy Ltd responsible for the development and growth of the Company’s MENA and U.S. operations.

Mr. Bokhari is a highly experienced production operations petroleum engineer and a senior oil and gas executive, having recently served as the CEO and Managing Director of Pakistan Petroleum Limited (the Pakistan National Oil Company) and prior to that as a senior manager for Kuwait Foreign Petroleum Exploration Co. (KUFPEC – a subsidiary of Kuwait National Oil Company).

Mr. Bokhari will report to the Executive Chairman, Mr. Terrence Fern, who steps down as Managing Director, and the Company Board. He will be located in Dubai with his main objective being to obtain Government consents and restart commercial oil production at the earliest, from the An Nagyah Oilfield in Block S-1, Yemen.

The An Nagyah Oilfield is the Company’s major asset, holding a developed 19.8 million barrels of recoverable oil remaining, of which 5.6 MMbo¹ (27.5%) are net to Petsec Energy Ltd. The field has produced 25 million barrels of oil to-date from 25 wells, reaching a peak oil rate of 12,716 bopd in March 2006. The field has been shut-in since February 2014 by the previous operator, Occidental Petroleum.

Mr. Bokhari will also spend approximately 25% of his time in the US focussed on developing a strategy for operating in the USA.

Mr. Maki Petkovski, the CEO of Petsec Energy Middle Eastern Ltd who joined the Company in March 2015 and directed its activities in Yemen, will leave the Company on the 30th April to pursue other interests. The Board expresses its thanks to Mr. Petkovski for his efforts over the past four years and wishes him well in his next endeavour.

Mr Bokhari’s Background

Mr Bokhari holds a BSc and MSc in Petroleum Engineering, from the University of Texas in Austin, Texas, and has over 33 years of experience, mostly with major E & P companies,

Including, Atlantic Richfield Company (ARCO), ENI (AGIP & Lasmo), KUFPEC and Pakistan Petroleum Limited (PPL). He has a proven track record of leading, developing and managing E&P organizations and has managed operations in the USA (onshore and offshore), Canada, Australia, UK North Sea, Nigeria, Pakistan, Iraq, Kuwait and Yemen.

At ARCO, KUFPEC and PPL Mr Bokhari had responsibility for Blocks 4, 5, 7 and 10 in Yemen. Blocks 4 and 5 are adjacent to Petsec Energy’s Block S-1 and the Company also owns Block 7.

AN NAGYAH OILFIELD, YEMEN.

The Company holds a 100% interest in two leases in Yemen, Damis Block S-1 and Al Barqa Block 7 in the Marib/Shabwah Basins. These interests were acquired largely from Occidental Petroleum and Oil Search Ltd, respectively, in the period 2014 to 2016. The two blocks hold six oil and gas fields with estimated recoverable oil and gas resources in excess of 80 million barrels of oil and 550 Bcf of gas, of which the Company's net is about 30%.

The An Nagyah Oilfield in Block S-1 is estimated to contain 19.8 MMbbl of recoverable oil, 5.6 MMbo¹ (27.5%) of which are net to Petsec Energy. The field is developed, with 15 productive wells currently shut-in, has previously produced up to 12,000 bopd, and has facilities that can process 20,000 bopd connected by an 80,000 bopd pipeline to the Marib Export Pipeline (350,000 bopd), which connects to the export terminus of Ras Isa on the Red Sea.

By working with the Government of Yemen towards an accelerated production from the An Nagyah Oilfield, Petsec Energy seeks to generate economic activity for the people of the Shabwah Governorate and to demonstrate the attractiveness of investment in Yemen to global E&P companies.

The Company has been seeking the necessary government approvals to access government oil export facilities in order to restart oil production at the An Nagyah Oilfield. Delays in approvals are due to security and political uncertainty in Yemen.

The Austrian integrated oil and gas company OMV, has maintained oil production of the order of 14,000 bopd since April 2018 from the Habban Oilfield in Block S-2, 70 kilometres North East of the An Nagyah Oilfield and 14 kilometres West of the Al Meashar Oilfield in Block 7. Habban oil is transported 70 kilometres by truck South to the West Ayad Oilfield facilities at the head of the Block 4 export pipeline, then piped some 200 kilometres South to the Bir Ali Oil Terminal on the coast of the Gulf of Aden. Shipments of some 500,000 barrels of oil are made each 1 to 2 months.

Variation to Terms of US\$15 Million Convertible Note Facility

The major shareholders of Petsec Energy Ltd and the Convertible Noteholders are supportive of the engagement of Mr Bokhari and the strategy to effect the restart of oil production at the An Nagyah Oilfield in a timely fashion.

In particular, the Convertible Noteholders have expressed their support of the Company by agreeing to vary the US\$15 million facility to allow the full US\$5 million in Tranche 2 to be made available. In addition, they have agreed to a forbearance in the exercise of their rights under the Secured Convertible Note Deed Poll and associated Collateral (if any), such that they will either exercise their rights of conversion or limit any claim they may have to the Secured Collateral.

In response, the Company has agreed that notwithstanding the formal redemption date of 23 January 2021, it will use its best efforts, but is under no formal obligation, to attempt to repay by 23 January 2020 any portion of the facility outstanding, net of any conversion of the notes by Convertible Noteholders (if any). The Company proposes that funds to meet this objective will be sourced from refinancing or monetisation of its assets in Yemen and the USA.

In consideration of this continued support, the Company agreed to issue 30 million shares to the Convertible Noteholders (subject to shareholder approval if necessary).

¹ *The reserves referred to above are consistent with the announcement released to the ASX on 18 February 2019. The Company confirms that it is not aware of any new information or data that materially affects the information included in these announcements, 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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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.