

15th March 2016

Petsec Energy's 2P Reserves Increase by 9 Million Barrels of Oil Equivalent NPV₁₀ of Reserves at 1.1.2016 is US\$188.1 million net to Petsec Energy

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

Petsec Energy Ltd (the "Company") is pleased to announce a substantial increase in the Company's oil and gas reserves following the completion of independent reserve assessments of its U.S. and Yemen oil and gas reserves. The Company's proved and probable (2P) oil reserves have increased by 9 million barrels of oil equivalent since the 1st January 2015. This substantial increase came from exploration success in the USA which delivered 3.6 million of barrels of oil equivalent and the acquisition of the An Nagyah Oilfield in Yemen which delivered 5.6 million barrels of oil.

The An Nagyah Oilfield is the only developed/producing oilfield of the five oil and gas field discoveries (Osaylan, An Na'em, Wadi Bayhan, and Harmel fields), contained in the Damis (Block S-1) Production Licence, which was recently acquired by Petsec Energy and announced to the ASX on the 5th February 2016. The undeveloped oil and gas fields in the Damis block hold substantial resources and can be readily developed as soon as the current Yemen political situation is resolved. The resources of the four undeveloped fields are currently being assessed and those volumes will be released to the ASX once the independent assessment is complete. The independent auditors' assessment of U.S. reserves was released on the 8th March 2016 and the An Nagyah Oilfield reserves in Yemen, was released earlier today.

As of 1 January 2016, the Company's independently estimated proved (1P) U.S. and Yemen oil and gas reserves, net to its economic interest, were 9.5 billion cubic feet of gas and 5.05 million barrels of oil/condensate (equivalent to 6.6 million barrels of oil equivalent). The estimated proved and probable (2P) reserves net to the Company's economic interest were 16.5 billion cubic feet of gas and 6.56 million barrels of oil (equivalent to 9.3 million barrels of oil equivalent).

The assessed net present value (NPV₁₀) to the Company of the 2P reserves of 9.3 million barrels was US\$188.1 million ² (at an annualised discount rate of 10%) as of 1 January 2016.

The table below is a summary of the independently assessed reserve estimates by geographical segment:

<i>Oil Equivalent (Mboe ¹)</i>	Net Proved Reserves ³	Net Probable Reserves ³	Net Proved and Probable Reserves ³
USA Reserves ²			
Reserves as of 1 January 2015	274.7	41.5	316.2
Additions	2,015.7	1,578.2	3,593.9
Revisions	(109.0)	(41.5)	(150.5)
Production	(85.2)	-	(85.2)
USA reserves as of 1 January 2016	2,096.2	1,578.2	3,674.4
Yemen Reserves ²			
<i>An Nagyah Oilfield</i>			
Reserves as of 1 January 2015	-	-	-
Acquisitions	4,540.0	1,108.0	5,648.0
Yemen reserves as of 1 January 2016	4,540.0	1,108.0	5,648.0
Total Petsec Group Reserves as of 1 January 2016	6,636.2	2,686.2	9,322.4

Footnotes

- Mboe = One thousand barrels of oil equivalent (using a ratio of approximately six thousand cubic feet of natural gas to one barrel of oil).*
- The USA and Yemen reserve assessments and net present values are consistent with the announcements released to the ASX on 8th March 2016 and 15th March 2016, respectively. 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. Cawley, Gillespie & Associates assessed the Company's US reserves and DeGolyer and McNaughton Canada Limited the An Nagyah reserves in Yemen.*
- 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.*

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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.