

30 May 2014

Block 7, Yemen: Petsec Energy Increases Interest to 29.75% Mitsui Acquisition Agreement Signed

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

Petsec Energy is pleased to advise it has executed an agreement with Mitsui E&P Middle East B.V. to acquire its 8.5% Participating Interest in the Block 7, Al Barqa Permit, in the Republic of Yemen. The Mitsui agreement follows the agreement executed with AWE Limited (ASX: AWE) announced on the 28th March 2014, to acquire AWE's Participating Interest of 21.25% in Block 7.

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 is operated by Australia's Oil Search Limited and contains the Al Meashar oil discovery as well as an inventory of leads and prospects defined by 2D and 3D seismic surveys, which hold significant oil potential.

The terms of the transaction include a cash consideration of US\$0.4 million, the replacement of Mitsui E&P Middle East B.V.'s existing Letter of Credit with the Arab Bank, and working capital adjustments on completion. Completion of the transaction is subject to customary approvals from the Joint Venture Partners, the Yemen government and the state owned Yemen Oil and Gas Company. Both the Mitsui and the AWE agreements will be presented together to the Yemen government for approval.

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

"We are pleased to have entered into this agreement with Mitsui to acquire their 8.5% interest in Block 7, thereby increasing our interest to 29.75%. This enlarged interest will provide a meaningful exposure to high value oil assets within a region that is highly prospective for oil. Block 7 has the potential to add significant oil reserves to Petsec Energy's resource base and significant value to the Company's shareholders. We look forward to working with the operator, Oil Search, to further appraise the Al Meashar oil discovery and explore the remainder of the Block. Petsec hopes to build upon this initial investment in the Republic of Yemen by seeking further reserve development acquisitions in the region".



Figure. Block 7 location in the Republic of Yemen (source: AWE Limited)

On completion of the transaction the interests in Block 7 (Al Barqa) will be:

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Company	Participating Interest
Petsec Energy Yemen Ltd	29.75%
Oil Search (ROY) Limited (Operator)	34.00%
KUFPEC (Aden) Limited	21.25%
The Yemen General Corporation for Oil and Gas	15.00%

For further information, please contact:

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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.