

25th July 2018

**Petsec Energy Announces Contracting of Drilling Rig for Main Pass 270 B-2
Appraisal/Development Well on the Hummer Gas/Oil Field
Gulf of Mexico, USA**

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

Petsec Energy (the “Company”) is pleased to advise that the operator has contracted the Ensco 68 Jackup drilling rig to drill the Main Pass Block 270 B-2 appraisal/development well. The rig is expected to be on site late in the first week of August, with the well spud by mid-August 2018.

This is the second well to be drilled on the Hummer Gas/Oil Field, following the discovery success of the B-1 exploration well in late 2015 which was brought into production in late 2017 following the setting of a production platform and separate oil and gas sales pipelines.

The B-1 exploration well was a straight hole drilled to a true vertical depth (TVD) of 15,748 feet in the North West corner of the Hummer Field geologic structure, in Main Pass Block 270. The well penetrated five oil and gas reservoirs, one of which was completed for production, and is currently producing at gross rates of approximately 16.5 million cubic feet of gas per day plus 330 barrels of oil per day.

The Hummer Field structure extends over a strike of five miles within the Main Pass Block 270, 273, 274 leases which cover 15,000 acres, in some 200 feet of water.

The B-2 appraisal/development well will be drilled from the Main Pass Block 270 “B” Production Platform, to a bottom hole location approximately 6,000 feet to the East of the B-1 discovery well. This is the first of potentially 3 to 8 appraisal/development wells required to develop the field.

The well is designed to test, in a structurally advantageous position, six oil and gas reservoirs, these being the five oil and gas reservoirs that were intersected in the B-1 well and a deeper horizon not tested by the B-1 well, but productive in the area.

The primary objectives of the B-2 well are two sand reservoirs with proven oil and gas reserves discovered in the B-1 well (Cawley, Gillespie & Associates, independent reserve engineers), one of which is categorised as Proved Developed Producing (PDP), the other Proved Undeveloped (PUD). These reservoirs are also productive in similar nearby fields (Main Pass 280/283 Field Complex).

The B-2 well is planned to be drilled to a measured depth (MD) of 18,559 feet with a true vertical depth (TVD) of 16,624 feet. It is expected to spud in mid-August 2018 and take approximately 80 days to reach total depth. Contingent on the results of the well the production facility will be expanded and the well completed for production with production estimated to begin in mid-December 2018.

The estimated net cost to the Company to drill the well is approximately US\$2.6 million, plus US\$1.0 – US\$1.2 million for completion and additional production facilities.

Participating working interests in the well are:

Petsec Energy Inc.	12.5% (10.26354% Net Revenue Interest + 0.441% Overriding Royalty Interest)
Other Private Companies	87.5%

Details of the well:

Well Name:	Main Pass Block 270/273 #B-2
Type of Well:	Appraisal/Development
Location of Well:	Offshore Louisiana, Federal Waters
Estimated days to TD:	80 Days
Final TD:	18,559 feet MD/16,624 feet TVD (deviated hole)
Operator:	Castex Offshore, Inc.
Estimated net dry hole cost:	US\$2.6 million

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. The Company also has operations onshore in the Republic of Yemen.