PETSEC ENERGY LTD
MARCH 2014 QUARTER RESULTS

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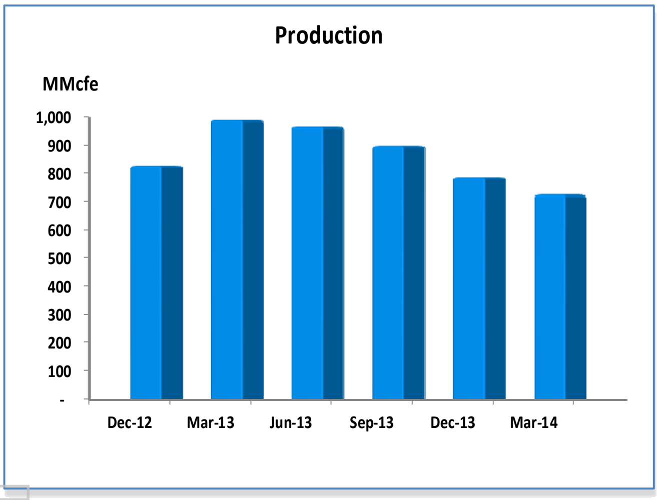
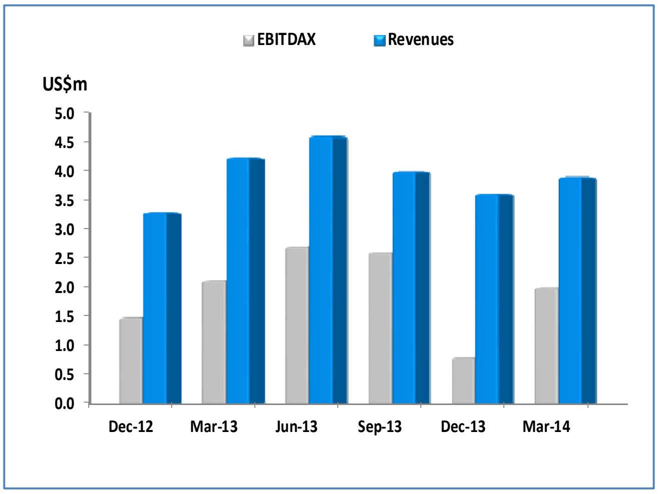
Financials (to be read in conjunction with "Financial Summary & Production Data" table on page 8)

Comparative Performance versus		Current Quarter Mar 14	Previous Quarter Dec 13	% Change	Corresponding Quarter 31 Mar 13	% Change
Production	**MMcfe**	**726**	788	(8%)	991	(27%)
Average sales price	**US$/Mcfe**	**5.43**	4.54	20%	4.28	27%
Net revenue	**US$m**	**3.9**	3.6	10%	4.2	(7%)
EBITDAX	**US$m**	**2.0**	0.2	828%	2.1	(7%)
Cash [1]	**US$m**	**27.3**	25.4	7%	25.9	5%
AE&D expenditure [2]	**US$m**	**0.03**	(0.5)	n/a	2.8	(99%)

[1] *Mar 2014 cash includes restricted cash amounts of US$5.3 million (Dec 2013: US$5.3 million; Mar 2013: US$5.3 million) used to guarantee certain future rehabilitation obligations.*

[2] *Acquisition, Exploration & Development expenditure (accrual-based amounts).*





Highlights

- Net oil and gas revenues of US$3.9 million for the March 2014 quarter from production of 726 MMcfe at an average realised natural gas equivalent sales price of US$5.43/Mcfe
- EBITDAX of US$2.0 million, up 828% on previous quarter
- Main Pass 270 A-1 well successfully restored to production
- Execution of an agreement with a wholly owned subsidiary of AWE Limited to acquire its 21.25% Participating Interest in the Block 7, Al Barqa Permit, in the Republic of Yemen
- Appointment of new U.S. based Chief Executive Officer of Petsec Energy Inc.
- Cash of US$27.3 million at 31 March 2014
- Adeline Sugar Factory No.4 well spud 12 March 2014

March 2014 Quarter Activity

Corporate

On 4 March 2014, Petsec Energy announced the appointment of Mr. Richard Smith as Chief Executive Officer of the Company's U.S. subsidiary, Petsec Energy Inc. ("PEI"). Mr. Smith is a U.S. citizen, resident of Texas, who has over 35 years' experience in a wide variety of senior Exploration & Production ("E&P") roles predominantly with U.S. E&P companies. He has a successful track record of managing E&P programmes and asset acquisitions resulting in significant, low-cost reserve additions.

Further information on Mr. Smith is contained within the media release made to ASX on 4 March 2014 and is also available on the Company website at www.petsec.com.au.

Production and Cashflow

Petsec Energy produced 699 million cubic feet of natural gas and 4,554 barrels of oil/condensate (equivalent to 726 MMcfe) for the March 2014 quarter from its producing fields in the state waters of the Louisiana Coast and in the shallow waters of the Gulf of Mexico, USA – Marathon (Atchafalaya Bay), Main Pass Block 270 and Main Pass Blocks 18/19. Refer to "*Operations*" section for further details on production from the various fields.

The Company realised an average gas equivalent sales price of US$5.43/Mcfe (including hedging) for the current quarter, 20% higher than the US$4.54/Mcfe realised in the previous quarter. The Company received average prices for its natural gas and oil/condensate production of US$4.96/Mcf and US$104.52/bbl, respectively, for the current period (December 2013 quarter: US$4.19/Mcf and US$99.40/bbl).

Approximately 31% of the Company's natural gas production volumes for the current quarter were hedged at an average sales price of US$4.27/MMBtu (equivalent to approximately US$4.40/Mcf). The Company received an average sales price of US$5.22/Mcf for its unhedged natural gas production for the current period – spot gas prices ranged from approximately US$4.12 to US$6.33/Mcf.

Net oil & gas revenues increased 10% to US$3.9 million for the March quarter (December 2013 quarter: US$3.6 million), reflecting the higher sales price received for the period.

EBITDAX for the March 2014 quarter increased significantly to US$2.0 million (December 2013: US$0.2 million) due to the increase in oil & gas revenues coupled with a reduced level of operating expenditures in comparison to the previous quarter.

Unit lease operating expense of US$1.08/Mcfe (December 2013 quarter: US$1.45/Mcfe) and geological, geophysical & administrative ("GG&A") expense of US$1.37/Mcfe (December 2013 quarter: US$1.93/Mcfe) were lower on a unit-basis, reflecting the reduction in operating expenditures.

Capital expenditures for the quarter amounted to approximately US$30,000.

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March 2014 Quarter Activity (continued)

Production and Cashflow (continued)

Cash Position

The Company's closing cash position at 31 March 2014 increased to US$27.2 million (equivalent to A$28.4 million at the period end closing exchange rate of 0.9274), up 7% on the 31 December 2013 closing cash balance of US$25.4 million (equivalent to A$28.4 million at the December closing rate of 0.8928). The cash deposits which are predominantly held in US dollars include US$5.3 million held in an escrow account to fully secure operator bonds that are on issue to the Bureau of Ocean Energy Management ("BOEM").

Hedging

From time to time, the Company utilises certain hedging instruments to manage a portion of its oil and gas sales price risks.

At 31 March 2014, the following natural gas swap hedge contracts were in place:

Production period	Hedge types	Total MMBtu volume	Weighted average US$ Price/MMBtu
April – December 2014	Swaps	687,500	4.14
Total hedged volume		**687,500**	**4.14**

Natural Gas Market

The extremely cold USA Winter caused US natural gas prices to increase substantially in the March 2014 quarter. Natural gas spot prices reached a high of US$6.15/MMBtu on 19 February 2014. Less cold weather in March saw natural gas spot prices trade lower, with the prompt month spot price current trading just above US$4.60/MMBtu.

The NYMEX 12 month and 36 month forward strip prices for natural gas on 10 April 2014 remain high at US$4.69/MMBtu and US$4.40/MMBtu in comparison to the relative forward strip prices traded of US$4.17/MMBtu and US$4.11/MMBtu, respectively on the 17 January 2014.

The U.S. Energy Information Administration estimates that working natural gas in storage was 822 Bcf as of Friday, 28 March 2014, the lowest levels in 11 years. This was 878 Bcf or 51.6% below the 1,700 Bcf reported last year at the same time and 992 Bcf or 54.7% below the five year average of 1,814 Bcf.

March 2014 Quarter Activity (continued)

Operations

USA Gulf of Mexico/Onshore Louisiana and Texas

Production

Marathon Gas/Condensate Field – Atchafalaya Bay

Petsec: 8% working interest (5.84% net revenue interest)

The Marathon gas/condensate field located in the Atchafalaya Bay on the Louisiana Gulf Coast, USA was discovered in October 2010 and commenced production in December 2010. The field has been fully developed with a total of five wells, all of which are in production. Marathon is the Company's largest producing field, comprising four separate proven gas and condensate reservoirs.

Average gross daily production from the field over the March 2014 quarter was approximately 108.2 MMcf of gas and 363 bbls of oil/condensate.

Main Pass 270

Petsec: 22.5% working interest (18.75% net revenue interest)

The Company's interest in the Main Pass 270 gas/condensate field, located in the Gulf of Mexico, USA, was acquired in November 2007. The field was discovered in 2003 and currently has three producing wells.

During the previous quarter, the Main Pass 270 field was shut-in to allow repairs and maintenance to the production and pipeline systems. Production recommenced in mid December 2013 from two of the three wells on the field at production rates similar to those prior to the shut-in. The third well (A-1 well) initially did not flow however the well was successfully restored to production in early February 2014 at pre shut-in production rates. Average gross daily production from the Main Pass 270 field over the current quarter was approximately 5.3 MMcf of gas and 160 bbls of oil/condensate.

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March 2014 Quarter Activity (continued)

Operations (continued)

Main Pass 18/19

Petsec: 100% / 55% working interest (83.333% / 45.833% net revenue interest)

The Main Pass 18/19 fields are located in the Gulf of Mexico, USA, and were discovered in 2005 and 2006. The Company drilled a total of seven wells on the fields over that period. One well is currently producing at rates between 1 and 2 MMcf per day and one well produces intermittently. Production from the Main Pass 18/19 fields flows to sales through a shared facility on the Main Pass 19 field.

The Main Pass 18 G-6 well has been shut-in since 11 March 2014 due to sand production. Potential recompletion options in the well will be evaluated in the June quarter.

Average gross daily production from the Main Pass 18/19 fields over the quarter was approximately 1.8 MMcf of gas and 0.6 bbls of oil/condensate.

Exploration

On 11 April 2014, Petsec announced that it had agreed to participate in the drilling of the Adeline Sugar Factory ("ASF") No. 4 well for a 12.5% working interest. The ASF No. 4 is an onshore exploration well located in Jeanerette Field in St. Mary Parish, Louisiana.

The ASF No.4 well is planned to be drilled to a Total Depth ("TD") of 15,000 feet (4,570 metres). The primary objective of the well is to test lower Miocene sands seen well developed, but wet in offset wells. The objective is a deeper target on a proven structure that has produced significant quantities of gas and condensate at shallower levels.

The well was spud on 12 March 2014, however the opportunity to participate was only recently offered to the Company. Petsec agreed to participate in the well following a technical review which took place after drilling commenced, but prior to the well reaching the exploration objectives. The well is currently drilling ahead at approximately 12,600 feet (3,840 metres), and is expected to reach the target objective in the next 2 weeks.

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March 2014 Quarter Activity (continued)

Operations (continued)

Block 7, Al Barqa Permit, Republic of Yemen

Acquisition

On 28 March 2014, the Company announced that it had executed an agreement with a wholly owned subsidiary of AWE Limited to acquire its 21.25% Participating Interest in the Block 7, Al Barqa Permit, in the Republic of Yemen.

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 Oil Search Limited and contains the Al Meashar oil discovery as well as an inventory of leads and prospects with significant oil potential which are defined by 2D and 3D seismic surveys.

The terms of the transaction include a cash consideration of US$1 million; the replacement of AWE's existing Letter of Credit with the Arab Bank; and working capital adjustments on completion of the transaction. Completion of the transaction is subject to customary approvals from the Joint Venture Partners and the state owned Yemen Oil and Gas Company.

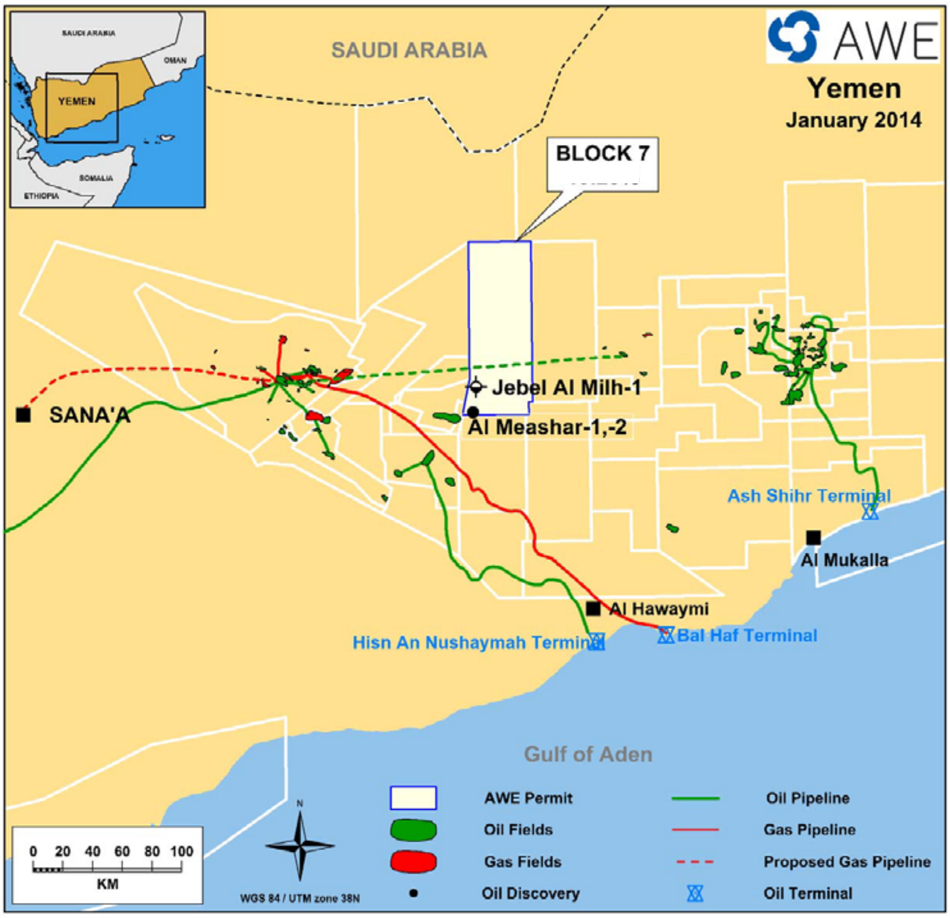

Figure. Block 7 location in the Republic of Yemen (source: AWE Limited)

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Financial Summary and Production Data

A "Financial Summary and Production Data" table is provided on page 8.

Proposed Activities – June 2014 Quarter

The principal activities to be undertaken by the Company during the June 2014 quarter will be to drill the ASF No. 4 onshore exploration well to its target objective, and on success, complete the well for production; pursue participation in other high quality, high impact exploration drilling opportunities in the Gulf Coast onshore and bay areas of Texas and Louisiana; and explore opportunities to acquire onshore producing oil and gas reserves which hold significant development, exploitation and low risk exploration potential.

2014 Production Forecast

Oil and Gas Reserves – USA

Independently estimated proved and probable (2P) oil and gas reserves net to the Company as of 1 January 2014 were 7.2 Bcfe. The estimated net present value, at an annual discount rate of 10% (NPV10), of the remaining reserves (net of rehabilitation liabilities) was independently assessed to be US$16.5 million using the prevailing gas and oil forward strip prices as shown below:

	Henry Hub Gas (US$/MMBtu)	**WTI Oil (US$/Bbl)**
2014	$4.00	$95.00
2015	$4.00	$90.00
2016	$4.10	$85.00
2017 and thereafter	$4.15	$80.00

The estimates of oil and gas reserves provided above together with the required statements and consent were initially contained within the market announcement given to ASX on 21 February 2014.

The Company confirms that it is not aware of any new information or data that materially affects the information included within that announcement, and that all the material assumptions and technical parameters underpinning the estimates therein continue to apply and have not materially changed.

2014 Forecast Production

The Company's production forecast from existing wells for the 2014 financial year is 2.1 Bcfe.

March 2014 Quarter Activity (continued)

FINANCIAL SUMMARY AND PRODUCTION DATA

UNAUDITED PRELIMINARY FINANCIAL DATA		W.I.	N.R.I	Mar 2014 Quarter	Dec 2013 Quarter	% Increase/ (decrease)	Mar 2013 Quarter	% Increase/ (decrease)
Amounts in US$000								
Net Revenue				**3,942**	3,576	10%	4,242	-7%
Other Revenue/(Expense)				**(177)**	(701)		(28)	
Lease Operating Expenses				**(785)**	(1,143)		(824)	
Geological, Geophysical & Administrative Expenses (G,G&A)				**(995)**	(1,518)		(1,264)	
EBITDAX			*US$000*	**1,985**	214	828%	2,126	-7%
Cash [1]			*US$000*	**27,276**	25,423	7%	25,893	5%
[1] Mar 2014 cash includes restricted cash deposits of US$5.3 million used to guarantee certain future rehabilitation obligations (Dec 2013: US$5.3 million; Mar 2013: US$5.3 million)								
Acquisition, exploration & development expenditure								
Acquisition				**-**	-		-	
Exploration				**10**	(59)		1,902	
Development				**20**	(485)		879	
Total			*US$000*	**30**	(544)	n/a	2,781	-99%
Production (MMcfe)		**W.I.**	**N.R.I**					
Offshore Gulf of Mexico								
Main Pass 18/19	*1*	100%/ 55%	83.33%/ 45.83%	**73**	135		166	
Main Pass 270		22.5%-25%	18.75%-20.83%	**105**	31		177	
Chandeleur 31/32	*2*	100%	81.83%	**-**	-		69	
Onshore/Coastal Louisiana		8% - 80%	5.84% - 60.61%	**548**	622		579	
Total			*MMcfe*	**726**	788	-8%	991	-27%
[1] Operated by Petsec Energy								
[2] The Chandeleur 31/32 field reached the end of its productive life in Aug 2013								
Unit revenue/cost analysis per Mcfe (USD)								
Oil/Condensate per barrel				***104.52***	*99.40*		*109.65*	
Gas per Mcf				***4.96***	*4.19*		*3.69*	
Average sales price per Mcfe				**5.43**	4.54	20%	4.28	27%
Other revenue/(expense)				**(0.24)**	(0.89)		(0.03)	
Lease operating expense				**(1.08)**	(1.45)		(0.83)	
G,G&A expenses				**(1.37)**	(1.93)		(1.28)	
EBITDAX per Mcfe			*US$*	**2.74**	0.27	910%	2.14	29%

Glossary

Bcfe = billion cubic feet of gas equivalent
Mcfe = thousand cubic feet of gas equivalent
MMbls = million barrels
Mmcfe = million cubic feet of gas equivalent
EBITDAX = Earnings before interest, taxation, depreciation, depletion, amortisation, and exploration expense. EBITDAX is a non-IFRS number and is unaudited.

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Certain statements in this report regarding future expectations and plans of the Company may be regarded as "forward-looking statements". Although the Company believes that its expectations and plans are based upon reasonable assumptions, it can give no assurance that its goals will be met. Actual results may vary significantly from those anticipated due to many factors, including oil and gas prices, operating hazards, drilling risks, environmental risks and uncertainties in interpreting engineering and other data relating to oil and gas reservoirs, as well as other risks.

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