

# Petsec Energy Ltd

## June 2020 Quarter Results

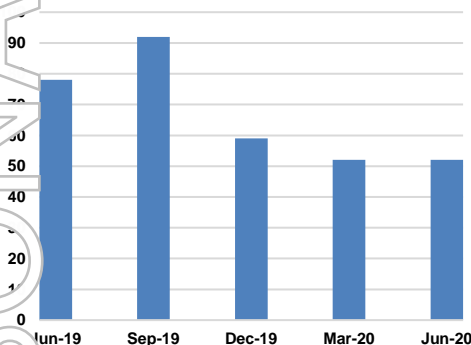


### Financials

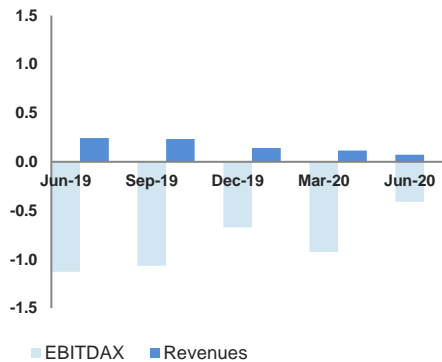
Comparative Performance		Current Quarter Jun 2020	Previous Quarter Mar 2020	% Change	Corresponding Quarter Jun 2019	% Change
Net production	MMcfe	52	52	-	78	(33%)
Average sales price	US\$/Mcf	1.37	2.21	(38%)	3.12	(56%)
Net revenue	US\$000	72	114	(37%)	242	(70%)
EBITDAX <sup>1</sup>	US\$000	(409)	(926)	n/a	(1,129)	n/a
Cash	US\$000	378	401	(6%)	3,224	(88%)
Debt (convertible note) <sup>3</sup>	US\$000	18,137	17,528	3%	14,197	28%
AL&D expenditure <sup>4</sup>	US\$000	-	-	-	134	(100%)
Closing exchange rate	USD/AUD	0.6890	0.6140	12%	0.7023	(2%)

- 1 Earnings before interest, income tax, depreciation, depletion and amortisation, and exploration (including dry hole, impairment and abandonment expense, seismic and work-over expense). EBITDAX is a non IFRS number and is unaudited.
- 2 The June 2020 cash includes restricted cash amounts of US\$0.1 million (March 2020: US\$0.1 million and June 2019: US\$1.9 million).
- 3 Represents the fair value of the convertible note debt and the associated foreign exchange derivative liability recognised on the balance sheet as at 30 June 2020.
- 4 Acquisition, exploration and development expenditure (accrual-based amounts).

Production - MMcfe



Revenues/EBITDAX — US\$m



### Key Points

#### Corporate

The Company entered into a voluntary suspension of trading on the ASX on 3 April 2020 to provide the opportunity for the Company to resolve its cost structure, financing, and business plan to weather the current economic storm, and to protect shareholder value.

Resignation of Mr Syed Bokhari (Managing Director), Mr David Mortimer AO and Mr Alan Baden (Non-executive Directors) from the Petsec Energy Ltd Board on 30 April 2020.

Placement of 10 million shares at \$0.02/share raising \$200,000 in May 2020, sufficient to support the Company until year end without reliance on Noteholders.

Injunction granted against Arab Bank, Amman, Jordan in legal process to recover US\$2.73 million cash supporting Block 7 LoC's, wrongfully transferred from QNB and CBA banks to Arab Bank.

#### Operations

- **Net production from USA operations for the June 2020 quarter:** 52 MMcfe (48 MMcf of gas and 772 barrels of oil/condensate).
- **YEMEN: Damis (Block S-1):** The Company continues to await government consents for the restart of production and access to government owned export pipelines, as is the Company's right according to the Damis (Block S-1) PSA. Process continues of seeking disposal of U.S. assets and closure of the U.S. operations, and the farm-out of Yemen assets.

#### Financials

- **Net oil and gas revenues for the June 2020 quarter:** US\$72,000.
- **US\$15 million convertible note facility as at 30 June 2020:** US\$14.0 million drawn.
- **Cash balance as at 30 June 2020:** US\$378,000 (including US\$45,000 of restricted deposits).

#### Subsequent Events

- The Company entered into a Purchase and Sale Agreement for the sale of all of its U.S. oil & gas assets.

#### Petsec Energy Ltd

ASX: PSA

OTC ADR: PSJEY

Petsec Energy is an independent oil and gas exploration and production company listed on the Australian Stock Exchange with operations in the shallow waters of the Gulf of Mexico and onshore Louisiana, USA, and the Republic of Yemen.

#### Registered Business Office

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#### Board of Directors

**Executive Chairman**  
Terrence Fern

**Non-executive Directors**  
TBA

#### Management

**Petsec Energy Ltd**  
Ross Keogh – Group CFO  
Paul Gahdmar – Company Secretary &  
Group Financial Controller

#### Investor & Media Enquiries

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## Corporate

### Voluntary Suspension

As reported in the previous quarter, the Company sought and was granted a voluntary suspension of trading of its shares on the ASX in early April 2020 – refer announcement made to the ASX on 3 April 2020.

The suspension was sought following the Board's consideration of the confluence of recent events affecting the Company, particularly the effects of the coronavirus COVID-19 pandemic which has resulted in an unprecedented collapse in oil and gas prices and a lockdown of government administrative processes around the World.

The voluntary suspension provides an opportunity for the Company to resolve its cost structure, financing, and business plan to weather the current economic storm, and to protect shareholder value.

The Company has since implemented a number of measures which have helped to significantly reduce the cost structure of the business, including:

- Closure of the Dubai Office and release of staff.
- Closure of the Sana'a Office with existing staff retained on reduced hours.
- In the process of disposing of the U.S. assets and winding up the U.S. business.
- Cessation of remuneration to all members of the Petsec Energy Ltd Board effective 31 March 2020, and reduction of staff remuneration.
- Conclusion of the 12-month engagement of the Managing Director of PEL, Syed Bokhari at the end of April 2020.
- Relocation of the Sydney corporate office and registered business address to the Macquarie Business Centre at Level 7, 167 Macquarie Street, Sydney NSW 2000.

Group Chief Financial Officer, Ross Keogh, based in the USA, will oversee the operations of the U.S. business. In Sydney, Paul Gahdmar will continue in his role as Company Secretary and Group Financial Controller to support the Chairman and the Company's ASX listing.

### Resignation of Directors

As announced on 30 April 2020, the Managing Director of Petsec Energy Ltd, Syed Bokhari, stepped down from his position at the conclusion of his 12-month engagement. Mr. Bokhari was engaged to secure Hadi Yemen Government consents for restart of oil production in Block S-1, secure a strong oil partner and to bring the An Nayah Oilfield into production. All of which he was eminently qualified to do. The barrier to restarting oil production was the Hadi Yemen Government Oil Minister's failure to provide access consents to Government owned export transport pipelines and facilities, as is required under the Block S-1 Petroleum Sharing Agreement (PSA).

The Company's two Non-executive Directors, David Mortimer AO and Alan Penn also stepped down from their positions on the Board and its Committees with effect on 30 April 2020. Both directors have been highly valued members of the Board and the Company has benefited from their knowledge and counsel.

The Company is currently in the process of identifying replacement directors, who will be able to assist the Company as it progresses negotiations with the Company's Convertible Noteholders and to re-establish a viable business not dependent on Yemen Government approvals, to the benefit of all stakeholders.

### Share Placement

On 11 May 2020, the Company completed a minimum placement of 10 million ordinary shares at an offer price of \$0.02 per share, raising \$200,000 which will provide sufficient working capital till the end of this year.

The Company had initially sought to raise \$600,000 through the issue of 30 million shares at \$0.02 per share. Shareholders were supportive of the initial minimum component such that the Company decided that the remainder of the proposed placement which would have provided for a further \$400,000 (20 million shares) will not be undertaken at this time, but as, and when needed.

### Block 7 Letter of Credit

As announced to the ASX on 19 February 2020, a claim was made on the Letter of Credit issued under the Production Sharing Agreement on the Al-Hudaybi Block 7 Exploration Permit. In Petsec's opinion the claim is fraudulent and was made by the illegitimate rebel Houthi Minister for Oil and Minerals. Despite concerted efforts by Petsec to prevent any action on the claim, the Qatar National Bank released the US\$1.68 million of restricted cash that was on deposit as collateral to support the Company's share of the Letter of Credit.

The Company was also advised by Mitsui that the Commonwealth Bank Australia had also released US\$1.05 million of AWE/Mitsui's funds in response to a similar claim, despite Petsec's prior warning the claim was illegal and fraudulent. Mitsui is seeking to recover these funds from Petsec. The Company has sought further information from AWE/Mitsui and will defend any action to recover the funds.

It is understood that the QNB and CBA funds were fraudulently transferred to and are being held by Arab Bank, Amman, Jordan.

The Company has initiated a suit against Arab Bank to recover those funds. An injunction against Arab Bank, Jordan, to prevent our funds from being transferred to the Houthis, was granted by the Jordanian courts. The suit against Arab Bank for the recovery of our funds, continues.

Kuwait National Bank has not released the US\$1.05 million LoC funds to Arab Bank on behalf of KUFPEC, a 25% working interest holder of Block 7, acting on advice that the claim was fraudulent, supported by advice from the legitimate Minister of Oil in Aden that there was no claim on the LoC.

### Annual General Meeting

The Company expects to set and announce a date for the convening of its Annual General Meeting immediately following the appointment of two new directors to the Board and its Committees.

## Financial

### Production

Petsec Energy reported net production of 52 MMcf (48 MMcf of gas and 772 barrels of oil/condensate) for the current quarter, which was in line with the net production achieved in the previous quarter.

Refer to table below and "Operations" section for further details on production from the various fields.

Net production (in MMcf)	Jun 2020 Quarter	Mar 2020 Quarter	% Increase/Decrease
Jeanerette Field – ASF No.4	-	-	-
Mystic Bayou Field – Williams No.2	10	10	-
Hummer Field – Main Pass Block 270 B-1	42	42	-
<b>Total</b>	<b>52</b>	<b>52</b>	<b>-</b>

### Revenues and Cashflow

The Company generated net oil and gas revenues of US\$72,000 for the June 2020 quarter. This was 37% lower than that achieved in the March 2020 quarter of US\$114,000, reflecting the lower sales prices received and the effects of prior period revenue adjustments.

The Company realised an average gas equivalent sales price of US\$1.37/Mcf in the June 2020 quarter (US\$20.73/bbl and US\$1.17/Mcf for its oil/condensate and natural gas production, respectively). This compares to the average gas equivalent sales price received in the March 2020 quarter of US\$2.21/Mcf (US\$53.82/bbl and US\$1.39/Mcf for its oil/condensate and natural gas production, respectively).

The Company reported negative EBITDAX of US\$0.4 million for the current quarter (previous quarter: negative US\$0.9 million).

A "Financial Summary and Production Data" table is provided on page 5 of this report.

### Secured Convertible Note Facility

The Company has a US\$15 million secured convertible note facility agreement with Sing Rim Pte Ltd with a redemption date of 23 January 2021.

At 30 June 2020, the Company had drawn US\$14 million under the facility.

As advised in the previous quarter, the Company's Convertible Noteholders suspended access to the remaining US\$1 million under the facility which was otherwise available to the Company, pending the negotiation of a new plan of action.

The Convertible Noteholders are supportive of the Company plan to substantially reduce overheads and largely hibernate the Company until conditions improve and consents are gained to restart oil production in Block S-1, and/or more accessible production assets are acquired to rebuild the Company's reserves and cashflow.

### Cash Position

At 30 June 2020, the Company held cash deposits of US\$378,000 (A\$549,000), including secured deposits of US\$45,000.

### U.S. Oil and Natural Gas Prices

WTI crude oil prices were highly volatile during the June 2020 quarter, with crude oil prices falling to a record low of negative US\$37.63/bbl on 20 April 2020, due to the effects of the COVID-19 crisis on World demand and increase in oil production supply by Russia and Saudi Arabia, before staging a dramatic comeback to close the period at US\$39.27/bbl.

On 27 July 2020, the NYMEX 12 month and 36-month forward strip prices for WTI crude oil were trading at approximately US\$42.60/bbl and US\$43.95/bbl, respectively. This compares to US\$26.81/bbl and US\$32.17/bbl, respectively on 24 April 2020.

U.S. natural gas prices traded in a range between US\$1.48/MMBtu and US\$2.13/MMBtu during the June 2020 quarter, closing the period at US\$1.75/MMBtu.

The NYMEX 12 month and 36-month forward strip prices for U.S. natural gas were relatively steady, trading at approximately US\$2.43/MMBtu and

US\$2.49/MMBtu, respectively on 27 July 2020. This compares to US\$2.46/MMBtu and US\$2.52/MMBtu, respectively on 24 April 2020.

The U.S. Energy Information Administration estimates working natural gas in storage for the week ending 17 July 2020 at 3,215 Bcf. This was 656 Bcf or 25.6% higher than the 2,559 Bcf reported a year ago and 436 Bcf or 15.7% higher than the 5-year average of 2,779 Bcf.

## Operations

### Sale of U.S. Production Assets

On 6 August 2020, the Company announced that it had entered into a Purchase and Sale Agreement ("Agreement") for the sale of its U.S. production assets to a privately held U.S. exploration and production company based in Houston.

The Agreement comprises the sale of the Company's interests in the Hummer, Mystic Bayou and Jeanerette Fields for a nominal amount plus assumption of plug and abandonment obligations, and forms part of the Company's plan to wind up and close its U.S. business. Further details are available in the announcement made to the ASX on 6 August 2020.

## Production

### USA

#### Adelphi Sugar Factory ("ASF") No. 4 Well – Jeanerette Field

Petsec: 12.5% working interest (9.2% net revenue interest)

The ASF No. 4 well located in St. Mary Parish, Louisiana was drilled and brought into production in June 2014.

In mid-November 2015, the ASF No. 4 well was shut-in due to high water production and a restriction in the tubing due to salt build-up. The well has produced on an intermittent basis since that time, and it's the operator's intention to continue in that manner for the near-term.

#### 16,700 RA SUA; Williams No.2 Well – Mystic Bayou Field

Petsec: 25% working interest (18.50% net revenue interest)

The 16,700 RA SUA; Williams No.2 gas/condensate discovery well on the Mystic Bayou Field in St. Martin Parish, Louisiana was drilled and brought into production on 31 August 2015.

The well averaged gross daily production rates of approximately 0.6 MMcf/gpd and 10 bopd for the June 2020 quarter. The well was offline for approximately 26 days during the quarter.

#### Main Pass Block 270 B-1 well – Hummer Gas/Oil Field (Main Pass 270/273/274)

Petsec: 12.5% working interest (10.26354% net revenue interest) + 0.441% OPRI

The Main Pass Block 270 B-1 well on the Hummer exploration prospect in 215 feet of water, offshore Louisiana (Federal Waters) was drilled during the second half of 2015 and brought into production on 21 November 2017.

The well was shut in for 33 days during the quarter due to maintenance on the pipeline. For the 58 days of production it averaged gross daily rates of approximately 4.7 MMcf/gpd and 84 bopd.

## MENA

### YEMEN

The Company holds rights to 100% working interest in two blocks in Yemen, 30 kilometres apart in the Marib Basin - Damis Block S-1 Production Licence and Al Barqa, Block 7 Exploration Licence.

The Damis Block S-1 contains five oil and gas fields with target resources in excess of 54 million barrels of oil and 550 Bcf of natural gas. The An Nagyah Oilfield is developed with 32 wells and has associated production facilities capable of producing 20,000 bopd, connected by an 80,000 bopd pipeline to the Marib Pipeline which terminates at the Ras Isa Oil Export Terminal on the Red Sea to the West. The Marib Pipeline and Ras Isa Oil Export Terminal have been shut since March 2015 due to the Saudi Coalition embargo on oil lifting from the Port of Hodeidah because of the Rebels' control of Hodeidah. Block 7 holds the Al Meashar oil discovery with target resources of 11 to 50 million barrels of oil.

Operations at the Company's An Nagyah Oilfield in Block S-1 continue to be shut-in while the Company seeks to secure government approvals to allow the Company to access the Block 5 to Block 4 Pipeline completed in early 2020 but not as yet operational, or to truck oil and access Yemen Government owned pipeline, storage and oil export shipping facilities in neighboring Block 4.

The operating environment in the Shabwah Governorate, within which both Block S-1 and Block 7 are located, continues to improve, allowing the publicly listed Austrian oil company, OMV, to recommence oil production in April 2018. OMV is the first foreign oil company to restart production in Yemen since the industry wide shut-in of March 2015.

OMV has maintained oil production of the order of 16,000 bopd since April 2018 in the neighboring Block S-2 from its Habban Oilfield (350 million barrels), 70 kilometres North East of An Nagyah Oilfield and 14 kilometres West of the Al Meashar oil discovery in Block 7. Habban oil is transported by truck South to the Main Oil Pumping Station (MOPS) near the West Ayad

Oilfield 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 600,000 barrels of oil is made every 6 to 7 weeks.

Construction of a 16 inch oil transport pipeline connecting Block 5 (to which Block S-1 is connected) to the oil export pipeline of Block 4, has been completed. Pre-startup testing is currently underway. The Yemen Oil Ministry expected it to be operational by March 2020, but is not yet operational. Block 5 is required to restart production for the new pipeline to function, however, the Yemen Government has yet to extend the operating period by 5 years which would allow the block to restart.

The Shabwah Governorate, in which Petsec's Blocks S-1 and 7 are located, is under the control of the internationally recognised Yemen Government with support from Saudi and local forces. The security position is generally good allowing for oil production by OMV, trucking oil 20 kilometres, then flowing through the 204 kilometre Block 4 pipeline to Bir Ali export terminal, and the construction of the 80 kilometre Block 5 to Block 4 oil pipeline.

Post 30 September 2019, the government run Safer Exploration Production Oil Company (SEPOC) has started production of 5,000 bopd from Block 18 and is trucking it South to Rudum Terminal at Bir Ali. This is a significant development as Block 18 is a major oil producer for the country, producing on average 35,000 bopd prior to rebel control of the Marib Export Pipeline. SEPOC's Block 18 and Petsec's Block S-1 are connected by pipeline to Block 5 which is now connected to Block 4 following recent completion of the 80 kilometre, 16 inch pipeline. Completion of this pipeline, restart of production from Block 18, and the recent declaration by the Yemen Oil Minister that Blocks 5 and S-1 will be in production in early 2020, demonstrates the government's desire to bring all fields in the Shabwah region back into production. However, the Minister has yet to provide the consents necessary for Blocks 5 and S-1 to restart oil production.

#### Al Barqa, (Block 7) Permit, Yemen

Petsec: 75% working interest (63.75% participating interest)

Petsec Energy acquired its interest in the period 2014-2017.

Block 7 is an onshore exploration permit covering an area of 5,000 square kilometres (1,235,527 acres) located approximately 340 kilometres east of Sana'a. The block contains the Al Meashar oil discovery as well as an inventory of leads and prospects defined by 2D and 3D seismic surveys with significant oil potential.

The Company has operatorship and holds a 75% working interest (63.75% participating interest) in the Al Barqa (Block 7) Joint Venture.

Block 7 contains two suspended discovery wells in the Al Meashar oil discovery (target resource of 11 MMbbl to 50 MMbbl) which is located 14 kilometres East of OMV's Habban Oilfield which holds ultimate reserves of 350 million barrels of oil, in the same reservoir rocks as Al Meashar. In 2010-11, short-term testing of the two Al Meashar wells delivered flow rates ranging from 200 to 1,000 bopd.

The block also contains eight potential prospect/lead targets.

#### Damis (Block S-1), Production Licence, Yemen

Petsec: 100% working interest (82.5% participating interest)

Petsec Energy acquired 100% of the block in early 2016.

Damis (Block S-1) is located approximately 80 kilometres to the southwest of Block 7 and holds five sizeable oil and gas discoveries – the developed and productive (until suspended in 2014), An Nagyah Oilfield, and a further four undeveloped oil and gas fields – Osaylan, An Na'em, Wadi Bayhan, and Harmel.

The developed An Nagyah Oilfield has produced around 25 million barrels of oil since start of production in 2004 out of the original recoverable reserves of 50 million barrels of oil.

The four undeveloped fields hold substantial oil and gas resources in excess of 34 MMbbl of oil and 550 Bcf of gas<sup>1</sup> representing substantial potential future growth of reserves and production for the Company.

OMV's continuous operations to produce Habban oil at an average rate of 14,000 bopd since April 2018, and successful use of the Block 4 pipeline and oil export lifting from the Bir Ali Oil Export Terminal confirms the viability of this export route for the Company and its An Nagyah Oilfield.

The Company's plans for the restart of production at the An Nagyah Oilfield have been focused on pumping oil 27 kilometres NW to Block 5 through the existing Block S-1 10 inch pipeline and then to the Main Oil Pumping Station (MOPS) in Block 4 through the newly constructed 80 kilometre, 16 inch Block 5 to Block 4 pipeline. From MOPS, oil will be pumped 204 kilometres South to Rudum Terminal at Bir Ali.

In a recent press release made to the Yemeni news agency, Saba, the Yemen Oil Minister, Aws Al Awd, and reported widely in the Middle East, stated the legitimate Yemen Government, now located in Aden, is actively engaged in restarting and increasing oil production in the controlled areas of the legitimate Yemen Government. Chief amongst this is the Yemen Government's construction of an 80 kilometre, 16 inch pipeline connecting Jannah Hunt Block 5 to Ghareb Ayad Block 4. This pipeline connects SAFER Block 18 (35,000 bopd) to Jannah Hunt Block 5 (26,000 bopd) and Damis Block S-1 (Petsec Energy, 10,000 – 20,000 bopd) to Block 4 pipeline which runs South to Nishaima Terminal at Bir Ali on the Arab Sea.

Austrian oil company OMV has been producing some 15,000 bopd from Block S-2, into the Block 4 pipeline since April 2018. These four blocks are all of the oil producers in the Marib/Shabwah Basins and represent the largest potential oil production in Yemen.

The Yemen Government is also actively encouraging the restart of the TOTAL owned Bal Haf, 6.7 million tonne per year LNG plant.

The Company's engineers estimate the cost to restart oil production at An Nagyah at a rate of 10,000 bopd will be under US\$5 million, and would take between 6 and 12 months from the time of receipt of Yemen Government approvals to access Block 4 oil export facilities.

The Company has been seeking, since early 2017, the necessary government support and formal approvals to transport oil initially by truck to Petro Masila's Block 10 and pipe to Mukalla, then in the past year by truck to Block 4, and now via the Block 5 to Block 4 pipeline to the oil export terminal at Bir Ali through YICOM facilities at Block 4 and its Rudum Terminal. Access to these facilities are part of the Contractor's rights contained within the Block S-1 Production Sharing Agreement. Delays have been due to a lack of engagement by the Oil Minister, limited and changing Yemen administration capabilities, political changes, and security conditions.

We have engaged with the Oil Minister, His Excellency Aws Al-Awd, since his appointment in January 2018, seeking his support for the restart of production at the An Nagyah Oilfield. Documentation supporting the Company's technical and financial capabilities to restart production at the An Nagyah Oilfield was submitted to the Minister of Oil and Minerals during the September 2019 quarter for his review and approval.

Petsec Energy's Chairman, Terrence Fern and Managing Director, Syed Bokhari, met with the Yemen Minister of Oil & Minerals, Aws Al Awd, in May 2019 to share the Company's restart plans for the An Nagyah Oilfield with supporting technical and financial capabilities. The Minister showed considerable interest in the restart plan, expressing a desire to have the field in production within 6 months to coincide with the expected completion of a 16 inch oil pipeline connecting Block 5 (to which Block S-1 is already connected) to the Block 4 export pipeline. He also encouraged Petsec to seek joint venture partners to co-invest in the development of Block S-1 which holds four undeveloped fields in addition to the developed An Nagyah Oilfield.

Subsequent to the meeting with the Minister, Petsec sent a team of oil field production experts in June 2019 to the An Nagyah Oilfield in the Shabwah Province of Yemen to evaluate the condition of the facilities and prepare final production start-up plans. The evaluation team consisted of an international production facilities expert, four Yemeni oil field professionals, Petsec Energy staff, and a representative of the Yemen Ministry of Oil & Minerals.

The team found the facilities to be in good condition allowing for an early production start-up. Local staff and contractors were keen to see an early start of production.

Final plans are complete for the production start-up that include all technical work (equipment/services required, contract support, manpower ramp up, oil transport and access to export facilities). It is expected this plan will be concluded within a month of receipt of the Yemen governments consents allowing for an immediate restart of onsite operations. It is expected that oil production can commence within 3 months of the Company's occupation of Block S-1.

In response to the Minister's wish that Petsec Energy seeks further investors in the development of Yemen oil resources, Petsec has engaged with several JVP companies interested in a joint venture partnership with Petsec Energy in Block S-1 which includes the An Nagyah Oilfield. These discussions have been encouraging, however the lack of Oil Minister's pipeline access consents and the consequences of COVID-19 in the Middle East has frustrated potential joint venture engagement.

<https://mom-ve.com/site-en/لاند ف يندال حالى العام فى ي. س. س. ال فطوزير>

<https://mom-ve.com/site-en/yemeni-oil-ministry-regains-the-confidence-of-foreign-companies/>

## Proposed Activities – September 2020 Quarter

### SYDNEY

Relocation of the corporate registered business address to a virtual office space.

Continue to seek cash flow positive production assets.

### USA

Completion of the sale of the Company's U.S. oil and gas interests.

Closure of the Houston office and windup of the U.S. subsidiary companies.

### MENA – Yemen

Continued engagement with potential joint venture partners in Block S-1.

Obtaining required government consents to transport oil via Block 4 to Rudum Terminal at Bir Ali.

## Financial Summary and Production Data

Unaudited preliminary financial data			Jun 2020 Quarter	Mar 2020 Quarter	% Increase/ (decrease)	Six months to Jun 2020	Six months to Jun 2019	% Increase/ (decrease)
<b>Financials</b>								
Net revenue	US\$000		72	114	(37%)	186	715	(74%)
Other revenue/(expense)	US\$000		(8)	6		(2)	(1)	
Lease operating expenses	US\$000		(257)	(287)		(544)	(719)	
Geological, geophysical & administrative expenses (GG&A)	US\$000		(216)	(759)		(975)	(1,892)	
<b>EBITDAX</b>	US\$000		<b>(409)</b>	(926)	n/a	<b>(1,335)</b>	(1,897)	n/a
<b>Cash</b>	US\$000		<b>378</b>	401	(6%)	<b>378</b>	3,224	(88%)
<b>Debt (convertible note facility) <sup>1</sup></b>	US\$000		<b>18,137</b>	17,528	3%	<b>18,137</b>	14,197	28%
<b>Acquisition, exploration &amp; development expenditure</b>								
Acquisition	US\$000		-	-		-	-	
Exploration	US\$000		-	-		-	-	
Development	US\$000		-	-		-	2,652	
<b>Total</b>	US\$000		<b>-</b>	-	-	<b>-</b>	2,652	(100%)
<b>Production (MMcfe)</b>								
		<b>W.I.</b>	<b>N.R.I.</b>					
<b>USA</b>								
<b>Offshore Gulf of Mexico</b>								
Morgan Pass Block 270 (Hummer)		12.5%	10.70454% <sup>2</sup>	42	42	84	175	
<b>Onshore Louisiana</b>								
Mystic Bayou Field		25%	18.5%	10	10	20	42	
Jeanerette Field		12.5%	9.0%	-	-	-	-	
<b>Total</b>	MMcfe			<b>52</b>	52	<b>104</b>	217	(52%)
<b>Unit revenue/cost analysis per Mcfe (US\$)</b>								
Condensate per barrel	US\$		20.73	53.82	(61%)	38.80	60.02	(35%)
Gas per Mcf	US\$		1.17	1.39	(16%)	1.28	2.52	(49%)
Average sales price per Mcfe	US\$		1.37	2.21	(38%)	1.79	3.29	(46%)
Other revenue/(expense) per Mcfe	US\$		(0.15)	0.12		(0.02)	-	
Lease operating expense per Mcfe	US\$		(4.94)	(5.52)		(5.23)	(3.31)	
GG&A expense per Mcfe	US\$		(4.15)	(14.60)		(9.38)	(8.72)	
<b>EBITDAX per Mcfe</b>	US\$		<b>(7.87)</b>	(17.79)	n/a	<b>(12.84)</b>	(8.74)	n/a

<sup>1</sup> Represents liability recognised on the balance sheet at period end in respect of the convertible note debt and the associated foreign exchange derivative liability.

<sup>2</sup> Comprises N.R.I.: 10.26354% and ORRI: 0.441%.

### Glossary

bbl = billion cubic feet of gas equivalent  
 boe = barrels of oil per day  
 Mcfe = thousand cubic feet of gas equivalent  
 MMcfe = million cubic feet of gas equivalent  
 TVD = True Vertical Depth

bcpd = barrels of condensate per day  
 bwppd = barrels of water per day  
 MD = Measured Depth  
 MMcfppd = million cubic feet of gas per day

boe = barrels of oil equivalent  
 Mcf = thousand cubic feet of gas  
 MMbbl = million barrels  
 TD = Total Depth

### For further information, please contact:

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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.