

4 June 2012

Operations Update

Initial Well – Alberta, Canada Shale Oil Project

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

Petsec Energy is pleased to advise that the preliminary petrophysical results from the initial commitment well drilled in its Alberta, Canada shale oil project are encouraging.

The well, which spud on 9 March 2012, reached total depth of 8,700 feet (2,700 metres) in early April 2012. Protective casing was run to the total depth of the well, and the well bore was temporarily suspended. The well was extensively logged and cores were taken for use in detailed petrophysical and geochemical evaluations. Mud log oil shows were supported by wireline log analysis. These evaluations together with additional geological and engineering studies will be used to determine the commercial potential of the shale oil play. The results of this analysis are due early in the third quarter of 2012, which are expected to lead to further drilling and testing activities

Managing Director, Mr Terry Fern commented “We are pleased with the initial petrophysical results and the hydrocarbon indications of the well. We look forward to receiving the core analyses with which to calibrate the petrophysical interpretation, the results of which we hope will confirm the commercial potential of the shale oil play”.

The Company paid 35% of the cost of the initial well and has the right to elect to participate in the drilling of up to three optional wells to earn a 24.5% working interest in leases covering a total area of 17,280 acres.

Participating working interests in the drilling of the well are:

Petsec Energy Ltd	35%
Private Companies	65%

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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 Shale Oil projects in Canada and the USA.