

4 April 2012

Drilling Update**Shale Oil Project - Alberta, Canada***Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)*

Petsec Energy is pleased to advise that the initial commitment well spud on the 9th March in its recently announced shale oil project has reached its total depth of 8,700 feet (2,700 metres). The well was extensively logged, and cores were taken for use in detailed petrophysical and geochemical evaluations. Protective casing has been run to the total depth of the well, and the well bore has been temporarily suspended.

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.