

PETSEC ENERGY LTD

MARCH 2010 QUARTER RESULTS

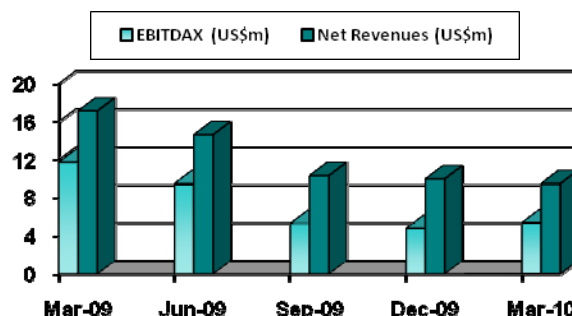
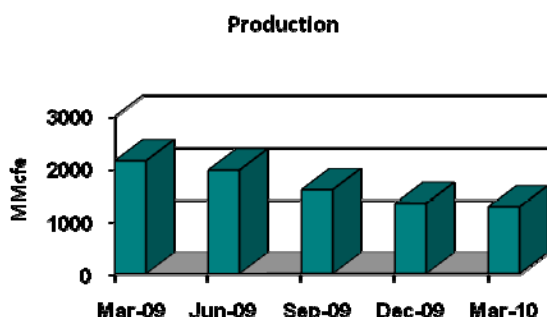


FINANCIALS (to be read in conjunction with “Financial Summary & Production Data” table on page 7)

		Current	Previous		Corresponding	
		Quarter Mar 10	Quarter Dec 09	% Change	Quarter Mar 09	% Change
<i>Comparative Performance versus</i>						
Production	MMcfe	1,273	1,339	(5%)	2,152	(41%)
Average sales price	US\$/Mcf	7.47	7.42	1%	7.96	(6%)
Net revenue	US\$m	9.5	9.9	(4%)	17.1	(44%)
EBITDAX	US\$m	5.4	4.8	13%	11.7	(54%)
Net debt/(cash) ¹	US\$m	(0.1)	4.0	n/a	32.8	n/a
AE&D expenditure ²	US\$m	2.2	2.2	-	1.4	59%

¹ Includes restricted cash of US\$1.1 million used to support letters of credit. Excludes unamortised debt transaction costs.

² Acquisition, exploration and development expenditure (accrual-based).



USA

Operations

- Daily net production for the quarter averaged 13.3 MMcfe/day from the offshore wells and 0.9 MMcfe/day from the onshore wells.

Acquisitions

- Petsec Energy was high bidder on eight lease blocks at the Central Gulf of Mexico Lease Sale 213 in March 2010. The U.S. Minerals Management Service, which oversees the Federal leases in the Gulf of Mexico, is expected to announce the award of leases by June 2010.

Exploration

- Final preparations were made during the March quarter for the drilling of the Main Pass Block 20 #4 exploration well. The rig is on location and the well expected to spud in mid April 2010 and take up to 60 days to drill and evaluate.

CHINA

Development - Block 22/12, Beibu Gulf Wei 6.12, 6.12 South and 12.8 West oil fields

- Commercial negotiations between the joint venture and CNOOC over the economics and commercial sections of the Overall Development Plan (ODP) are expected to be concluded soon.
- The CNOOC-approved ODP is expected to be lodged in early second quarter 2010.

March 2010 Quarter Activity



Production and Cashflow

Production from Petsec Energy's U.S. operations for the March 2010 quarter of 1,273 MMcfe was 5% lower than the December 2009 quarter of 1,339 MMcfe mainly due to natural decline in production rates from all fields, except the Main Pass 18/19 fields where a number of well recompletions were performed in late 2009.

The average gas equivalent sales price received (including hedging) was US\$7.47/Mcfe, representing a modest 1% increase on the US\$7.42/Mcfe realised in the previous quarter due to the beneficial impact of the Company's hedging. Petsec Energy received an average hedge price of US\$7.59/Mcf on approximately 82% of production volumes for the quarter. This helped alleviate the impact of softer gas spot prices which averaged US\$5.52/Mcf for the quarter.

Net revenues of US\$9.5 million were 4% lower than the US\$9.9 million achieved for the December 2009 quarter, reflecting lower production offset slightly by the higher average gas equivalent sales price received for the period.

EBITDAX for the March 2010 quarter of US\$5.4 million was 13% higher than the previous quarter mainly due to an increase in other revenue combined with generally lower lease operating and geological, geophysical & administrative expense. The effect of which was tempered to some extent by the lower net revenues generated from production.

EBITDAX margin of US\$4.22/Mcfe was up 18% on the December 2009 quarter margin of US\$3.58/Mcfe. Lease operating expense was US\$1.82/Mcfe (December 2009 quarter: US\$2.37/Mcfe); and geological, geophysical & administrative expense also totalled US\$1.82/Mcfe (December 2009 quarter: US\$1.50/Mcfe).

Acquisition, exploration and development expenditures for the quarter totalled US\$2.2 million, including US\$0.3 million on acquisitions, US\$1.7 million on exploration and US\$0.2 million on development activities.

Cash and Debt Facilities

At 31 March 2010, the Company's cash position was US\$29.4 million (equivalent to A\$32.0 million) including US\$1.1 million of restricted cash used to support letters of credit (December 2009: US\$25.4 million or A\$28.3 million).

Total debt outstanding at 31 March 2010 stood at US\$29.3 million and related to subordinated fixed term debt that matures in 2011 (December 2009: US\$29.4 million).

At 31 March 2010, the amount utilised under the revolving credit facility was US\$7.7 million all of which supports the outstanding US\$8.8 million in letters of credit that guarantee Petsec's future rehabilitation obligations.

March 2010 Quarter Activity (continued)



Gas Price and Hedging

NYMEX natural gas futures prices declined towards the end of the first quarter predominantly due to moderating temperatures in March coupled with robust natural gas production and ongoing demand concerns in the U.S. Modest U.S. demand combined with the strong U.S. production for the period has resulted in U. S. gas in storage of 1.6 Tcf on 2 April 2010, 12% above the previous 5 year average though generally in line with levels of the corresponding period last year.

At 31 March 2010, the Company had the following natural gas hedges in place:

Production period	Hedge types	Total MMBtu volume	Weighted average US\$ Price
Apr 2010 – Dec 2010	Swaps	1,419,200	7.47
2011	Collars	789,000	6.00 – 7.56
Total hedged volume		2,208,200	

The NYMEX 12 month forward strip price for gas on 9 April 2010 was approximately US\$4.84/MMBtu and the 36 month forward strip price for gas was approximately US\$5.43/MMBtu.

USA, Gulf of Mexico

Acquisitions

Petsec Energy was high bidder on eight lease blocks at the Central Gulf of Mexico Lease Sale 213 held in New Orleans, Louisiana USA on 17 March 2010.

The Company submitted four sole bids (100% W.I.) and four joint bids with another company.

The U.S. Minerals Management Service, which oversees the Federal leases in the Gulf of Mexico, is expected to announce the awarding of leases by June 2010. The Ship Shoal 36 and 74 leases were granted on the 13 April.

Details of the bids are as follows:

Lease	Bid Amount US\$	Working Interest	Petsec Share US\$
Main Pass 273	\$1,166,500	50%	\$583,250
Main Pass 274	\$178,500	50%	\$89,250
Breton Sound 42	\$562,500	50%	\$281,250
Breton Sound 39	\$168,840	75%	\$126,630
Main Pass 18 N/2	\$76,900	100%	\$76,900
Main Pass 132	\$158,900	100%	\$158,900
Ship Shoal 36	\$158,900	100%	\$158,900
Ship Shoal 74	\$127,900	100%	\$127,900

March 2010 Quarter Activity (continued)



Exploration

No drilling was undertaken during the quarter.

The Company expects to spud the Main Pass Block 20 #4 exploration well in mid April, to test a target of 20 – 45 Bcfe (gross). The well is the first of three to five high impact wells planned for the 2010 drilling programme in the Gulf of Mexico, USA targeting net reserves to the Company of 20 – 50 Bcfe. It marks the recommencement of drilling by the Company after almost two years, to benefit from the substantial reduction in drilling costs since the peak of 2007/2008.

The Main Pass 20 #4 well is targeting significant natural gas and associated oil potential in Upper Miocene Bigenerina Humblei sandstone reservoirs which are in a structurally superior position to zones previously proven productive in the Main Pass 20 #1 well drilled by Devon Energy Corporation in 2001. The target section is characterised by a lens-shaped, high amplitude seismic anomaly of up to 150 metres (500 feet) in thickness, which was identified by Petsec Energy from its reprocessed 3D seismic database.

The well will be located on lease number OCS-G 27195 in approximately 11 metres (35 feet) of water and is expected to take up to 60 days to drill to a total depth of 4,025 metres (13,200 feet) and evaluate results. Petsec Energy owns existing production facilities in the area which, depending on the size of the discovery, may be used to develop new discoveries.

Petsec Energy holds a portfolio of prospects in the surrounding acreage, with similar attributes which may be drilled if the Main Pass 20 #4 well confirms the commercial potential of the play.

The Company has farmed out part of its interest and retains a 30% working interest so that its dry hole exposure is expected to be less than US\$2.5 million, and development costs on success, US\$3.2 million.

The participants in the Main Pass 20 #4 well are:

Petsec Energy Inc.	30.0%
LLOG Exploration Offshore, Inc. (operator)	46.5%
Phoenix Exploration Company, LP	20.0%
Aurora Exploration, LLC	3.5%

CHINA

Block 22/12, Beibu Gulf

Petsec: 25% working interest (12.25 % net revenue interest should China National Offshore Oil Corporation (CNOOC) back-in for 51%). Operator: Roc Oil Company Limited

Development – Wei 6.12, 6.12 South and 12.8 West oil fields

Petsec Energy owns a 25% working interest in five oil fields in Block 22/12, Beibu Gulf, China, which hold potentially recoverable reserves in the range of 43 to 124 million barrels of oil (P50 to P10) of which Petsec Energy owns a net 5 to 15 million barrels on the basis CNOOC backs-in for 51%. Eight undrilled prospects in Block 22/12 hold an additional 100 million barrels gross potential.

March 2010 Quarter Activity (continued)



Development – Wei 6.12, 6.12 South and 12.8 West oil fields (continued)

During 2009, CNOOC in conjunction with the joint venture (JV) completed a feasibility study on the 6.12, 6.12 South and 12.8 West oil fields, estimated to hold 27 to 52 million barrels of gross recoverable oil (P50–P10), based on sharing production, pipeline and oil storage facilities with CNOOC on its adjacent 12.1.1 oil field. The technical section of the Overall Development Plan (ODP) was completed by CNOOC in December 2009 and it is anticipated that CNOOC approval of the ODP will be granted in early second quarter 2010. This will be followed by Final Investment Decision (FID) and the start of development mid-year 2010, with first oil production in mid-2012.

The fields are capable of producing seven million barrels of oil in the first twelve months of production which, at current oil prices, should deliver cashflow of the order of US\$60 million to Petsec Energy.

Petsec Energy's estimated share of the likely development cost is in the order of US\$35 million, a large portion of which is anticipated to be debt financed.

Exploration prospects with 20 million barrels potential, which can be accessed from the 6.12 South platform, are expected to be tested at the time of development drilling in 2011.

Initial feasibility studies for the development of the 12.8 East and 12.3.1 oil fields, which hold recoverable reserves ranging from 15 to 72 million barrels of oil (P50 to P10), commenced in December 2009 and development of these two oil fields is anticipated to commence 2011/2012.

Block 22/12 is a substantial asset of the Company, represented not only by its existing oil reserves but the remaining high exploration potential.

Financial Summary and Production Data

A "Financial Summary and Production Data" table is provided on page 7.

Proposed Activities – June 2010 Quarter

The principal activities proposed for the June 2010 quarter are as follows:

USA, Gulf of Mexico

Acquisition

The Company anticipates that the U.S. Minerals Management Service will announce the award of the remaining six lease blocks that Petsec Energy successfully bid for at the Central Gulf of Mexico Lease Sales, by June 2010.

Exploration

Drilling of the Main Pass Block 20 #4 exploration well which is expected to take up to 60 days to drill and evaluate, reaching TD in early June 2010.



March 2010 Quarter Activity (continued)



China
Beibu Gulf, Block 22/12

Development

Wei 6-12, 6-12 South and 12-8 West oil discoveries

Anticipate CNOOC approval of the Overall Development Plan (ODP) and lodgement for formal Chinese government approval. FID and commencement of development anticipated in mid year.

Production Forecast 2010

The Company is currently on track to meet its production target for the 2010 calendar year of 4.4 Bcfe, and revenues of approximately US\$30 million.

March 2010 Quarter Activity (continued)



FINANCIAL SUMMARY AND PRODUCTION DATA

UNAUDITED PRELIMINARY FINANCIAL DATA				Mar 2010 Quarter	Dec 2009 Quarter	% Increase/ (decrease)	Mar 2009 Quarter	% Increase/ (decrease)		
<i>Amounts in US\$000</i>										
Net Revenue				9,513	9,933	-4%	17,131	-44%		
Other Revenue/(Expense)				504	24		(90)			
Lease Operating Expenses				(2,321)	(3,178)		(2,742)			
Geological, Geophysical & Administrative Expenses (G,G&A)				(2,323)	(2,005)		(2,575)			
EBITDAX				<i>US\$000</i> 5,373	4,774	13%	11,724	-54%		
Total Outstanding Debt (excl. unamortised debt transaction costs)				<i>US\$000</i> 29,325	29,400	0%	44,425	-34%		
Cash *				<i>US\$000</i> 29,377	25,356		11,665			
Net Debt/(Cash)				<i>US\$000</i> (52)	4,044	n/a	32,760	n/a		
<i>* Includes restricted cash of US\$1.1 million used to support letters of credit.</i>										
Acquisition, exploration & development expenditure										
Acquisition				321	-		78			
Exploration				1,751	185		595			
Development				151	2,051		723			
Total				<i>US\$000</i> 2,223	2,236	-1%	1,396	59%		
Production (MMcfe)										
				W.I.			N.R.I.			
Offshore Gulf of Mexico										
Main Pass 18/19				1	100%/ 55%	83.33%/ 45.88%	462	348	524	
Main Pass 270				-	25%	20.8%	284	310	153	
Chandeleur 31/32				1	100%	81.8%	284	305	923	
Mobile Bay Area				2	40%-50%	30.5% - 41.7%	151	181	118	
Other Offshore				1	100%	81.8% - 83.33%	14	55	174	
						3.2% - 4% ORRI				
Onshore Louisiana										
				3	46% - 78%	32% - 58%	78	140	260	
Total					<i>MMcfe</i>	1,273	1,339	-5%	2,152	-41%
Unit revenue/cost analysis per Mcfe (USD)										
Oil/Condensate per barrel				75.60	60.91		37.40			
Gas per Mcf				7.21	6.27		8.02			
Average sales price per Mcfe				7.47	7.42	1%	7.96	-6%		
Other revenue/(expense)				0.40	0.02		(0.04)			
Lease operating expense				(1.82)	(2.37)		(1.27)			
G,G&A expenses				(1.82)	(1.50)		(1.20)			
EBITDAX per Mcfe				<i>US\$</i> 4.23	3.57	19%	5.45	-23%		

Glossary

Bcfe = billion cubic feet of gas equivalent

Mcfe = thousand cubic feet of gas equivalent

MMbbls = million barrels

Mmcf = million cubic feet of gas equivalent

EBITDAX = Earnings Before Interest, Income Taxes, Depreciation, Depletion, Amortization, and Exploration Expenses

1 Operated by Petsec Energy

2 Petsec Energy operates Mobile Bay 953 #1 and #3.

3 Petsec Energy operates E. Laurent #1 and Miles Timber #1 wells.

Dated: 15 April 2010

For further information, please contact:

Paul Gahdmar
Company Secretary & Group Financial Controller
Petsec Energy Ltd
Level 13, 1 Alfred Street
Sydney NSW 2000
Tel: 612 9247 4605 Fax 612 9251 2410

Ross A Keogh
President
Petsec Energy Inc.
3861 Ambassador Caffery Parkway, Suite 500
Lafayette, LA 70503, USA
Tel: 1 337 989 1942 Fax: 1 337 989 7271

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.