

PETSEC ENERGY LTD

ACN 000 602 700

16 November 2009

Rights Issue Notice under section 708AA(2)(f) of the Corporations Act

Petsec Energy Ltd (**Petsec**) refers to its announcement on 16 November 2009 of a non-renounceable entitlement offer (**Entitlement Offer**) of one (1) Petsec ordinary share (**New Shares**) for every two (2) Petsec ordinary shares (**Shares**) held by all holders as at 7.00pm (AEST) on Tuesday, 24 November 2009 (**Record Date**) with registered addresses in Australia, New Zealand or Hong Kong (**Eligible Shareholders**). The offer is fully underwritten by Martin Place Securities Pty Limited (**Underwriter**). In accordance with the timetable included with that announcement, Petsec intends to despatch the Entitlement Offer Document to Eligible Shareholders on 26 November 2009.

Petsec gives notice to ASX under section 708AA(2)(f) of the *Corporations Act 2001* (**Corporations Act**) that:

1. Petsec will offer shares under the Entitlement Offer without disclosure to investors under Part 6D.2 of the *Corporations Act*;
2. As at the date of this announcement, Petsec has complied with:
 - (a) the provisions of Chapter 2M of the *Corporations Act* as they apply to Petsec; and
 - (b) section 674 of the *Corporations Act*.
3. As at the date of this announcement, there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of Petsec; or
 - (ii) the rights and liabilities attaching to the New Shares.
4. The Entitlement Offer will not have any material effect on the control of Petsec. The capital structure before the Entitlement Offer and the potential structure after the Entitlement Offer is set out below.

| Issued Shares | Number |
|--|-------------|
| Shares on issue at record date for the Entitlement Offer | 154,188,841 |
| Maximum number of New Shares to be issued in Entitlement Offer | 77,100,000 |
| Maximum number of Shares on issue after close of the Entitlement Offer | 231,288,841 |

The potential effect the issue under the Entitlement Offer will have on control of Petsec and the consequences are as follows:

- (a) If all the Eligible Shareholders take up their Entitlements under the Entitlement Offer in full, then the offer will have no significant effect on the control of Petsec;

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- (b) If particular Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer, the percentage shareholding interests of those Eligible Shareholders will be diluted;
- (c) The percentage shareholding interests of shareholders with registered addresses outside Australia, New Zealand and Hong Kong will be diluted because those shareholders are not entitled to participate in the Entitlement Offer;
- (d) If Eligible Shareholders do not take up their Entitlements under the Entitlement Offer then the Underwriter is required, under the underwriting agreement with Petsec, to take up any shortfall.

The Underwriter has entered into such sub-underwriting arrangements as are necessary to ensure that neither the Underwriter nor any sub-underwriter will breach section 606 of the *Corporations Act* as a result of performing their underwriting or sub-underwriting obligations (as the case may be).

In the event of a shortfall under the Entitlement Offer, in order to comply with the requirements of the underwriting agreement, neither the Underwriter nor any sub-underwriter may, in carrying out their underwriting or sub-underwriting obligations, acquire a relevant interest in more than 19.99% of Petsec's voting shares.

- (e) Petsec has been advised by the Underwriter that Den Duyts Corporation Pty Limited (**Sub-Underwriter**) has agreed to sub-underwrite 25% of the amount underwritten by the Underwriter in respect of the Entitlement Offer, being 19,275,000 New Shares (**Sub-Underwritten Amount**). The Sub-Underwriter is an associated party of Mr Terrence N Fern (the Chairman of Petsec) and is also a substantial shareholder of Petsec, holding a relevant interest in 24,825,549 Shares as at the date of this notice, representing 16.10% of Petsec's voting shares.
- (f) If no shareholder takes up its Entitlement and the Sub-Underwriter subscribes for the full Sub-Underwritten Amount, there will be no effect on the control of Petsec except as set out below.
 - (i) the Sub-Underwriter's relevant interest in Petsec will increase from 24,825,549 Shares to 44,100,549 Shares, representing 19.1% of the expanded capital of Petsec; and
 - (ii) the Underwriter, in order to comply with the requirements of the underwriting agreement, must ensure that it has sufficient sub-underwriting arrangements in place so that neither the Underwriter nor any sub-underwriter will acquire a relevant interest in more than 19.99% of the expanded capital of Petsec.

For Further Information:

Paul Gahdmar
Group Financial Controller and Company Secretary
Petsec Energy Ltd
Tel: 612 9247 4605
Fax: 612 9251 2410

Level 13, Gold Fields House, 1 Alfred Street, Sydney NSW 2000, Australia
PO Box R204, Royal Exchange NSW 1225, Australia
Telephone (61 2) 9247 4605 Facsimile (61 2) 9251 2410
Company information is available on: www.petsec.com.au