

PETSEC ENERGY LTD

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1 December 2010

The Company Announcements Office
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

REVISED SECURITIES TRADING POLICY

The Company wishes to advise that it has revised its Securities Trading Policy relation to the dealing in securities of Petsec Energy Ltd (**ASX: PSA / OTC ADR: PSJEY**) by its Directors and employees in accordance with Listing Rules 12.9 – 12.12, which take effect from 1 January 2011.

In accordance with Listing Rule 12.9, a copy of our revised Securities Trading Policy (which takes effect from 30 November 2010) is attached for the market's information.

Yours faithfully

Paul Gahdmar
Company Secretary & Group Financial Controller

Petsec Energy Ltd Securities Trading Policy

1. Purpose

This policy deals with the sale and purchase of securities in Petsec Energy Ltd (**Petsec**) by its directors and employees (**Employees**). The purpose is to assist Employees to avoid conduct known as “insider trading”.

2. Insider Trading Provisions

The Corporations Act 2001 prohibits a person from dealing in securities where:

- the person possesses information that is not generally available which would, if generally available, have a “material effect” on the price of the securities; and
- the person knows, or ought reasonably to have known, that the information is not generally available and if it were it might have a material effect on the price of the securities.

Buying or selling securities of other companies with which Petsec may be dealing or has a joint venture relationship is also prohibited where an individual possesses inside information which relates to that company.

3. Prohibited conduct by a person with “inside information”

There are a number of insider trading offences that Employees may expose themselves and others to, including spouses and dependent relatives.

A person who possesses “inside information” about a particular security, which is not generally available, must not:

- apply for, purchase or sell (or agree to subscribe for, purchase or sell) those securities;
- procure another person to apply for, purchase or sell those securities; or
- directly or indirectly communicate the information to a third party if the person knows, or ought reasonably to know, that the third party would or would be likely to buy or sell the securities (or procure another person to do so).

A person need not be an Employee of Petsec to be guilty of insider trading in relation to Petsec securities. The prohibition extends to dealings by Employees through nominees, agents or other associates, such as family members, family trusts and family companies.

4. Restrictions on Trading in Petsec's Securities

4.1 General Rule

Employees should not buy or sell securities in Petsec when they are in possession of inside information.

4.2 Blackout Periods

In response to ASX Listing Rule 12.12, the Board has set the following blackout periods, during which trading in Petsec’s securities by Employees is prohibited.

- for the calendar quarters ending 31 March and 30 September – the blackout period starts 10 business days before the planned date for release of the relevant quarterly report and ends two business days after the release of that report to the Australian Stock Exchange (**ASX**);
- for the calendar quarter ending 30 June – the blackout period starts 10 business days before the planned date for release of the June quarterly report and ends two business days after the day of release of the 30 June ASX 4D & half year financial report to ASX; and
- for the calendar quarter ending 31 December – the blackout period starts 10 business days before the planned date for release of the December quarterly report and ends two business days after the day of release of the 31 December ASX 4E & full year financial report to ASX.

4.3 Hedging

Employees or their affiliates may not at any time engage in the trading of financial products issued or created over Petsec's securities or engage in transactions that have the effect of limiting the economic risk of security holdings over unvested entitlements under Petsec's employee incentive schemes.

4.4 Employee Incentive Schemes

The issue of shares or the grant of options under employee incentive schemes is not deemed to be trading in Petsec's securities. The subsequent sale of shares is, however, trading which is subject to this policy.

4.5 Excluded Trading

Examples of trading excluded from this policy include where the trading: (a) results in no change in beneficial interest in the securities; (b) occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party; (c) occurs when the Employee has no control or influence with respect to trading decisions; or (d) occurs under an offer to all or most of the security holders of Petsec. The Board will also have reference to other examples of excluded trading set out in any Guidance Note issued by ASX.

5. Approval Required for Trading in Petsec's Securities

Any Employee wishing to buy or sell Petsec's securities at any time **MUST** advise the Chairman and Managing Director, or another non-executive director (in the case of the Chairman and Managing Director), or Company Secretary of their intention to do so **BEFORE** buying or selling the securities.

Employees must not buy or sell Petsec's securities until written approval has been given. Approval for trading during a blackout period may only be given by the Chairman and Managing Director/Independent Director, and will only be given in cases of severe financial hardship or other exceptional circumstances, to be determined at the sole discretion of the Chairman and Managing Director/Independent Director.

In addition, following the approval, Employees must confirm to the Chairman and Managing Director or Company Secretary when they have bought or sold the Petsec securities.

6. Notification to ASX of Directors' Interests

Petsec is required, under the Listing Rules to disclose to ASX details of directors' interests in securities of Petsec and in contracts relevant to securities of Petsec, changes in these interests, and whether the change occurred in a blackout period. The Company has made arrangements with each director to ensure that the director promptly discloses to the Company Secretary all the information required by the ASX.

Updated policy approved by the Board on 30 November 2010.

Signed by Terry Fern
Chairman and Managing Director