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23 June 2011

**Sale of China Joint Venture Interest Completed***Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)*

Petsec Energy Ltd (ASX: "PSA") is pleased to advise that the final tranche of consideration in respect of the sale of its China Joint Venture interest has been received. The transaction was completed under the previously announced Sale and Purchase Agreement whereby Horizon Oil acquired Petsec's wholly owned subsidiary, Petsec Petroleum LLC, which held the Company's 25% working interest in the Block 22/12 Beibu Gulf project in China.

The sale for A\$38 million in cash, plus 15 million Horizon share options with an exercise price of A\$0.37, follows Petsec's previous announcements that it is debt free after eliminating US\$100 million of debt over the past three years.

Petsec Energy Ltd's Chairman, Mr Terry Fern, said the Company will use the sale proceeds to fund the expansion and transition of its existing USA oil and gas operations to onshore areas of the USA, and to participate in the rapidly expanding shale oil industry.

"The Company's strategy is to not only move into areas where the shale source rocks are oil-prone but also to continue with our structured transition to a greater focus on exploration for liquid rich reserves in general" Mr Fern said.

*For further information, please contact:*

Mr. 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

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

*Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. Its focus of operations is in the shallow waters of the Gulf of Mexico, and in the onshore Louisiana and Texas regions of the USA.*