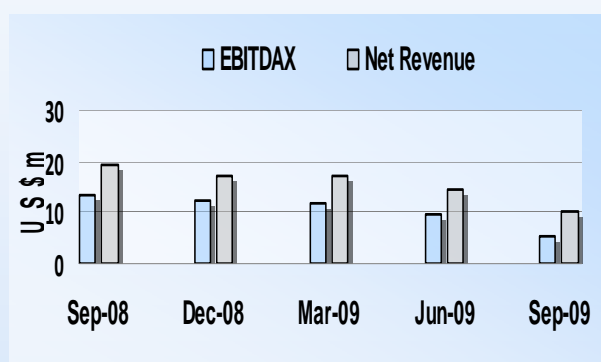
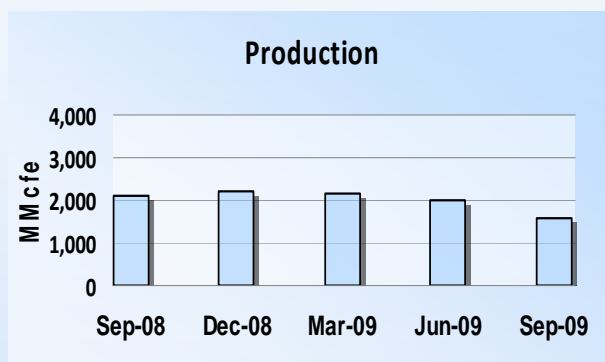


September 2009 Quarter Results

Financials (to be read in conjunction with “Financial Summary & Production Data” table on page 6)

Period:		Current	Previous		Corresponding	
Comparative Performance versus:		Quarter Sep 09	Quarter Jun 09	% Change	Quarter Sep 08	% Change
Production	MMcfe	1,604	1,974	(19%)	2,082	(23%)
Average sales price	US\$/Mcf	6.45	7.41	(13%)	9.31	(31%)
Net revenue	US\$m	10.3	14.6	(29%)	19.4	(47%)
EBITDAX	US\$m	5.3	9.5	(44%)	13.2	(60%)
Net debt	US\$m	18.9	22.1	(15%)	38.9	(51%)
Capex	US\$m	0.5	1.0	(48%)	6.6	(92%)



Operations

USA

- Daily net production for the quarter averaged 16.0 MMcfe/day from the offshore wells and 1.4 MMcfe/day from the onshore wells.

Development

CHINA

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

- Tariff negotiations between the joint venture and CNOOC commenced early September and will continue into 4th quarter 2009.
- The Overall Development Plan (ODP), which is to be prepared by CNOOC/CLZ in conjunction with the joint venture (JV), is now expected to be completed in late December 2009 with lodgement of the ODP likely to occur early 1st quarter 2010.
- Final investment Decision is expected in late 1st/ early 2nd quarter of 2010. Financing alternatives for the Company's anticipated US\$25 million in capital expenditures over two years are being investigated.

September 2009 Quarter Activity

Production and Cashflow

Production from the Company's Gulf of Mexico, USA, operations for the September 2009 quarter was 1,604 MMcfe. This is 19% lower than the previous quarter of 1,974 MMcfe largely due to natural decline, some periods of shut-in due to pipeline maintenance, and delays in recompletions in consideration of the current low gas price.

The average gas equivalent sales price received (including hedging) was US\$6.45/Mcfe for the current quarter, down 13% on the US\$7.41/Mcfe realised in the previous quarter due to lower average spot gas prices received for the quarter of approximately US\$3.29/Mcf. Spot gas prices received over the quarter ranged from approximately US\$1.85 to US\$3.96/Mcf.

Revenues for the September 2009 quarter of US\$10.3 million were 29% lower than the US\$14.6 million achieved for the June 2009 quarter, reflecting both lower production and lower average gas equivalent sales price received for the period.

EBITDAX of US\$5.3 million was down 44% on the previous quarter primarily due to the lower revenue.

EBITDAX margin was US\$3.33/Mcfe, down 30% on the previous quarter margin of US\$4.79/Mcfe, reflecting lower revenues and generally fixed lease operating and geological and administrative expenses. Lease operating expense was US\$1.55/Mcfe (June 2009 quarter: US\$1.24/Mcfe); and geological, geophysical & administrative expense totalled US\$1.59/Mcfe (June 2009 quarter: US\$1.38/Mcfe).

Acquisition, exploration and development expenditures for the quarter totalled US\$0.5 million, including US\$0.1 million on exploration and US\$0.4 million on development activities, predominately for China.

Cash and Debt Facilities

Petsec Energy's cash position as at 30 September 2009 was US\$13.4 million (A\$15.3 million), in comparison to US\$16.3 million (A\$20.1 million) at 30 June 2009.

During the September quarter, Guaranty Bank, the Company's primary U.S. banker was sold by the Federal Deposit Insurance Corporation (FDIC) to BBVA Compass Bank, Birmingham Alabama. BBVA Compass is the U.S. division of Banco Bilbao Vizcaya Argentaria SA, Spain's second-largest bank. Following the acquisition, BBVA Compass Bank is estimated to be the 15th largest commercial bank in the U.S. The sale had no material impact on Petsec Energy's revolving credit facility.

At 30 September 2009, the total amount utilised under the revolving credit facility was US\$9.4 million, comprising US\$2.8 million in loans (outstanding principal balance) and US\$6.6 million in letters of credit that support bonding requirements with the US Minerals Management Service. The Company made a further repayment of US\$1.0 million on the outstanding principal balance of the loan on 13 October 2009, reducing the outstanding loan balance to US\$1.8 million.

The Company also has an outstanding US\$29.5 million subordinated fixed term facility that matures in 2011.

During the quarter, the Company made a further US\$6.1 million of debt repayment, reducing total outstanding debt at 30 September 2009 to US\$32.3 million (30 June 2009: US\$38.4 million).

Net debt was reduced to US\$18.9 million at 30 September 2009, down 15% from the US\$22.1 million at 30 June 2009.

September 2009 Quarter Activity (continued)

Gas Price and Hedging

High natural gas storage levels in the U.S, which currently stand at 3.7 Tcf, 15% above the five year average, continue to pressure natural gas spot prices. Supply of gas is gradually reducing, consequent to the dramatic decrease in drilling rigs operating in the US (2100 down to 700 rigs over the past 12 months) while demand is slightly increasing. NYMEX natural gas futures prices improved during the quarter reflecting the market's renewed hope for economic recovery in the U.S., robust prices for crude and competing fuels, and predictions for a cold winter in portions of the U.S.

During the September 2009 quarter, Petsec Energy put in place additional hedges on 789,000 MMBtu of production for the calendar year 2011 by way of cashless collars. The collar floors are US\$6.00/MMBtu and the weighted average caps are US\$7.56/MMBtu.

At 30 September 2009, the Company had the following natural gas hedges in place:

Production period	Hedge types	Total MMBtu volume	Weighted average US\$ Price
Oct – Dec 2009	Swaps	567,700	7.55
	Puts*	459,700	6.42
2010	Swaps	2,429,500	7.43
2011	Collars	789,000	6.00 – 7.56
Total hedged volume		4,245,900	

* Put prices shown are net of premium cost. (NB. One MMBtu is approximately equivalent to one Mcf).

The NYMEX 12 month forward strip price for gas on 20 October was approximately US\$6.17/MMBtu and the 36 month forward strip price for gas was approximately US\$6.80/MMBtu.

USA, Gulf of Mexico

Acquisition

No acquisitions were made during the September 2009 quarter.

The Company reviewed a number of opportunities during the quarter and made a bid in excess of US\$150 million in conjunction with financial partners, for a package of offshore and onshore gas producing properties, but was unsuccessful. The Company will continue to pursue opportunities to acquire quality producing assets. Returning stability in equity and credit markets and a more realistic acceptance of prices by both buyers and sellers should see an increasing number of producing properties being offered in the Gulf.

Exploration

No exploratory drilling was undertaken during the quarter.

Exploration efforts have been directed to the review of production acquisitions and the preparation of drill targets for testing, commencing 1st quarter 2010.

Drilling rig rates are now at a level the Company considers is economically feasible for the recommencement of its exploration programme.

Most of the Company's leases have been reviewed over the past 18 months and a number of high impact prospects have been selected for drilling in 2010, which if successful will have a material impact on the company's reserves value.

September 2009 Quarter Activity (continued)

The Company will soon seek to farm-out a portion of its working interests to reduce its capital exposure while keeping sufficient interest which will, on drilling success, deliver material growth of reserves. It is anticipated that the contemplated drilling of 3 to 5 wells will cost in the order of US\$10m. Funding initiatives are being investigated to prepare for an active drilling programme.

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 discoveries

As reported previously, CNOOC has declared development areas over the Wei 6-12, 6-12 South, 12-8 West, 12-8 East and 12-3-1 oil fields, for the Block 22/12, Beibu Gulf Joint Venture (“JV”). These five oil fields contain oil in place of 185 to 262 million barrels of oil (P50 to P10) and potentially recoverable reserves of 43 to 124 million barrels of oil. Feasibility studies have been completed on all five fields and the JV has decided to first proceed with the development of the 6-12, 6-12 South and 12-8 West fields which hold P50 recoverable reserves of 27.2 million barrels of oil and P10 recoverable reserves of 52 million barrels of oil.

Feasibility studies undertaken by CNOOC in conjunction with the joint venture (JV), investigating two development options - a stand alone production platform at 6-12 South and shared facilities with CNOOC adjacent to its 12-1-1 platform, were completed during the June 2009 quarter. The results were presented to the Chinese Expert Review Committee, which made a recommendation to CNOOC and the JV to proceed with an Overall Development Plan (ODP) on the preferred option of development using a shared production facility with CNOOC adjacent to its 12.1.1 platform.

Negotiations between the JV and CNOOC, on tariffs and access terms to CNOOC’s sales pipeline and proposed new production facilities, commenced in early September 2009 and will continue into 4th quarter 2009. The ODP for the development of the 6-12, 6-12 South and 12-8 West oil fields, which will be prepared by CNOOC/CLZ in conjunction with the JV, has commenced and is expected to be finalised by 20 December 2009. The ODP is now expected to be lodged early in the 1st quarter 2010 with Chinese government approval to be granted within 90 days of lodgement. A final investment decision (FID) is likely to be made in late 1st/early 2nd quarter 2010, followed immediately with the commencement of development. Initial production of the order of 19,000 bopd is likely to commence in first half of 2012 from these three fields.

CNOOC’s conservative estimates of capital requirements range between US\$200 to US\$300 million depending on whether the JV is required to build its own processing platform. Petsec Energy anticipates expenditures will be at the US\$200 million level and consequently the Company’s share of capital expenditures is estimated at US\$25 million, for its retained 12.25% working interest, should CNOOC back-in for 51%.

Financing alternatives are being investigated in preparation for FID, anticipated in late 1st/early 2nd quarter of 2010.

Exploration prospects adjacent to the 6-12 South field are expected to be tested at the time of development drilling in 2010. Development of the 12-8 East and 12-3-1 fields, which hold recoverable reserves ranging from 15 to 72 million barrels of oil (P50 to P10), is anticipated after the start of production of the 6-12, 6-12 South and 12-8 West fields.

Financial Summary and Production Data

A “Financial Summary and Production Data” table is provided on the following page.

Proposed Activities – December 2009 Quarter

The principal activities proposed for the December 2009 quarter are as follows:

USA, Gulf of Mexico

Operations

The outstanding principal balance on the revolving credit facility of US\$2.8 million will be repaid by year end in full, from surplus operating cashflow.

Acquisition

The Company will continue to pursue and review acquisition opportunities, primarily in the shallow waters of the Gulf of Mexico.

Exploration

No drilling activities are planned for the December quarter.

Exploration activities will primarily focus on the preparation of and farming-out of drill targets for testing in early 2010.

Development

China

Beibu Gulf, Block 22/12

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

Finalisation of an ODP for the Wei 6-12, 6-12 South and 12-8 West oil fields by end of December 2009 quarter for lodgement in early 1st quarter 2010.

Production Forecast 2009

The Company remains on track to achieve its stated production target in 2009 of 7 Bcfe.

**PETSEC ENERGY
SEPTEMBER 2009 QUARTER
FINANCIAL SUMMARY AND PRODUCTION DATA**

UNAUDITED FINANCIAL DATA			Sep 2009 Quarter	June 2009 Quarter	% Increase/ (decrease)	Sep 2008 Quarter	% Increase/ (decrease)	Nine Months to 30 Sep 2009	Nine Months to 30 Sep 2008	% Increase/ (decrease)	
<i>Amounts in US\$000</i>											
Net Revenue			10,339	14,633	-29%	19,391	-47%	42,103	87,852	-52%	
Other Revenue/(Expense)			26	40		178		(24)	(645)		
Lease Operating Expenses			(2,489)	(2,453)		(3,045)		(7,684)	(9,361)		
Geological, Geophysical & Administrative Expenses (G,G&A)			(2,546)	(2,756)		(3,312)		(7,877)	(10,438)		
EBITDAX	<i>US\$000</i>		5,330	9,464	-44%	13,212	-60%	26,518	67,408	-61%	
Total Outstanding Debt	<i>US\$000</i>		32,275	38,350	-16%	52,775	-39%	32,275	52,775	-39%	
Cash	<i>US\$000</i>		13,392	16,255		13,903		13,392	13,903		
Net Debt/(Cash)	<i>US\$000</i>		18,883	22,095	-15%	38,872	-51%	18,883	38,872	-51%	
Acquisition, exploration & development expenditure											
Acquisition			-	103		1,241		181	2,460		
Exploration			102	659		3,954		1,356	29,364		
Development			432	266		1,453		1,421	6,361		
Total	<i>US\$000</i>		534	1,028	-48%	6,648	-92%	2,958	38,185	-92%	
Production (MMcfe)											
		W.I.	N.R.1								
Offshore Gulf of Mexico											
Vermilion 258	1	100%	83.33%	-	-	43		140	796		
Main Pass 18/19	1	100%/55%	83.33%/45.88%	366	433	520		1,323	1,411		
Mobile Bay Area	2	40%-50%	30.5% - 41.7%	143	121	210		382	1,579		
Chandeleur 31/32	1	100%	81.8%	615	765	943		2,303	3,374		
Main Pass 20	1	100%	81.8%	17	46	124		92	968		
Main Pass 270	-	25%	20.8%	328	346	1		827	536		
Other Offshore	-	-	3.2% - 4% ORRI	6	27	7		38	41		
Onshore Louisiana	3	46% - 78%	32% - 58%	129	236	234		625	1,181		
Total			<i>MMcfe</i>	1,604	1,974	-19%	2,082	-23%	5,730	9,886	-42%
Unit revenue/cost analysis per Mcfe (USD)											
Oil/Condensate per barrel			60.91	54.00		113.25		50.86	105.86		
Gas per Mcf			6.27	7.34		9.02		7.30	8.71		
Average sales price per Mcfe			6.45	7.41	-13%	9.31	-31%	7.35	8.89	-17%	
Other revenue/(expense)			0.02	0.02		0.09		0.00	(0.07)		
Lease operating expense			(1.55)	(1.24)		(1.46)		(1.34)	(0.95)		
G&A expenses			(1.59)	(1.40)		(1.59)		(1.37)	(1.06)		
EBITDAX per Mcfe	<i>US\$</i>		3.33	4.79	-30%	6.35	-48%	4.64	6.81	-32%	

Glossary

Bcfe = billion cubic feet of gas equivalent

Mcfe = thousand cubic feet of gas equivalent

MMbbls = million barrels

Mmcfe = million cubic feet of gas equivalent

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

1 Operated by Petsec Energy - Vermilion 258 ceased production in March 2009.

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

3 Petsec Energy operates E. Laurent #1.

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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.