

VICTORIA PETROLEUM N.L.



Circular to Shareholders

Including

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM**

Date of Meeting

26 November 2010

Time of Meeting

10.00am WST

Place of Meeting

*Level 8, Conference Room, Exchange Plaza
2 The Esplanade
Perth WA 6000*

These documents should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting

VICTORIA PETROLEUM N.L.
(ACN 008 942 827)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Victoria Petroleum N.L. (**Company**) will be held at Level 8, Conference Room, Exchange Plaza, 2 The Esplanade, Perth, Western Australia 6000 on Friday, 26 November 2010 at 10:00 am.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS

To receive, consider and discuss the Company's financial statements for the year ended 30 June 2010 and the reports of the directors and auditors on those statements.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Robert J. Pett, who retires by rotation in accordance with Rule 14.3(b) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

RESOLUTION 2 – RE-ELECTION OF DIRECTOR

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Ian R. Davies, who retires in accordance with Rule 14.3(a) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

RESOLUTION 3 – RE-ELECTION OF DIRECTOR

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Timothy Crommelin, who retires in accordance with Rule 14.3(a) of the Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

RESOLUTION 4 – ADOPTION OF REMUNERATION REPORT

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Remuneration Report contained in the Company's 2010 Annual Report be adopted by Shareholders."

Note:

In accordance with section 250R(3) of the *Corporations Act 2001* (Cth), this resolution is advisory only and does not bind the directors of the Company.

RESOLUTION 5 – SELECTIVE REDUCTION OF CAPITAL

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That subject to and conditional upon the passing of the resolution to be put to the holders of partly paid shares in the Company at a special meeting of holders of partly paid shares to be held immediately after this Annual General Meeting, for the purposes of section 256C(2) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to undertake a selective reduction of capital by cancelling all partly paid shares on issue in the Company.”

Note:

In accordance with Listing Rule 10.13.6 and section 256C(2) of the Corporations Act 2001, any votes cast on resolution 5 (other than by a person as proxy for a member who is entitled to vote, in accordance with the directions on the relevant proxy form) by any person who is to receive consideration as part of the reduction and their respective associates will be disregarded.

RESOLUTION 6 – CHANGE OF STATUS AND ADOPTION OF NEW CONSTITUTION

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That subject to and conditional upon the passing of Resolution 5 and the resolution to be put to the holders of partly paid shares at a special meeting of holders of partly paid shares to be held immediately after this Annual General Meeting:

- (a) for the purposes of section 162 of the Corporations Act 2001 (Cth) and for all other purposes, the Company be converted to a public company limited by shares; and*
- (b) for the purposes of section 136 of the Corporations Act 2001 (Cth) and for all other purposes, the constitution contained in the draft produced to this meeting and signed by the Chairman for identification be approved and adopted as the constitution of the Company in substitution for, and to the exclusion of, the existing constitution of the Company.”*

RESOLUTION 7 – CHANGE OF NAME

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That subject to and conditional upon the passing of Resolution 6 and for the purposes of section 157 of the Corporations Act 2001 (Cth) and for all other purposes, the name of the Company be changed to 'Senex Energy Limited';

PROXIES

In accordance with section 249L of the *Corporations Act 2001* (Cth), members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the *Corporations Act 2001* (Cth), each proxy may exercise one-half of the votes.

In accordance with section 250BA of the *Corporations Act 2001* (Cth), the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office: Level 36, Exchange Plaza
2 The Esplanade
Perth, WA 6000

Facsimile Number: (08) 9220 9801

Postal Address: PO Box Z5441, St Georges Terrace, Perth, WA 6831

Each member entitled to vote at the general meeting has the right to appoint a proxy to attend and vote at the meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the meeting (proxy forms can be lodged by facsimile).

In accordance with regulation 7.11.38 of the *Corporations Regulations 2001* (Cth), the Company determines that shares held as at 12:00 pm on 24 November 2010 will be taken, for the purposes of the general meeting, to be held by the persons who held them at that time.

By Order of the Board



D I Rakich
Company Secretary

18 October 2010

VICTORIA PETROLEUM N.L.



(ACN 008 942 827)

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

1. INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Victoria Petroleum N.L. (**Company**) in connection with the business to be transacted at the annual general meeting of the Company to be held on Friday, 26 November 2010.

At that meeting, shareholders will be asked to consider resolutions:

- re-electing a director who retires by rotation;
- re-electing directors appointed since the last Annual General Meeting;
- adopting the remuneration report;
- approving a selective reduction of capital;
- converting the Company from a public no liability company to a public company limited by shares and replacing its constitution and
- changing the Company's name

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to shareholders in deciding whether or not to pass those resolutions. The Explanatory Memorandum explains the resolutions and identifies the Board's reasons for putting them to shareholders. It should be read in conjunction with the accompanying Notice of Meeting.

2. GLOSSARY

The following terms and abbreviations used in this Explanatory Memorandum have the following meanings:

Act or Corporations Act	<i>Corporations Act 2001</i> (Cth)
AGM or General Meeting	The annual general meeting of the Company to be held on 26 November 2010
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691)
ASX Listing Rules or Listing Rules	The Official Listing Rules of ASX, as amended from time to time
Board	The board of directors of the Company
Notice of Meeting	The notice convening the AGM which accompanies this Explanatory Memorandum
Partly Paid Shareholders	The holders of Partly Paid Shares
Partly Paid Shares	The partly paid shares of the Company

3. **RESOLUTION 1 – RE ELECTION OF ROBERT J. PETT AS A DIRECTOR**

In accordance with ASX Listing Rule 14.4 and pursuant to Rule 14.3 (b) of the Constitution, at each annual general meeting, one-third of the Directors (excluding the Managing Director) must retire from office. Each retiring Director is entitled to offer himself for re-election as a Director at the annual general meeting.

Mr R. J. Pett will retire by rotation in accordance with the requirements of the Company's Constitution at the AGM. As Mr Pett is eligible for re-election, he seeks re-election as a director of the Company at the AGM.

Mr Pett is an minerals economist with a wide range of experience in the mining and petroleum sector, and in the management of companies involved in mineral and petroleum exploration and production. Mr Pett holds a Bachelors Degree in Arts with Honours and a Masters Degree in Economics (Queens University, Canada).

Mr Pett was appointed a director of the Company on 18 October 1983.

4. **RESOLUTION 2 – RE ELECTION OF IAN R. DAVIES AS DIRECTOR**

In accordance with ASX Listing Rule 14.4 and pursuant to Rule 14.3 (a) of the Constitution, any director appointed by the Board during the year automatically retires at the next annual general meeting and is entitled to offer himself for re-election at that general meeting.

Mr Davies will retire at the AGM in accordance with the requirements of the Company's Constitution. Mr Davies is eligible for re-election and seeks re-election as a director of the Company at the AGM.

Mr Davies joined the Company from Queensland Gas Company (QGC), a member of the BG Group, where he was a key member of the senior management team. He had been Chief Financial Officer of QGC since 2007, prior to its A \$5.6 billion acquisition by BG Group Plc, and more recently was General Manager Business Development and General Manager Ports and Infrastructure at QGC.

Prior to joining QGC, Mr Davies was an investment banker in Melbourne with Austock Corporate Finance and in London with Barclays Capital. Mr Davies has a Bachelor of Business degree and is a Chartered Accountant, having commenced his career in the Energy and Mining Division of PricewaterhouseCoopers in Brisbane.

Mr Davies was appointed a director of the Company on 19 July 2010.

5. **RESOLUTION 3 – RE ELECTION OF TIMOTHY CROMMELIN AS DIRECTOR**

In accordance with ASX Listing Rule 14.4 and pursuant to Rule 14.3 (a) of the Constitution, any director appointed by the Board during the year automatically retires at the next annual general meeting and is entitled to offer himself for re-election at that general meeting.

Mr Crommelin will retire at the AGM in accordance with the requirements of the Company's Constitution. Mr Crommelin is eligible for re-election and seeks re-election as a director of the Company at the AGM.

Mr Crommelin has over 40 years' experience in stockbroking and broad knowledge of corporate finance, risk management and acquisitions. He worked for Corser Henderson and Hale in the stockbroking industry from 1968 to 1974 while studying for a commerce degree. Mr Crommelin was appointed General Manager of the Girdis Group of Companies (property development and investment) in 1974 and joined Morgan Stockbroking Ltd (now RBS Morgans) in 1986.

Mr Crommelin is Executive Chairman of RBS Morgans and previously served as Deputy Chairman of CS Energy Limited and Queensland Gas Company Limited. His other directorships include Australian Cancer Research Foundation and Abney Hotels Limited. He is Chairman of the Investment Advisory Committee to the ANU Superannuation Funds, a Member of The University of Queensland's Governing Senate and Brisbane Grammar School's Board of Trustees.

Mr Crommelin was appointed a director of the Company on 15 October 2010.

6. RESOLUTION 4 – ADOPTION OF REMUNERATION REPORT

The Corporations Act includes disclosure requirements for companies whose shares are quoted on the ASX by requiring that the directors of the company include a remuneration report in the Company's annual report and that a resolution be put to shareholders each year to adopt that report.

The remuneration report is set out in the Company's Annual Report.

The remuneration report:

- outlines the Board's policy for determining the nature and amount of remuneration for directors and executives of the Company;
- discusses the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance condition applicable to the remuneration of a director or executive;
- details the remuneration (including options) of each director and executive of the Company for the year; and
- summarises the terms of any contract under which any director or executive is engaged, including the period of notice required to terminate the contract and any termination payments provided for under the contract.

The vote on the resolution is advisory only and does not bind the directors or the Company, nor does it affect the remuneration paid or payable to the Company's directors or the executives. However, the Board will take the outcome of the resolution into account when considering future remuneration policy.

7. RESOLUTION 5 – SELECTIVE REDUCTION OF CAPITAL

Resolution 5 has been proposed to obtain shareholder approval for a transaction in which all of the Partly Paid Shares will be cancelled through a selective reduction of capital.

(a) Background and reasons for reduction in capital

Due to the current no liability status of the Company, shareholders holding Partly Paid Shares have no obligation to pay any amounts that are unpaid on those shares when a call is made, but may suffer forfeiture of those shares if a call is unpaid.

The Board has determined that the Company's partly paid share structure creates cost and complexity for the Company and as such it has decided that it is in the best interests of the Company to cancel the Partly Paid Shares on issue through a selective reduction of capital, as part of seeking to convert the Company from a no liability company to a public company limited by shares (the most common type of company listed on ASX). Resolutions will be proposed at the AGM to approve converting the Company to a public company limited by

shares, to adopt a new Constitution appropriate for a public company limited by shares, and to change the name of the Company to 'Senex Energy Limited'.

Although the selective reduction of capital results in the removal of the ability of the Board to call uncalled capital, the Board does not consider that the extent of the selective reduction of capital will materially prejudice the interests of the Company's creditors. There is no cash payment being made as a consequence of the selective reduction. The net assets of the Company will also remain positive.

If approved, following cancellation of the Partly Paid Shares, only fully paid ordinary shares would remain on issue.

(b) Summary and effect of proposed selective reduction of capital

Subject to shareholder approval of the selective reduction of capital at the AGM, and approval by Partly Paid Shareholders at a special meeting of Partly Paid Shareholders to be held immediately after the AGM, the Company will cancel all Partly Paid Shares.

To satisfy the requirements of the Corporations Act, the capital reduction will not be finalised until at least 14 days after the AGM.

The following table summarises the share capital structure of the Company before and after the selective reduction of capital:

Share Capital of the Company	Before Selective Reduction	After Selective Reduction
Partly paid shares paid to 10 cents per share (\$3.40 unpaid)	270,000	Nil
Partly paid shares paid to 1 cent per share (59 cents unpaid)	1,915,000	Nil
Partly paid shares paid to 0.1 cents per share (39.9 cents unpaid)	7,225,000	Nil
Fully paid ordinary Shares	518,078,680	518,078,680

(c) Corporations Act

Pursuant to section 256C(2) of the Corporations Act, a company may make a selective reduction of capital if it is approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction, or whose liability to pay amounts unpaid on shares is to be reduced.

As the capital reduction involves a cancellation of shares, the reduction must also be approved by a special resolution passed at a meeting of the members whose shares are to be cancelled. The Company will seek the approval of the Partly Paid Shareholders to the cancellation of those shares at a special meeting of Partly Paid Shareholders to be held immediately after the AGM. The Partly Paid Shareholders will receive a separate notice for that meeting and should refer to that document when considering how to vote on the resolution proposed for that meeting.

Section 256B of the Corporations Act requires that a company may only cancel shares for no consideration as a reduction of capital if:

- it is fair and reasonable to the shareholders as a whole; and

- it is approved by the shareholders in accordance with section 256C of the Corporations Act.

(d) Recommendation

Your Directors believe that the selective reduction of capital is fair and reasonable to the Company's shareholders as a whole.

8. **RESOLUTIONS 6 AND 7 – CHANGE OF STATUS, ADOPTION OF NEW CONSTITUTION AND CHANGE OF NAME**

Resolutions 6 and 7 seek shareholders' approval for the Company to change its status to a public company limited by shares, adopt a new constitution appropriate for a public company limited by shares and change its name.

(a) Change of status

Your Directors recommend that the Company change its status from a public no liability company to a public company limited by shares. Section 162 of the Corporations Act provides that, where all of the issued shares of a company are fully paid up, that company may change from a public no liability company to a public company limited by shares by passing a special resolution resolving to change its status.

Upon the selective reduction of capital (proposed in resolution 5 and conditional upon Partly Paid Shareholders also approving the selective reduction of capital at a special meeting of Partly Paid Shareholders to be held immediately after the AGM) taking effect, only fully paid shares will be on issue and no shareholders will hold Partly Paid Shares. As a result, it will be possible to complete the simplification of the Company's structure by converting the Company to a public company limited by shares. Public companies limited by shares are the most common type of company listed on ASX. In changing to that type of company, the Board seeks to improve the Company's ability to raise capital and pursue its business objectives as a result of having a capital structure that is readily understood by investors and their advisors.

The change will not take effect until all Partly Paid Shares have been cancelled. To satisfy the requirements of the Corporations Act, the capital reduction will not be finalised until at least 14 days after the AGM. The conversion to a public company limited by shares will only be completed once four weeks notice has been published in the ASIC Gazette. Therefore the Company would be expected to remain a no liability company for approximately six to eight weeks after the AGM.

(b) Adoption of new constitution

Section 136 of the Corporations Act provides that a company may repeal its constitution and adopt a new constitution by special resolution.

The new constitution proposed to be adopted by the Company incorporates provisions reflecting the Company's new status as a public company limited by shares.

A copy of the proposed new constitution will be available for inspection by shareholders at the Company's registered office during normal business hours until the AGM. In addition, any shareholder wishing to inspect the new constitution prior to the AGM will be sent a copy on request.

(c) Change of name

Section 157 of the Corporations Act provides that a company may change its name by special resolution.

Consequent upon the proposal to change from a public no liability company to a public company limited by shares, it is proposed to change the name of the Company from 'Victoria Petroleum N.L.' to 'Senex Energy Limited'. Only no liability companies may end their name with the abbreviation 'N.L.'.

The proposed change of name is a rebranding of the Company to reflect a significant operational change with the appointment of a new senior management team, a change of headquarters to Brisbane and a change in focus to take the Company to the next level of productivity and performance.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the resolutions set out in the Notice of Meeting.

Attached to the Notice of Meeting is a proxy form for use by shareholders. All shareholders are invited and encouraged to attend the AGM or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the AGM in person.



PROXY FORM

The Secretary
Victoria Petroleum N.L.
Level 36, Exchange Plaza
2 The Esplanade
PERTH WA 6000

I/We
(Full Name – Block Letters)

of
being a member of Victoria Petroleum N.L. hereby appoint

..... to exercise% of my/our voting rights
(Name of 1st Proxy)

..... to exercise% of my/our voting rights
(2nd Proxy - Optional)

or in his/her absence, the Chairman of the meeting as my/our proxy/proxies to vote on my/our behalf at the Annual General Meeting of the Company to be held at 10.00 am on Friday, 26 November 2010 and at any adjournment thereof.

The Chairman of the meeting will act as your proxy if you do not appoint someone. It is the Chairman's intention to exercise undirected proxies in favour of the resolutions.

I/We understand that if I/we have not directed my/our how to vote, my/our proxy may vote or abstain from voting as he thinks fit.

Voting directions to your proxy - please mark only one of the boxes with an "X" for each resolution to indicate your directions.

RESOLUTIONS	FOR	AGAINST	ABSTAIN*
1. To re-elect Mr Robert J. Pett as a director	☐	☐	☐
2. To re-elect Mr Ian R. Davies as a director	☐	☐	☐
3. To re-elect Mr Timothy Crommelin as a director	☐	☐	☐
4. Adoption of remuneration report	☐	☐	☐
5. Selective reduction of capital	☐	☐	☐
6. Change of Status and Adoption of New Constitution	☐	☐	☐
7. Change of Name	☐	☐	☐

* If you mark the "Abstain" box with an "X" for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

Date:.....2010.

.....
Signature of Member

.....
Signature of Joint Member

Or if a company:
THE COMMON SEAL OF)
was affixed in the presence of,)
and the sealing is attested by:)

.....
Secretary

.....
Director

INSTRUCTIONS FOR APPOINTMENT OF PROXY

- (1) A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies.
- (2) Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If that proportion is not specified, each proxy may exercise one-half of the member's voting rights.
- (3) A proxy need not be a member of the Company.

Forms to appoint proxies and the Power of Attorney (if any) under which it is signed or an office copy or notorially certified copy thereof must be deposited with the Company at the registered office, Level 36, Exchange Plaza, 2 The Esplanade, Perth, or faxed to the Company (Fax No: (08) 9220 9801 and for overseas shareholders: (618) 9220 9801), not less than 48 hours before the time for holding the meeting. A proxy presented by a company should be under the common seal of that company.