VICTORIA PETROLEUM N.L. A.B.N 50 008 942 827

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VICTORIA PETROLEUM BOOKS INITIAL RESERVES UPGRADE FOR WALLOON FAIRWAY COAL SEAM GAS PERMITS

Victoria Petroleum has received independent certification of initial gas reserves in coal seam gas permits PL 171 and ATP 574P in the eastern Surat Basin, underscoring the quality and highly productive nature of these permits located within Queensland's energy hub.

KEY POINTS

- Independent certifiers Netherland, Sewell and Associates Inc. (**NSAI**) have ascribed Proved, Probable and Possible (**3P**) reserves and Proved and Probable (**2P**) reserves for PL 171 and ATP 574P as at 31 December 2010, as follows:

Permit	VicPet Interest	3P Reserves (net to VicPet)	2P Reserves (net to VicPet)
PL 171	20% *	89.8 PJ	7.6 PJ
ATP 574P	30% *	70.3 PJ	26.4 PJ
Total		**160.1 PJ**	**34.0 PJ**

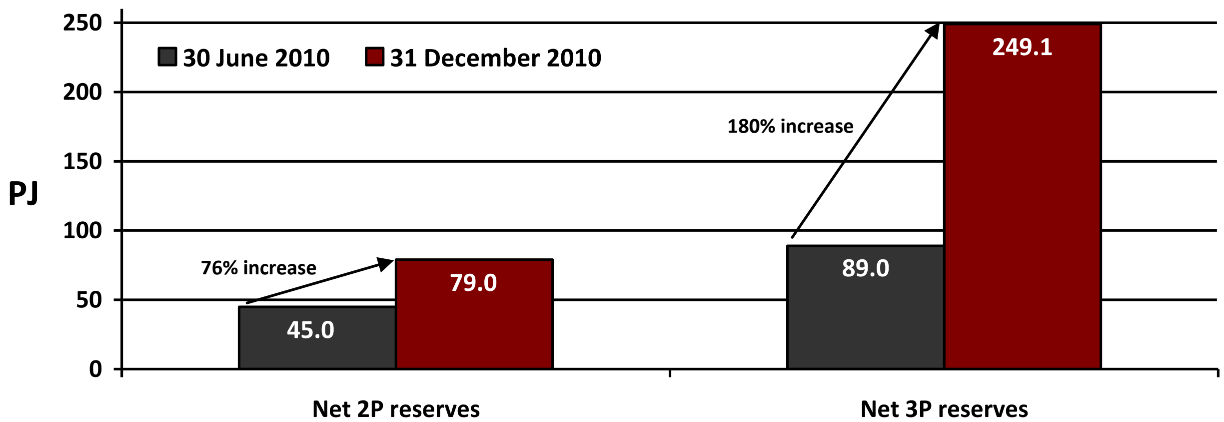
***Operated by QGC**

- Net Estimated Ultimate Recoverable (**EUR**) resource is in excess of 340 PJ in PL 171 and ATP 574P from net Gas in Place of over 600 PJ.

- 100% of PL 171 is covered by 2P and 3P gas reserves.

- Significant reserve additions in ATP 574P are being targeted through the aggressive 2011 appraisal program agreed with Victoria Petroleum's joint venture partner, QGC – a BG Group Business (**QGC**).

- As a result of this reserves upgrade, Victoria Petroleum's net 2P gas reserves have increased by 76 per cent to 79.0 PJ and net 3P reserves have increased by 180 per cent to 249.1 PJ.



CSG PERMITS PL 171 AND ATP 574P

PL 171 and ATP 574P are both located in the highly productive 'Walloon Fairway' on the eastern Surat Basin and are surrounded by permits currently under appraisal and development for major LNG projects in Gladstone.

Victoria Petroleum Managing Director Ian Davies said that the location of these permits and the quality of the resource underwrites the value of these permits.

"The proximity to infrastructure of this quality coal seam gas acreage makes the gas supply from these permits valuable to a number of end users.

"With initial independent certification now achieved, we will be vigorously pursuing commercialisation opportunities for our share of the gas contained within these valuable permits," Mr Davies said.

The success of the Alex-5 appraisal well in PL 171, which flowed gas to surface during drill stem testing and recorded permeability in excess of 1,000 millidarcies, demonstrated the highly permeable nature of the coal seams.

"To have 100% coverage of 2P and 3P reserves in PL 171 demonstrates the high quality results achieved in this permit to date, and highlights the large potential reserve upside contained with ATP 574P immediately adjacent to the south," Mr Davies said

The $71 million appraisal program agreed with QGC for the 2011 calendar year will commence as soon as conditions allow following the recent Queensland floods. The net cost to Victoria Petroleum for this aggressive program is $17 million and includes a 13 well campaign in PL 171, a nine well campaign in ATP 574P, and the completion of an additional 10 wells carried over from the 2010 work program.

DON JUAN PROJECT – PERMITS ATP 771P AND ATP 593P

In addition to the initial reserves certification for PL 171 and ATP 574P, MHA Petroleum Consultants, LLC (**MHA**) have previously certified 3P and 2P gas reserves for the Don Juan project, as follows:

Permit	**VicPet Interest**	**3P Reserves (net to VicPet)**	**2P Reserves (net to VicPet)**
ATP 771P	45% *	89 PJ	45 PJ
ATP 593P	45% *	-	-
Total		**89 PJ**	**45 PJ**

*** Operated by Victoria Petroleum**

In November 2010, Victoria Petroleum assumed Operatorship of the Don Juan project permits in the Western Surat Basin from joint venture partner Bow Energy Limited.

The Company intends to drill two core holes in ATP 593P in early 2011 after access is regained following recent rain and flood events to continue to prove up 2P and 3P reserves. The Company will propose a comprehensive appraisal program for the project following receipt of results from testing of these core holes.

"As with PL 171 and ATP 574P, the Don Juan Project permits are located very close to existing infrastructure, presenting an excellent opportunity for the Company to commercialise gas from an increasing reserves base," Mr Davies said.

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About Victoria Petroleum

Victoria Petroleum is a respected energy business with a long-standing history in Australia's oil and gas industry.

In July 2010 the company was rejuvenated with the appointment of a new management team, the relocation of its head office from Perth to Brisbane, and the decision to focus the business on its valuable acreage on Australia's east coast.

The revamped business is pursuing rapid growth in its valuable oil business in the Cooper Basin, and is working to build a valuable and highly profitable east coast gas business.

To further reflect these significant changes, Victoria Petroleum will change its name to Senex Energy Limited in February 2011.

Competent Person Statement

The statements in this report relating to reserves estimates within ATP 771P have been compiled by Dr Steven Scott, General Manager – Exploration, a full time employee of Victoria Petroleum from advice provided by professional geologist, Mr Timothy L Hower, Chairman of MHA Petroleum Consultants, LLC in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (**SPE PRMS**). Dr Scott consents to their inclusion in the form and context in which they appear.

The statements in this report relating to reserves estimates within PL 171 and ATP 574P have been compiled by Dr Steven Scott, General Manager – Exploration, a full time employee of Victoria Petroleum from advice provided by professional geologist, Mr John G. Hattner, a full time employee of Netherland, Sewell and Associates, Inc. in accordance with the definitions and guidelines set forth in the 2007 SPE PRMS. Dr Scott consents to their inclusion in the form and context in which they appear.

Other important information

The net Estimate Ultimate Recoverable Resource (**EUR**) is an estimate of Victoria Petroleum's interest in the reserves and contingent resources, calculated in accordance with SPE PRMS. The net Gas in Place estimate is a best estimate of Victoria Petroleum's interest in the prospective resources within the category of undiscovered petroleum initially in place (**UPIIP**) in accordance with the SPE PRMS. Both measures have been compiled by Dr Steven Scott who consents to their inclusion in the form and context in which they appear.

Victoria Petroleum Coal Seam Gas Permits