

31 January 2011

**VICTORIA PETROLEUM QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER
2010**

HIGHLIGHTS FOR THE QUARTER

- Following a \$26 million placement of shares on 22 November 2010, Victoria Petroleum finished the quarter with \$49.3 million cash on hand, no debt, and funding certainty for the focussed growth strategy in its two key projects – Cooper Basin oil exploration and development, and Surat Basin CSG development. In addition, the Company holds a 20% shareholding in Impress Energy Limited (**Impress**), with an implied value of approximately \$15 million.
- The placement of 70,271,000 shares at \$0.37 demonstrated a vote of confidence in the Company's new management team. It was supported by a group of prominent Australian institutions and fund managers including Australian Foundation Investment Company, which increased its shareholding to 5.44%, and the Company's largest existing investor, The Sentient Group, which increased its shareholding to approximately 13.8%.
- Following receipt of required approvals from the South Australian Government, construction of an alternative access route commenced in January 2011 that will allow the Company to recommence oil production from the Growler field (Victoria Petroleum 60%, Impress 40%) and embark on an aggressive exploration and development program targeting a significant reserves increase. In addition, the Company has regained access to the Growler Oil Field and has reinstated the Growler field camp. Work continues on schedule to complete the alternative access road, with the culverts for the Cooper Creek crossing currently being delivered.
- Victoria Petroleum increased its shareholding in Impress to 20% through share acquisitions. Impress is currently subject to an on market takeover bid of 8.5 cents per share from Beach Energy Limited, which now holds 69.5% of Impress, valuing Victoria Petroleum's shareholding at approximately \$15 million.
- Oil production in the Cooper Basin in South Australia is presently limited to the Mirage and Ventura oil fields in PPL 213 and PPL 214 and the Cuisinier Oil Field in ATP 752P, with gross production for the quarter of 19,475 barrels of oil (5,011 barrels of oil net to Victoria Petroleum). Production from the Growler Oil Field is anticipated to resume in February 2011 following completion of the alternative access road.
- On 16 December 2010, Victoria Petroleum agreed to acquire a 50% interest in PEL 88 and 5% interest in PEL 100 from Traditional Oil Pty Ltd to expand its interest in the highly prospective Western Margin Oil Trend in the South Australian Cooper Basin. Subject to obtaining regulatory and joint venture party consents, the Company will, on completion, hold a 100% working interest in PEL 88 and a 5% working interest in PEL 100.

- Following a seven well CSG appraisal drilling program in the prime Eastern Surat Basin permits PL 171 (Victoria Petroleum 20%, QGC 80%) and ATP 574P (Victoria Petroleum 30%, QGC 70%), the Company received independent certification of gas reserves in late January 2011 to increase total net proved, probable and possible (**3P**) certified gas reserves by 180% to 249.1 PJ, and increase total net proved and probable (**2P**) certified gas reserves by 76% to 79 PJ.
- Mr Tim Crommelin, an investment community leader and experienced energy company director, joined the board as a non-executive director in October 2010.
- The new management team was further strengthened with the addition of Ms Julie Whitcombe as Chief Financial Officer in November 2010.
- The change of name and rebranding of the Company as Senex Energy Limited was endorsed at the annual general meeting in November 2010, reflecting new fresh leadership and renewed focus on value and growth. The rebranding of the Company will take place in February 2011 on completion of all regulatory steps.

EROMANGA / COOPER BASINS, SOUTH AUSTRALIA AND QUEENSLAND

Exploration and Development Activity

Barta North-1 Oil Exploration Well, Barta Block, PEL 752, Cooper Basin

Oil shows were observed in the Barta North-1 well while drilling in the target Murta Formation. Wire line log interpretation indicated 2 to 5 metres of probable oil pay, with a moderate oil show observed over 6 metres within Birkhead sandstones.

Determination of the extent and commercial nature of the interpreted Murta Formation oil zone and Birkhead Formation oil shows is anticipated by the Operator to be carried out by cased hole tests in the first quarter 2011. Barta North-1 is four kilometres to the south west of the Cuisinier-1, Murta Oil Field.

Victoria Petroleum participated in the drilling of Barta North-1 at no cost to retain a 15% working interest in the well.

Cuisinier-2 Oil Appraisal Well, Barta Block, PEL 752, Cooper Basin

Oil shows were observed in the Cuisinier-2 Oil Appraisal Well while drilling in the target Murta Formation sand. Wire line log interpretation indicated up to seven metres of potential oil pay, with moderate oil shows also observed over approximately seven metres within two deeper Murta Formation sands. Further, oil shows were seen within thin basal Birkhead Formation sandstones.

Determination of the extent and commercial nature of the interpreted Murta Formation oil zone and Birkhead Formation oil shows is anticipated by the Operator to be carried out by cased hole tests in the first quarter 2011. Cuisinier-2 is 450 metres northeast of the of the Cuisinier-1, Murta Oil Field.

Victoria Petroleum participated in the drilling of Cuisinier-2 at no cost to retain a 15% working interest in the well.

Alternative Access Route

All activity in the Growler oil field on the Western Margin of the Cooper Basin ceased in February 2010 when a one in 40 year flood event cut off existing access routes.

The construction of the alternative access route will enable Victoria Petroleum to recommence oil production from the Growler field and embark on an aggressive exploration and development program that will target a significant reserves increase.

Victoria Petroleum commenced construction of the access route on 7 January 2011 and has to date formed 18 km of track to reach the Tingilpie Crossing of the Cooper Creek. To cross the Cooper Creek, more than 200 culverts will be installed. Delivery of these culverts has already commenced.

The Western Margin of the Cooper Basin has been subject to localised rain events, but has not been impacted to date by the recent rain events around South East Queensland, with the construction program for the road remaining on schedule.

Regaining access to the Growler vicinity is critical to accomplishing the Company's mid-year objectives of 1500 barrels of oil per day (**bopd**) (net), and net 2P reserves of more than 4.5 million barrels of oil.

Production

During the quarter, Victoria Petroleum produced to sales 19,475 barrels of oil gross (5,011 barrels net) at an average production rate of 212 bopd (54 bopd net to Victoria Petroleum). Oil sales to the Company for the quarter were US\$690,441 on gross oil sales of US\$3,146,450 having achieved an average Tapis oil price of US\$88.05/bbl on net delivered sales of 7,883 barrels of oil.

The Mirage and Ventura oil fields in PPL 213 and PPL 214 respectively (Victoria Petroleum 60%), in the South Australian Eromanga / Cooper Basins continued production during the quarter, with only minor shut-ins due to flooding. The fields produced to sales 2,634 barrels of oil gross (1,581 barrels net) at an average combined rate of 29 bopd (17 bopd net).

The Cuisinier Oil Field in ATP 752P (Victoria Petroleum 20.37%, reducing to 15% post farm-out) in the south west Queensland Eromanga / Cooper Basins continued production during the quarter, producing to sales 16,841 barrels of oil gross (3,430 barrels net) at an average rate of 183 bopd (37 bopd net).

SURAT BASIN COAL SEAM GAS INTERESTS, QUEENSLAND

In the Surat Basin Victoria Petroleum holds interests in four permits:

- ATP 574P (Victoria Petroleum 30%) and PL 171 (Victoria Petroleum 20%) in joint venture with QGC; and
- ATP 771P (Victoria Petroleum 45%) and ATP 593P (Victoria Petroleum 45%) in joint venture with Bow Energy Limited.

Exploration and Appraisal Activity

PL 171 and ATP 574P

During the quarter, the Company agreed a \$71 million appraisal program (\$17 million net to the Company) for the 2011 calendar year in ATP 574P and PL 171 with the Company's joint venture partner, QGC, which is the Operator of those permits.

The work program 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.

On 28 January 2011, the Company announced independent certification from Netherland, Sewell and Associates Inc. of gas reserves in coal seam gas permits PL 171 and ATP 574P in the eastern Surat Basin, 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 estimated to be in excess of 340 PJ in PL 171 and ATP 574P from net Gas in Place of over 600 PJ.

Further, 100% of PL 171 is covered by 2P and 3P gas reserves, with significant reserve additions in ATP 574P being targeted through the aggressive 2011 appraisal program agreed with Victoria Petroleum's joint venture partner, QGC.

ATP 593P and ATP 771P

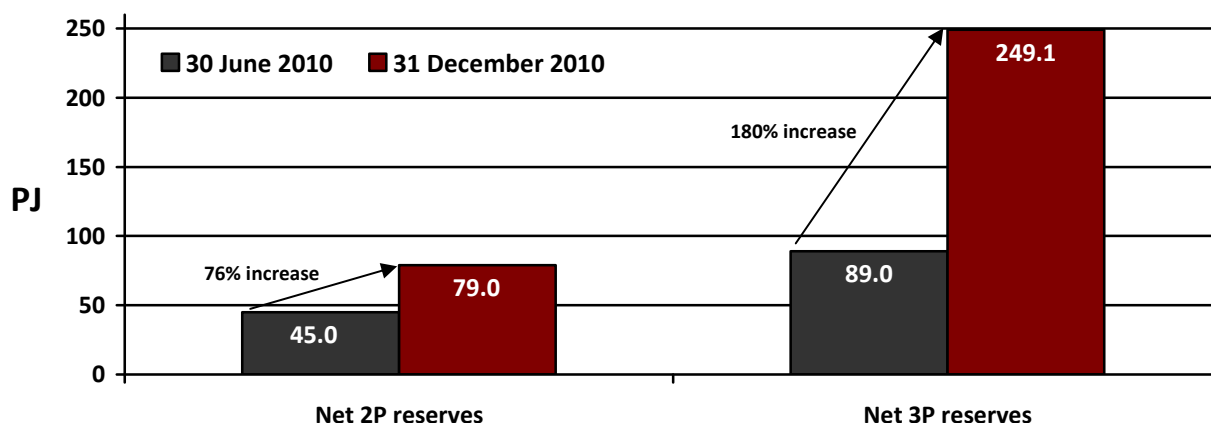
During the quarter, Victoria Petroleum assumed Operatorship of joint venture permits ATP 593P and ATP 771P (the Don Juan Project) in the Western Surat Basin, previously operated by Bow Energy Limited.

The Company intends to drill two core holes in ATP 593P in early 2011 to continue to prove up 2P and 3P reserves. Following the results of these core holes, the Company will propose a comprehensive appraisal program for the project.

Victoria Petroleum has booked net 2P reserves of 45 PJ and net 3P reserves of 89 PJ in ATP 771P.

Total Net Certified Gas Reserves

Following the certification of gas reserves in PL 171 and ATP 574P, Victoria Petroleum's total net 2P gas reserves have increased by 76 per cent to 79.0 PJ and total net 3P reserves have increased by 180 per cent to 249.1 PJ.



For further information, please contact

Ian Davies
Managing Director
Victoria Petroleum N.L.
Phone: (07) 3837 9900

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.

The statements in this report relating to oil reserves estimates have been compiled by Dr Steven Scott, General Manager – Exploration, a full time employee of Victoria Petroleum.

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.

Alternative Access Route Work Underway



The map displays the geographical context of the project area. An inset map of Australia shows the location of Queensland in the southeast. The main map of Queensland highlights the Surat Basin in the south and the Bowen Basin in the north. Key features include:

- Legend:**
 - Oil field (black dot)
 - Gas field (orange oval)
 - Gas pipelines (solid orange line)
 - Proposed gas pipelines (dashed orange line)
 - Victoria Petroleum Permits (brown rectangle)
 - QGC Acreage (grey rectangle)
- Scale:** 50km
- Key Locations and Pipelines:**
 - ROMA:** The central focus of the map, situated between the Bowen and Surat Basins.
 - ROMA - Gladstone Gas Pipeline:** A major pipeline connecting the Roma area to the Gladstone LNG Projects.
 - ROMA - Brisbane Gas Pipeline:** A pipeline extending south from Roma towards Brisbane.
 - Proposed CSG Export Pipeline:** A pipeline extending from the Roma area towards the Gladstone LNG Projects, labeled "300km to Gladstone".
- CSG Areas and Fields:**
 - ATP 771P Don Juan CSG Area:** Located near Roma.
 - QGC Cameron CSG Area:** Located north of Roma.
 - QGC Woleabee CSG Area:** Located east of Roma.
 - PL 171 & ATP 578P CSG Area:** Located east of Roma.
 - QGC Lacerta CSG Area:** Located south of Roma.
 - QGC Berwyndale South-Argyle CSG Area:** Located further south in the Surat Basin.
- Other Labels:**
 - Condaminus:** A town located south of Roma.
 - Miles:** A town located east of Roma.

● Oil field
 ● Gas field
 — Oil pipelines
 — Gas pipelines
 ■ Permit areas
 ■ National Park

100km

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10.

Name of entity

Victoria Petroleum NL

ABN

50 008 942 827

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	500	764
1.2	Payments for: (a) exploration and evaluation	(1,911)	(2,213)
	(b) development	(1,065)	(2,350)
	(c) production	530	(1,128)
	(d) administration	(1,839)	(2,920)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	448	1,257
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (overhead recoveries)	507	687
Net operating cash flows		(2,830)	(5,903)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(7,077)	(7,077)
	(c) other fixed assets	(240)	(446)
1.9	Proceeds from sale of:		
	(a) prospects	495	495
	(b) equity investments	103	103
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(6,719)	(6,925)
1.13	Total operating and investing cash flows (carried forward)	(9,549)	(12,828)

Appendix 5B
Mining exploration entity quarterly report – Victoria Petroleum NL

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(9,549)	(12,828)
Cash flows related to financing activities		
1.14 Net proceeds from issues of shares, options, etc.	25,347	25,347
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other	-	-
Net financing cash flows	25,347	25,347
Net increase (decrease) in cash held	15,798	12,519
1.20 Cash at beginning of quarter/year to date	33,503	36,791
1.21 Exchange rate adjustments to item 1.20	(16)	(25)
1.22 Cash at end of quarter	49,285	49,285

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	183
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil
1.25 Explanation necessary for an understanding of the transactions	
Directors' fees, salaries and superannuation.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

Appendix 5B

Mining exploration entity quarterly report – Victoria Petroleum NL

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

During the quarter, two wells were drilled in ATP 752P at no cost to Victoria Petroleum by Santos QNT Pty Limited and Avery Resources (Australia) Pty Ltd in fulfilment of farm-in obligations under the ATP 752P Amended and Restated Farmin Agreement. As a result of the completion of drilling of these wells, Victoria Petroleum's interests in the Barta and Wompi blocks of ATP 752P reduced by 5.37% (to 15%) and 1.75% (to 24.5%) respectively.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	5,241
4.2 Development	3,497
4.3 Production	2,121
4.4 Administration	1,802
Total	12,661

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,741	4,060
5.2 Deposits at call	43,000	28,624
5.3 Bank overdraft	-	-
5.4 Cash advanced to joint venture operations	544	819
Total cash at end of quarter (item 1.22)	49,285	33,503

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	ATP752P Barta block	20.37%	15%
		ATP752P Wompi block	26.25%	24.50%
6.2	Interests in mining tenements acquired or increased	N/A	N/A	N/A

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	+Preference securities			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	588,424,680	588,424,680	
7.4	Changes during quarter			
	(a) Increases through issues	75,000 70,271,000	- -	25.00c 37.00c
	(b) Decreases through returns of capital, buy-backs	270,000 1,915,000 7,225,000	- - -	\$3.50 60.00c 40.00c
7.5	+Convertible debt securities			

Appendix 5B
Mining exploration entity quarterly report – Victoria Petroleum NL

7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7	Options				
		<i>Expiry date:</i> 31/1/2012 8,700,000	-	<i>Exercise price:</i> 25.0c	-
		<i>Expiry date:</i> 30/6/2014 2,210,000	-	<i>Exercise price:</i> 37.0c	-
		<i>Expiry date:</i> 2/2/2014 2,000,000	-	<i>Exercise price:</i> 25.5c	-
		<i>Expiry date:</i> 9/9/2015 1,200,000	-	<i>Exercise price:</i> 25.5c	-
		<i>Expiry date:</i> 19/7/2016 800,000	-	<i>Exercise price:</i> 25.5c	-
		<i>Expiry date:</i> 19/7/2017 1,000,000	-	<i>Exercise price:</i> 25.5c	-
		<i>Expiry date:</i> 19/7/2018 1,000,000	-	<i>Exercise price:</i> 25.5c	-
		<i>Expiry date:</i> 31/8/2014 3,000,000	-	<i>Exercise price:</i> 27.0c	-
		<i>Expiry date:</i> 30/6/2014 600,000	-	<i>Exercise price:</i> 37.0c	-

Appendix 5B

Mining exploration entity quarterly report – Victoria Petroleum NL

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.8	Issued during quarter	<i>Expiry date:</i> 30/6/2014 600,000	-	<i>Exercise price:</i> 37.0c	-
7.9	Exercised during quarter	<i>Expiry date:</i> 31/1/2012 75,000	-	<i>Exercise price:</i> 25.0c	25.0c
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2011
Managing Director

Print name: Ian Davies

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities: The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards: ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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