

Senex Energy corporate and operational update

Release Date: 11 April 2011

KEY POINTS

- Senex achieves 90% interest in Stuart Petroleum and will move to compulsory acquisition, with the Offer to close at 5.00pm (Brisbane time) on Tuesday 12 April 2011
- Oil exploration well to be drilled at Vintage Crop-1 in PEL 516 in the South Australian Cooper Basin
- Access to Growler oil field temporarily impacted by Queensland flood waters
- Oil pipeline from Growler oil field undergoing Front End Engineering and Design
- Pinelands-11 coal seam gas appraisal well spudded in ATP 574P in the Surat Basin

SENEX TO COMPULSORILY ACQUIRE REMAINING STUART SHARES

As a result of its Offer to acquire all of the shares in Stuart Petroleum Limited (**Stuart**), Senex Energy Limited (**Senex**) now has a relevant interest of 90.7% in Stuart and will immediately move to compulsorily acquire all of the remaining Stuart shares when the Offer closes on 12 April 2011.

Senex Managing Director Ian Davies said the successful acquisition gave Senex the necessary scale to achieve its rapid growth ambitions.

“The combined business is now the third largest oil production company in the Eromanga/Cooper Basins (behind Beach and Santos) and is the largest explorer in the South Australian Eromanga/Cooper Basins with over 19,000km² of exploration permits,” he said.

Senex and Stuart jointly announced the transaction on 21 February 2011, with all Stuart Directors unanimously supporting the transaction.

Senex achieved majority control of Stuart on 10 March 2011.

On 28 March 2011, Senex extended the deadline for Stuart shareholders to accept the Senex offer of 2.5 Senex shares for every Stuart share they own.

Stuart shareholders have until 5.00pm (Brisbane time) on 12 April 2011 to accept the Offer. The closing date for the Offer will not be extended.

Senex urges all remaining Stuart shareholders to accept the Offer without delay. Accepting Stuart shareholders will receive their Senex shares within three business days, rather than waiting over a month until the compulsory acquisition process is complete.

STUART TO DRILL VINTAGE CROP-1 OIL EXPLORATION WELL IN PEL 516

Following the acquisition of more than 90% of the shares in Stuart, Senex proposes to drill the Vintage Crop-1 oil exploration well in PEL 516 in the South Australian Cooper Basin.

Vintage Crop-1 is a commitment well under the terms of the PEL 516 exploration permit. It targets multiple, potentially oil-bearing horizons in the Eromanga sequence approximately 3.2 km south west of Santos' Narcoonowie oil field, and 1.6 km south of the Caroo Winnie-1 oil discovery made in 2007.

The well targets five zones and will be drilled to a planned depth of 2,075 metres. The primary objectives are the same reservoirs that are producing at Narcoonowie - the McKinlay, Namur and Mid-Namur, Birkhead/Hutton and Murta formations. Caroo Winnie has also produced oil from the McKinlay, Birkhead and Murta formations.

Stuart holds a 100% interest in PEL 516.

GROWLER PRODUCTION TEMPORARILY INTERRUPTED BY FLOODS

In mid February 2011, Senex regained access to the Growler oil field and recommenced oil production following the successful construction of an alternative access route.

Approximately 13,830 barrels of oil were produced and delivered to Moomba before access was cut by the predicted arrival of Queensland flood waters in the Cooper Creek.

In the last week, these flood waters have reached a level 1.6 metres below the one in forty year flood that heavily impacted oil production during 2010. The flood waters are expected to begin to recede over the next week, with the ultimate duration of interruptions to site activities to be assessed at that time.

Mr Davies said the alternative access route had been designed to ensure a rapid return to normal production after flooding, significantly reducing any delay to operations.

“Both the alternative access route and the Tindilpie Crossing of the Cooper Creek held up well during the recent flood surge. The infrastructure was designed to allow the water to drain quickly so that production could resume as quickly as possible.

“Going forward, we have received encouraging news from the weather bureau. We certainly don’t expect the type of conditions or impacts that halted production last summer,” he said.



Access to Growler oil field via the Tindilpie Crossing of the Kanowana channel of Cooper Creek

Following a number of significant rain events at, and upstream from, Growler, and in view of the impending flood closure of the Growler road, Ensign rig #48 was redirected to the Vintage Crop drill site to drill the exploration well. It is well positioned to enter Growler when the road is reopened.

Senex holds a 60% interest in the Growler oil field and is the Operator, with the remaining 40% interest held by Beach Energy Limited.

FRONT END ENGINEERING AND DESIGN UNDERWAY ON GROWLER OIL PIPELINE

Following a near tripling of Proved and Probable (2P) oil reserves, Senex is investigating the construction of an oil pipeline from the Growler oil field in PRL 15 on the western flank of South Australian Cooper Basin.

Front End Engineering and Design (**FEED**) is currently underway for the proposed pipeline, with a number of routes and termination points being considered to provide Senex with security of production from the Growler oil field. The pipeline will also provide significant economic benefits as oil production from the field increases, and will allow for rapid commercialisation of Senex's western flank exploration targets in PEL 104, PRL 15 and PEL 111.

COAL SEAM GAS APPRAISAL WELL DRILLED IN ATP 574P

The Pinelands-11 coal seam gas appraisal well in ATP 574P in the Surat Basin was spudded on 5 April 2011. The well's objective is to evaluate both the Juandah and Taroom Coal Measures as part of the Pinelands field coal seam gas development.

At least three Drill Stem Tests will be conducted across the upper and lower Juandah Coal Measures and the Taroom Coal Measures. The well is proposed to be drilled to a total depth of 860 metres.

Senex holds 30% of ATP 574P, with the remaining 70% held by QGC – a BG Group Business (**QGC**). QGC is the Operator of ATP 574P.

The Pinelands-11 coal seam gas appraisal well is part of the \$71 million work program agreed with QGC in November 2010 to prove up additional 2P reserves and test well deliverability in PL 171 and ATP 574P.

About Senex Energy

Senex Energy Limited is the new name for Victoria Petroleum NL - a respected energy business with more than a quarter of a century of experience 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 dynamic energy business is pursuing rapid growth in its oil production business in the Cooper Basin, and is working to build a valuable and highly profitable east coast gas business. Find out more by visiting www.senexenergy.com.au