

Quarterly Report for the period ending 30 June 2011

Release Date: 29 July 2011

Highlights for the quarter

- Senex completed its acquisition of Stuart Petroleum following compulsory acquisition of all outstanding Stuart shares.
- Following the acquisition, Senex holds over 19,000 square kilometres, approximately 41%, of all permitted areas in the South Australian Cooper Basin.
- Senex is targeting net production of at least 700,000 barrels of oil in FY 2011-12.
- Net production during the quarter of 61,810 barrels.
- Work has commenced to regain access to the flood impacted Growler oil field, with production and operations to recommence in the third quarter of 2011.
- The Vintage Crop-1 oil exploration well in PEL 516 in the South Australian Cooper Basin resulted in a new oil field discovery after flowing at over 300 barrels of oil per day on test.
- Vintage Crop-1 also successfully tested the Roseneath and Murteree Formations for shale gas and the Toolachee Formation for coal seam gas. Preliminary results from core samples taken from Vintage Crop-1 have significantly exceeded expectations and provide further evidence of the potential for a world class unconventional gas province in the region.
- Pinelands-11 and Peebs-14 coal seam gas appraisal wells in ATP 574P in the Surat Basin were successfully drilled and both wells intersected substantially more net coal than in other regions of the eastern Surat Basin. Both have been completed for production testing as the coal seam gas appraisal project continues to assess reserves and gas deliverability.
- Revenue for the quarter was in excess of \$7.3 million.
- Net cash at the end of the quarter totalled almost \$42.3 million.

CORPORATE ACTIVITY

Stuart acquisition (Senex 100%)

Senex Energy Limited (**Senex**) now has 100% ownership in Stuart Petroleum Limited (**Stuart**) following compulsory acquisition of all of the remaining Stuart shares during the quarter.

Acquisition of South Australian Cooper Basin Licences

The Company finalised the acquisition of a 50% participating interest in South Australian licence PEL 88 and a 5% participating interest in South Australian licence PEL 100, further expanding the Company's prospective acreage position across the Cooper Basin western flank.

The transaction was completed during the quarter by the issue of 1,433,102 fully paid ordinary shares as consideration for the acquisition.

OIL BUSINESS

Production

Oil production for the quarter totalled 104,970 barrels gross (61,810 barrels net) at an average production rate of 1,154 barrels of oil per day (bopd), (679 bopd net to Senex).

Oil Production (Senex Share)

	Previous quarter	Current quarter	Year to Date
Barrels of oil	9,319	61,810	82,362

The Company expects to increase production in the September quarter, subject to field access and disruptions caused by flooding in the region.

The Company is targeting 700,000 barrels of oil production (net to Senex) for the 2011/12 year based on its expansive development and exploration programs.

Sales Revenue

The table below summarises Senex net oil sales revenues.

Oil Sales Revenue (Senex Share)

	Previous quarter	Current quarter	Year to Date
Sales revenue (US\$)	390,211	7,092,530	9,018,028
Net delivered sales (Barrels of oil)	3,595	67,126	87,488
Average oil price (US\$)	108.54	105.66	103.08

Oil Development

The Company continued its oil field development program, with work proceeding on restoring field production and completing new fields ready for commencement of production, including Vintage Crop-1 in South Australian licence PEL 516 (Senex 100%) and Cuisinier-2 and -3 in Queensland permit ATP 752P (Senex 15%, Santos Operated). All wells are expected to commence production in the coming months.

Following the re-establishment of access, Senex will drill five oil development wells in the Growler oil field on the Cooper Basin western flank in South Australian licence PRL 15 (Senex 60% and Operator). These wells are expected to immediately contribute to increased production.

Oil Exploration

Vintage Crop-1 (PEL 516, Senex 100%)

The Vintage Crop-1 oil exploration well, drilled during the quarter in PEL 516 in the South Australian Cooper Basin, resulted in a new oil field discovery. The well flowed at over 300 barrels of oil per day on test from the McKinlay Member of the Murta Formation. Oil shows were also noted in the Namur Formation, which will be tested after production casing is run.

A preliminary interpretation of test results and log data indicates at least 300,000 barrels of oil-in place from the well, which is being completed for production.

Six exploration wells will be drilled during the coming year on the western flank in South Australian Cooper Basin licence PEL 104 (Senex 60% and Operator) to materially increase reserves and to boost production.

COAL SEAM GAS BUSINESS

Appraisal wells drilled in Queensland Surat Basin licence ATP 574P (Senex 30%)

The Company continued its coal seam gas evaluation program with QGC (Operator) during the quarter. The Pinelands-11 coal seam gas appraisal well in ATP 574P was successfully completed during April 2011. The well was followed by the Peebs-14 appraisal well in the same permit, which was also successfully completed during April 2011.

Three Drill Stem Tests (DSTs) were conducted on Pinelands-11 and four DSTs were conducted on Peebs-14, with each well testing the upper and lower Juandah Coal Measures and the Taroom Coal Measures.

Both wells intersected substantially more net coal than in other regions of the eastern Surat Basin and both have been completed for subsequent production testing.

The evaluation program will proceed with its assessment of reserves and gas deliverability during 2011/12.

Appraisal wells in Queensland Surat Basin licence ATP 593P (Senex 45% and Operator)

Senex will also drill at least two core wells on its Senex operated Don Juan project in Queensland licence ATP 593P during 2011/12, to prove up additional reserves and to determine future appraisal programs.

UNCONVENTIONAL GAS BUSINESS

PEL 516 (Senex 100%)

The Company's first unconventional gas exploration well, Vintage Crop-1, was drilled during the quarter. The well, in South Australian Cooper Basin licence PEL 516, successfully cored and tested the Roseneath and Murteree shales and Toolachee coals. Coring operations were completed with over 200 metres of gross formation penetrated.

Preliminary results from the evaluation of core samples have significantly exceeded expectations and confirmed:

- net thickness of at least 100 metres of shale gas;
- continuous gas shows from both shales and coals;
- the presence of liquids rich gas;
- favourable mineralogy, which is important for fracture stimulation; and
- properties similar to commercial North American shale plays.

Following the success of Vintage Crop-1, the Company will drill three dedicated unconventional gas wells in the coming year to further test the shale gas, coal seam gas and tight gas sand potential of the 2,500 km² PEL 516. Each well will be cored, fracture stimulated and flow tested to evaluate the potential for commercial development and production, and to prove up contingent gas resources.

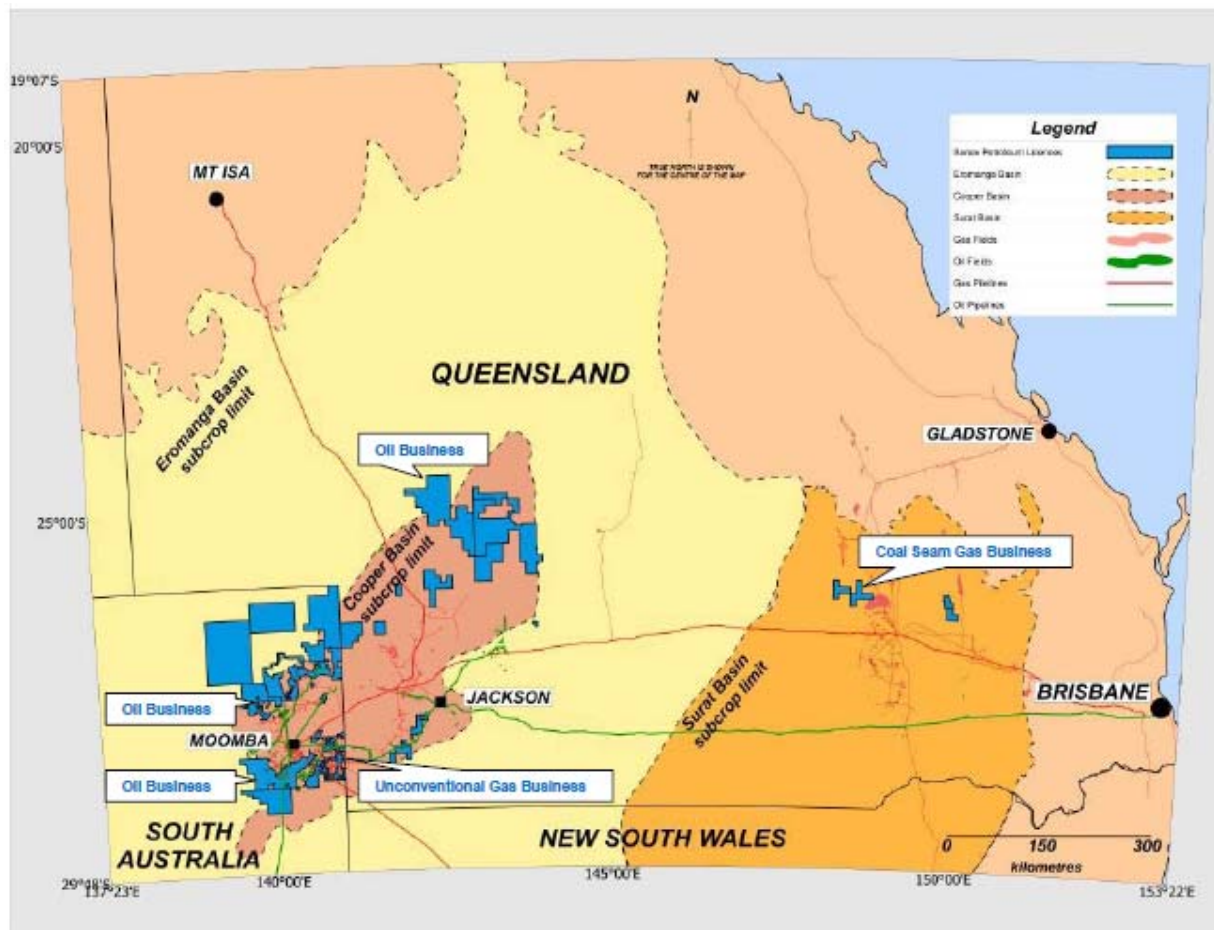
For further information contact:

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Senex Energy Limited
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Competent Persons Statement - Reserves

Unless otherwise indicated, the statements contained in this presentation about Senex's reserves estimates have been prepared by Dr Steven Scott BSc (Hons), PhD, who is General Manager – Exploration, a full time employee of Senex, in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE PRMS). Dr Scott consents to the inclusion of the reserves estimates in the form and context in which they appear. Senex's reserves are consistent with the SPE PRMS.

Senex Exploration Permits



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

Senex Energy Limited (Includes Stuart Petroleum Limited from 10 March 2011)

ABN

50 008 942 827

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	5,433	7,151
1.2 Payments for: (a) exploration and evaluation	(1,926)	(4,818)
(b) development	(2,775)	(8,471)
(c) production	(3,187)	(5,106)
(d) administration ¹	(6,448)	(15,104)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	695	2,708
1.5 Interest and other costs of finance paid	(94)	(201)
1.6 Income taxes paid	(253)	(473)
1.7 Other (overhead recoveries)	1,202	2,334
Net operating cash flows	(7,353)	(21,980)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(7,077)
(c) other fixed assets	(3)	(628)
1.9 Proceeds from sale of:		
(a) prospects	-	495
(b) equity investments	-	16,700
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	250	250
Net investing cash flows	247	9,740
1.13 Total operating and investing cash flows (carried forward)	(7,106)	(12,240)

¹ Includes one-off costs associated with the acquisition and integration of Stuart Petroleum Limited, including redundancy payments.

Appendix 5B
Mining exploration entity quarterly report – Senex Energy Limited

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(7,106)	(12,240)
Cash flows related to financing activities		
1.14 Net proceeds from issues of shares, options, etc.	(440)	24,855
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	(8,400)	(8,000)
1.18 Dividends paid	-	-
1.19 Other	-	-
Net financing cash flows	(8,840)	16,855
Net increase (decrease) in cash held	(15,946)	4,615
1.20 Cash at beginning of quarter/year to date	58,229	37,697
1.21 Exchange rate adjustments to item 1.20	(5)	(34)
1.22 Cash at end of quarter	42,278	42,278

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	176
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

Senex Energy Limited achieved 100% ownership of Stuart Petroleum Limited on 19 May 2011 on the basis of 2.5 Senex shares issued for every Stuart Petroleum share.

Senex Energy Limited issued 1,433,102 shares as consideration for the acquisition of a 50% undivided participating interest in PEL88 and a 5% undivided participating interest in PEL100.

Appendix 5B
Mining exploration entity quarterly report – Senex Energy Limited

- 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

Nil

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	3,708
4.2 Development	3,542
4.3 Production	1,620
4.4 Administration ¹	3,467
Total	12,337

¹ Includes one-off integration costs of \$1.026m.

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	9,942	7,085
5.2 Deposits at call	30,000	50,000
5.3 Bank overdraft	-	-
5.4 Cash advanced to joint venture operations	2,336	1,144
Total cash at end of quarter (item 1.22)	42,278	58,229

Appendix 5B

Mining exploration entity quarterly report – Senex Energy Limited

Changes in interests in mining tenements

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+ See chapter 19 for defined terms.

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	758,280,547	758,280,547		
7.4	Changes during quarter				
	(a) Increases through issues	2,969,589	-	38.00c	38.00c
		5,498,269	-	38.00c	38.00c
		147,566	-	38.00c	38.00c
		5,811,596	-	38.00c	38.00c
		12,427,214	-	38.00c	38.00c
		100,000	-	25.00c	25.00c
		1,433,102	-	34.90c	34.90c
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
		-	-	-	-
		-	-	-	-
7.5	+Convertible debt securities				
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				

Appendix 5B
Mining exploration entity quarterly report – Senex Energy Limited

	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 8,600,000	-	<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	-
	<i>Expiry date:</i> 26/7/2011 208,335	-	<i>Exercise price:</i> 35.6c	-
	<i>Expiry date:</i> 16/11/2011 1,875,003	-	<i>Exercise price:</i> 35.6c	-

Appendix 5B
Mining exploration entity quarterly report – Senex Energy Limited

		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> 26/7/2011 833,340 <i>Expiry date:</i> 16/11/2011 1,875,003	-	<i>Exercise price:</i> 35.6c <i>Exercise price:</i> 35.6c	-
7.9	Exercised during quarter	<i>Expiry date:</i> 31/1/2012 100,000 <i>Expiry date:</i> 26/7/2011 625,005	-	<i>Exercise price:</i> 25.0c <i>Exercise price:</i> 35.6c	-
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: 29 July 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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