Senex Energy Limited

Non-Renounceable Entitlement Issue

August 2011

Senex

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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.

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Contents

Overview

Non-Renounceable Entitlement Issue	▪ Senex proposing to undertake an underwritten equity capital raising of $53.3m ▪ At completion of the Entitlement Issue, Senex will have cash reserves of c.$92.3m
Use of Proceeds	▪ Proposed construction of western flank export oil flowlines to Moomba - $20.1m ▪ Acceleration of western flank oil appraisal and development - $21.2m ▪ Expansion of Cooper Basin unconventional gas footprint - $9.0m ▪ Issue costs - $3.0m
Impact on Senex	▪ Proposed flowline construction will de-risk existing production profile and significantly reduce future oil transportation costs ▪ Acceleration of oil appraisal and development program will allow Senex to convert exploration successes into early oil production and cash flow ▪ Increased exposure to the high growth unconventional gas sector
Published FY 2012 Work Program	▪ Program and budget reflects Senex's rapid growth strategy ▪ Production uplift to over 700,000 barrels of oil ▪ Six oil exploration wells to be drilled in PEL 104 in Cooper Basin western flank ▪ Five oil development wells to be drilled in Growler oil field in PRL 15 ▪ Coal seam gas exploration and evaluation program in Surat Basin to test production and materially increase 2P and 3P reserves during the year ▪ Unconventional gas exploration and evaluation program in the Cooper Basin with three dedicated wells

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Overview of Entitlement Issue

Offer Size	▪ 1 for 5 Non-Renounceable Entitlement Issue to raise $53.3 million, fully underwritten(1) by RBS Morgans Corporate Limited
Offer Price	▪ $0.35 per share ▪ 15.6% discount to the last traded price of $0.415 on 18 August 2011 ▪ 19.9% discount to the 5 day VWAP of $0.437 (2) ▪ 13.4% discount to Theoretical Ex Rights Price(3) of $0.404
Timing (4)	▪ Shares commence trading ex entitlement – 24 August 2011 ▪ Record date for determining entitlement – 30 August 2011 ▪ Entitlement Issue opens – 2 September 2011 ▪ Entitlement Issue closes – 16 September 2011 ▪ Entitlement Issue Shares start trading on a deferred settlement basis – 19 September 2011 ▪ Allotment of Entitlement Issue shares – 26 September 2011 ▪ Normal trading of Entitlement Issue shares commences – 27 September 2011
Support of The Sentient Group	▪ Sentient Group, Senex's largest shareholder (15.05%) has committed to take up their full entitlement and subscribe for the first 44.25 million shares of any shortfall with their shareholding at the completion of the Entitlement Issue, not being greater than 19.99%

(1) The Entitlement Issue will incorporate a Top-Up Facility where shareholders may apply for greater than their entitlement. The conditions of the Top-Up facility will be set out in the Information Booklet

(2) 5 day volume weighted average price (VWAP) calculated on the 5 days trading in Senex shares up to and including 18 August 2011

(3) Theoretical Ex-Rights Price is the theoretical price at which Senex shares should trade after the ex-date for the Entitlement Issue

(4) All dates are indicative and subject to change

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Use of proceeds

Use of Proceeds	A$m	Description
Proposed Western flank export oil flowlines to Moomba	**$20.1m**	▪ Construction of flowlines to carry production from Growler and adjacent oil fields directly into the Moomba oil processing facilities
Acceleration of western flank oil appraisal and development	**$21.2m**	▪ Funding for appraisal and development wells following exploration success to boost production and cash flow generation
Expansion of Cooper Basin unconventional gas footprint	**$9.0m**	▪ Funding for a three well farm-in commitment for PELA 514 with Planet Gas
Issue costs	**$3.0m**	▪ Including underwriting and management fees, legal and other costs in relation to the Issue
Total	**$53.3m**	

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Indicative timetable [1]

Timetable	
Trading halt	Friday, 19 August 2011
Capital raising announced and Senex shares recommence trading	Monday, 22 August 2011
Shares commence trading ex entitlement	Wednesday, 24 August 2011
Record date for determining entitlement to participate	Tuesday, 30 August 2011
Entitlement Issue opens	Friday, 2 September 2011
Entitlement Issue closes	Friday, 16 September 2011
Entitlement Issue shares commence trading on deferred settlement basis	Monday, 19 September 2011
ASX notified of under-subscriptions	Wednesday, 21 September 2011
Allotment of Entitlement Issue shares and despatch of holding statements	Monday, 26 September 2011
Normal trading of Entitlement Issue shares commences	Tuesday, 27 September 2011

[1] This Timetable is indicative only. The Directors may vary these dates, in consultation with the Underwriter, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for allotment and issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Financial impact of the entitlement issue

$'000	Senex 31 Dec 2010 Reviewed	Adjustments Unaudited	Pro forma Merged Group 31 Dec 2010 Unaudited
Current assets			
Cash and cash equivalents	6,285	59,811	66,096
Term deposit	43,000	-	43,000
Receivables	2,007	3,795	5,802
Non-current assets			
Receivables	191	-	191
Available for sale financial assets	15,047	(15,047)	-
Exploration and evaluation	3,856	26,436	30,292
Tangible assets	29,699	50,019	79,718
Total assets	**100,085**	**125,014**	**225,099**
Current liabilities	**2,918**	**7,791**	**10,709**
Non-current liabilities	**1,948**	**1,600**	**3,548**
Total liabilities	**4,866**	**9,391**	**14,257**
Net assets	**95,219**	**115,623**	**210,842**
Equity			
Contributed equity	176,814	115,064	291,878
Reserves	4,400	(1,735)	2,665
Retained profits/(losses)	(85,995)	2,294	(83,701)
Total equity	**95,219**	**115,623**	**210,842**

Note: The pro forma balance sheet is presented in full in the Information Booklet

- Entitlement Issue will add net c. $50.3m to the $42.0m cash held by Senex at 18 August 2011
- The pro forma balance sheet includes unaudited adjustments for:
  - Acquisition of Stuart Petroleum Limited and its subsequent entry into tax consolidation
  - Acquisition and sale of Impress Energy Limited shareholdings
  - Repayment of Stuart Petroleum Limited loan facility and exercise of options

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Investment highlights

- ☑ Strong independent oil producer in the Cooper Basin - large acreage position in the lucrative western flank with exciting near term exploration
  - High margin oil business with rapid payback on successful wells
  - Exploration targets clearly identified on 3D seismic
- ☑ Valuable coal seam gas position in the LNG feedstock region of Queensland’s Surat Basin
  - Joint venture partner with LNG project developer QGC (BG Group)
  - Strong independent CSG position in western Surat Basin with lower risk of regulatory and landholder issues
- ☑ Massive unconventional gas resource potential in the Cooper Basin
  - 75–110 Tcf Gas-in-Place resource estimate in PEL 516 (Senex 100%) with additional large gas resources estimated in other Senex held permits
  - The Cooper Basin is uniquely positioned to capitalise on increasing gas demand and rising prices in Eastern Australia – highlighted by QGC’s recent entry into Cooper Basin shale

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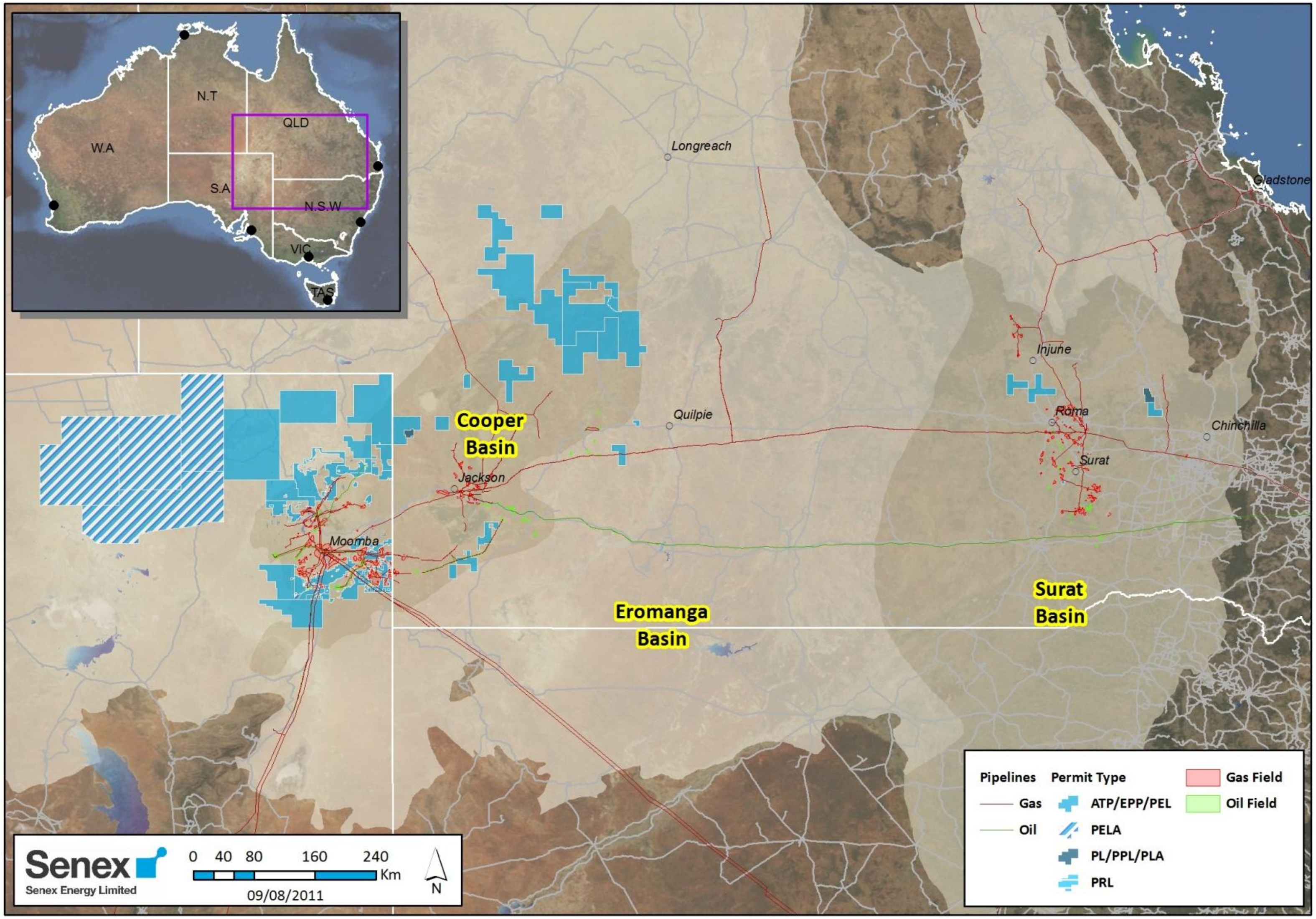
Significant Cooper & Surat Basin asset base



The path to realising value

1. **Growing the foundation oil business to generate cash flow**
   - Enhance existing production and cash flow from Cooper Basin permits
   - Focused oil exploration and development program in western flank
     - Low risk exploration drilling (on 3D seismic) in PEL 104 and PEL 111
     - New 3D seismic program in other western flank permits
     - Development of existing and new discoveries
2. **Appraisal and development of Surat Basin coal seam gas acreage**
   - Material 2P reserve additions and deliverability testing in QGC Joint Venture permits
   - Material reserve additions in the Don Juan CSG Project
3. **Conversion of Cooper Basin unconventional gas resource into contingent resource**
   - Demonstration of technical feasibility of unconventional gas production
   - Establishment of large scale, cost competitive resource base

Published FY 2012 program targets

- **Oil business**
  - Deliver over 700,000 barrels of oil production in 2011/12
  - Five development wells to be drilled in the Growler oil field to boost production
  - Six exploration wells to be drilled in PEL 104, adjacent to the Growler oil field to materially increase oil reserves and boost production
  - Acquire and process over 300 km^2 of 3D seismic over some western flank permits
  - Recommencement of production from the Growler and Snatcher oil fields
  - Optimising production from Worrior, Acrasia, Padulla, Mirage and Venture oil fields
  - New production from Vintage Crop, Cuisinier and Barta North oil fields
- **Coal seam gas business**
  - Continue major appraisal and development program on QGC Joint Venture permits
  - Two core wells to be drilled in the Don Juan CSG Project in Q3 2011 to materially increase reserves
- **Unconventional gas business**
  - Three dedicated wells to be drilled, fracture stimulated and flow tested in PEL 516 (Senex 100%) to evaluate shales and coals following Vintage Crop-1 success

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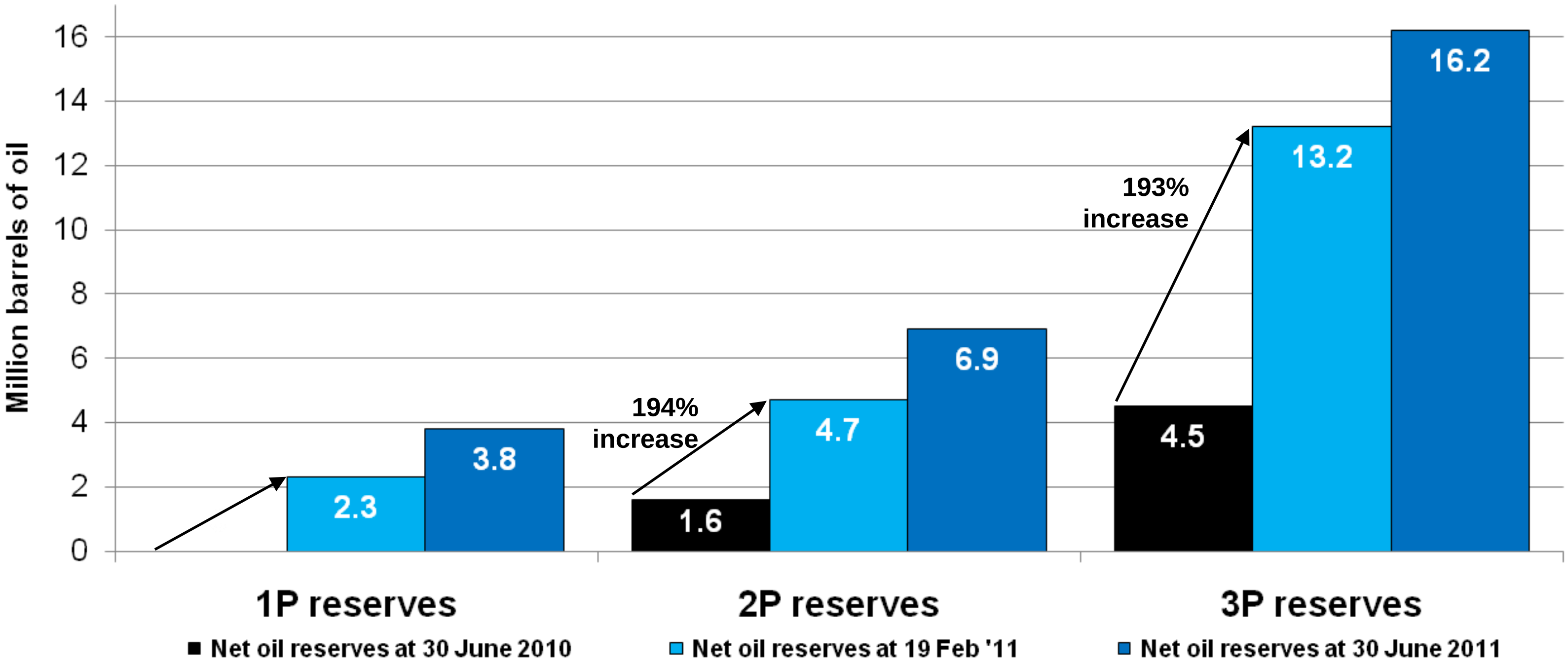
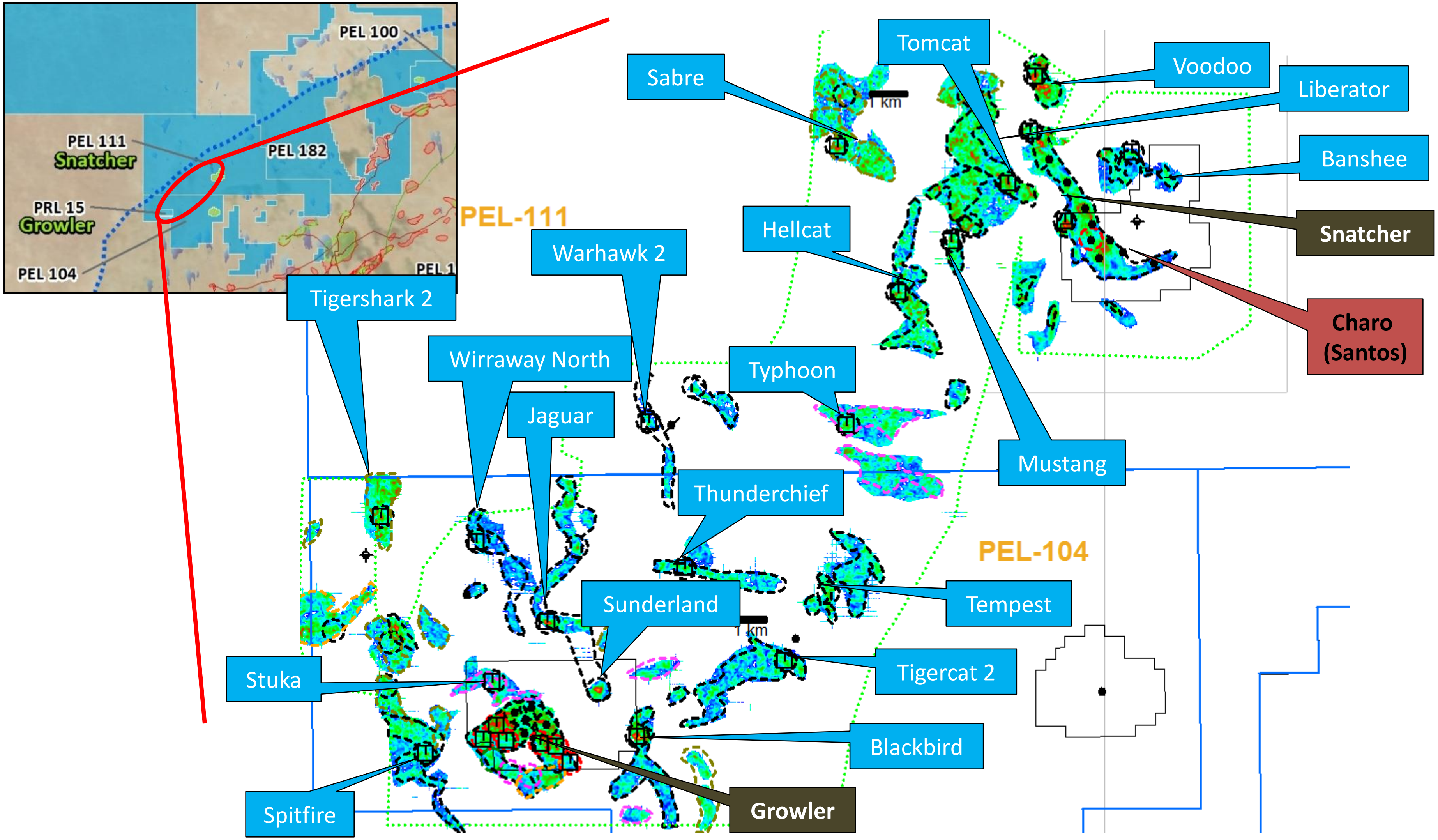
Demonstrated oil reserves growth

- Oil reserves upgraded for the Growler and Snatcher oil fields
- 25 prospects on 3D seismic yet to be drilled in PEL 104 and PEL 111
- The acquisition of Stuart increases Senex 1P reserves by 65% to 3.8 mmbbls, and Senex 2P reserves by 47% to 6.9 mmbbls



Reduced risk western flank exploration on 3D seismic



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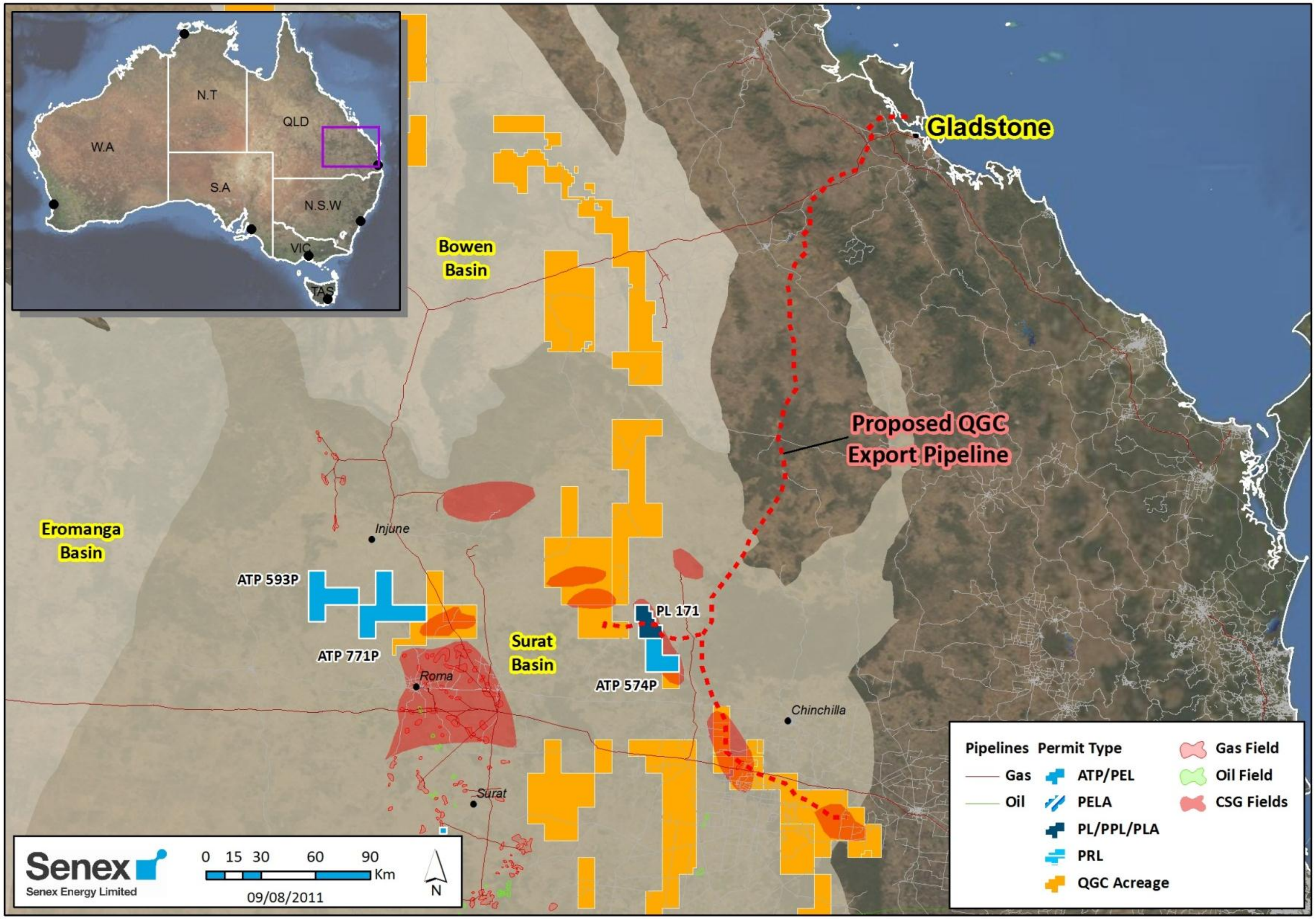
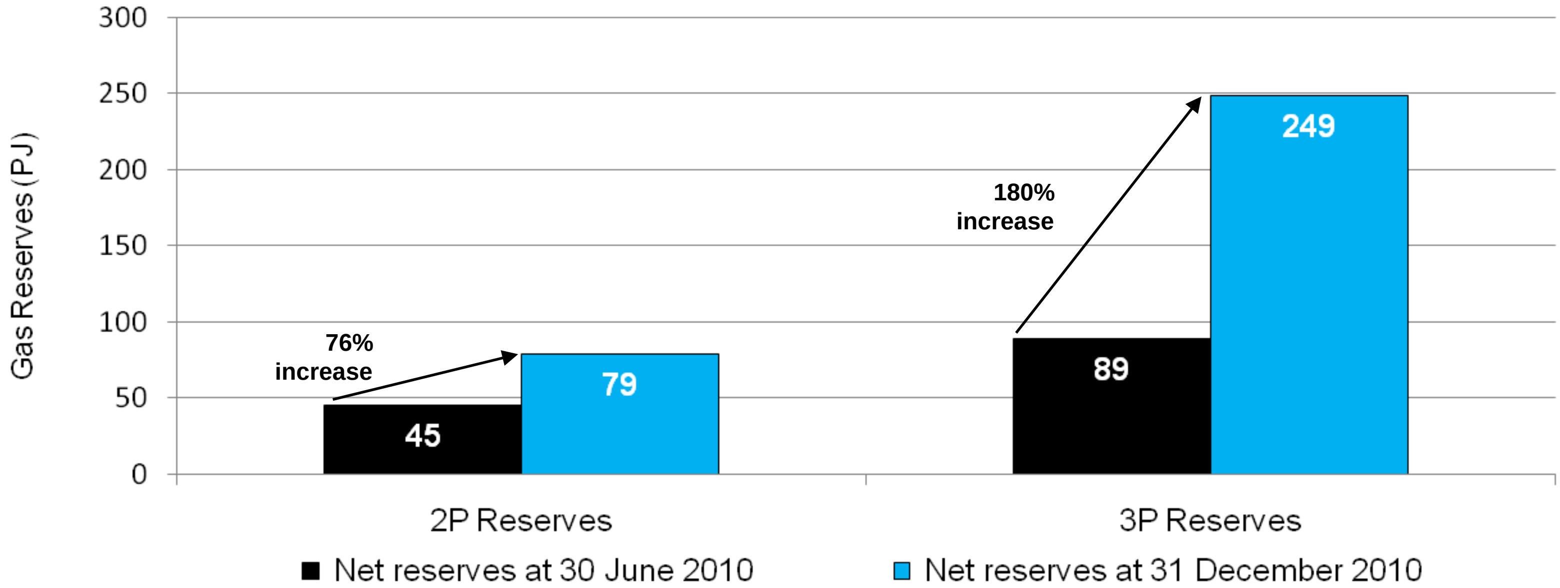
Surat Basin – coal seam gas assets



Significant CSG reserves growth delivered in 2011

- Initial CSG reserves certified in PL 171P & ATP 574P in January 2011
  - Net 2P reserves of 34 PJ and net 3P reserves of 160 PJ
  - Net Gas in Place of over 600 PJ
  - Material 2P reserves additions expected from 2011/12 work program
- Don Juan CSG project - ATP 593P and ATP 771P
  - Net 2P reserves of 45 PJ and net 3P reserves of 89 PJ



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Aggressive FY12 exploration and appraisal program

- Aggressive CSG exploration and appraisal programs in place to test production and materially increase 2P and 3P reserves during 2011 and 2012
- ATP 574P (Senex 30%) and PL 171 (Senex 20%) with QGC:
  - Operated by QGC with active technical input from Senex
  - Appraisal program agreed focusing on significant 2P reserve additions in 2012
- ATP 593P and ATP 771P (Senex 45%) with Bow Energy:
  - Operated by Senex
  - Plans agreed to pursue growth in certified reserves, with two core wells planned for Q3 2011

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Senex Cooper Basin unconventional gas portfolio

- Senex has a major position in unconventional gas in the South Australian Cooper Basin:
  - **Shales**: Thick, mature Roseneath and Murteree shales within PEL 516 (Senex 100%) in the southern South Australian Cooper Basin
  - **Coals**: Thick, mature Toolachee coals in the north east of the South Australian Cooper Basin within PEL 90 (Senex 100%) and PEL 516 (Senex 100%), and thick Patchawarra coals within PEL 516
  - **Tight sand / coal sequences**: Thick Toolachee sand / coal sequences within PEL 90 and PEL 516, similar to the Piceance Basin in the USA
- Cooper Basin unconventional gas is gaining credibility as a significant future gas supply source:
  - $130m Drillsearch / QGC joint venture announced in July to target unconventional gas in Queensland permit ATP 940P
  - 2 Tcf of contingent resource booked by Beach Energy following successful flow testing of a dedicated unconventional gas well

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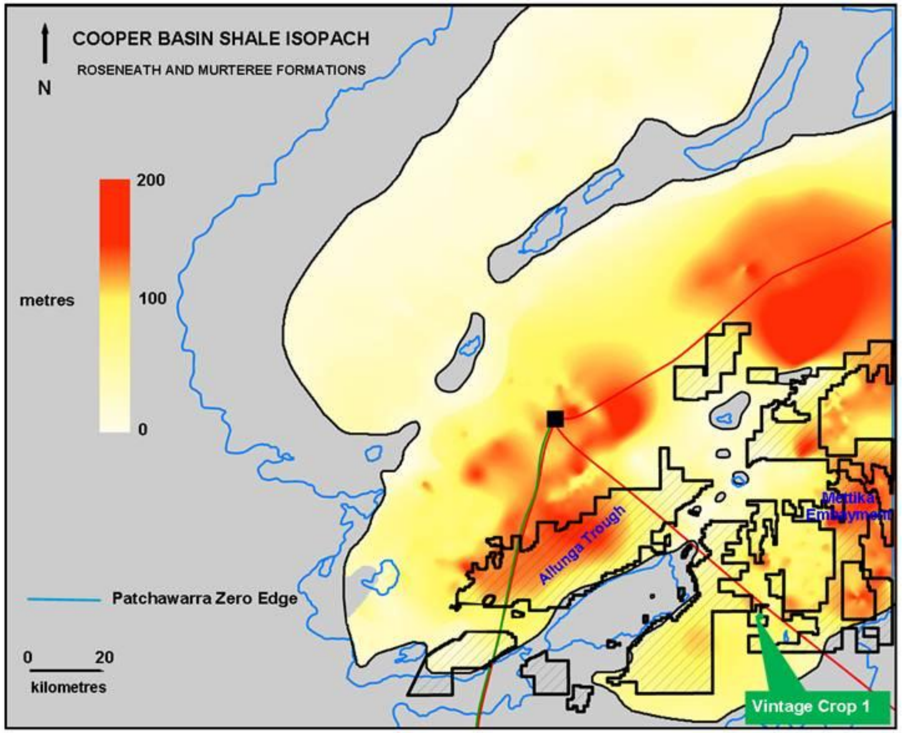
Senex unconventional Gas-in-Place of 86–122 Tcf

- MHA Petroleum Consultants estimates 38 to 60 Tcf Gas-in-Place in the Allunga Trough and the Mettika Embayment within PEL 516 shales (Senex 100%)
  - MHA estimates an additional 25 to 39 Tcf Gas-in-Place in other areas of PEL 516 shales
  - PEL 516 is thermally mature for liquids-rich, low carbon dioxide natural gas, and will therefore carry a lower cost of production
- MHA has also assessed Gas-in-Place within the coals across Senex permits:
  - greater than 15 Tcf (Senex share) in the Toolachee Formation coals
  - additional 7 Tcf in Patchawarra coals in PEL 516

Vintage Crop-1 significantly exceeds expectations

- Successful shale gas evaluation in Vintage Crop-1 in PEL 516 (Senex 100%) with continuous gas shows
- Core samples taken over 36 metres from 88 metre section
- Preliminary results confirm:
  - Continuous gas shows
  - Presence of liquids rich gas
  - Favourable mineralogy
  - Properties similar to successful North American shale plays
- Further evaluation of shale gas potential by drilling three dedicated shale gas wells in FY12, including fracture stimulation and flow testing



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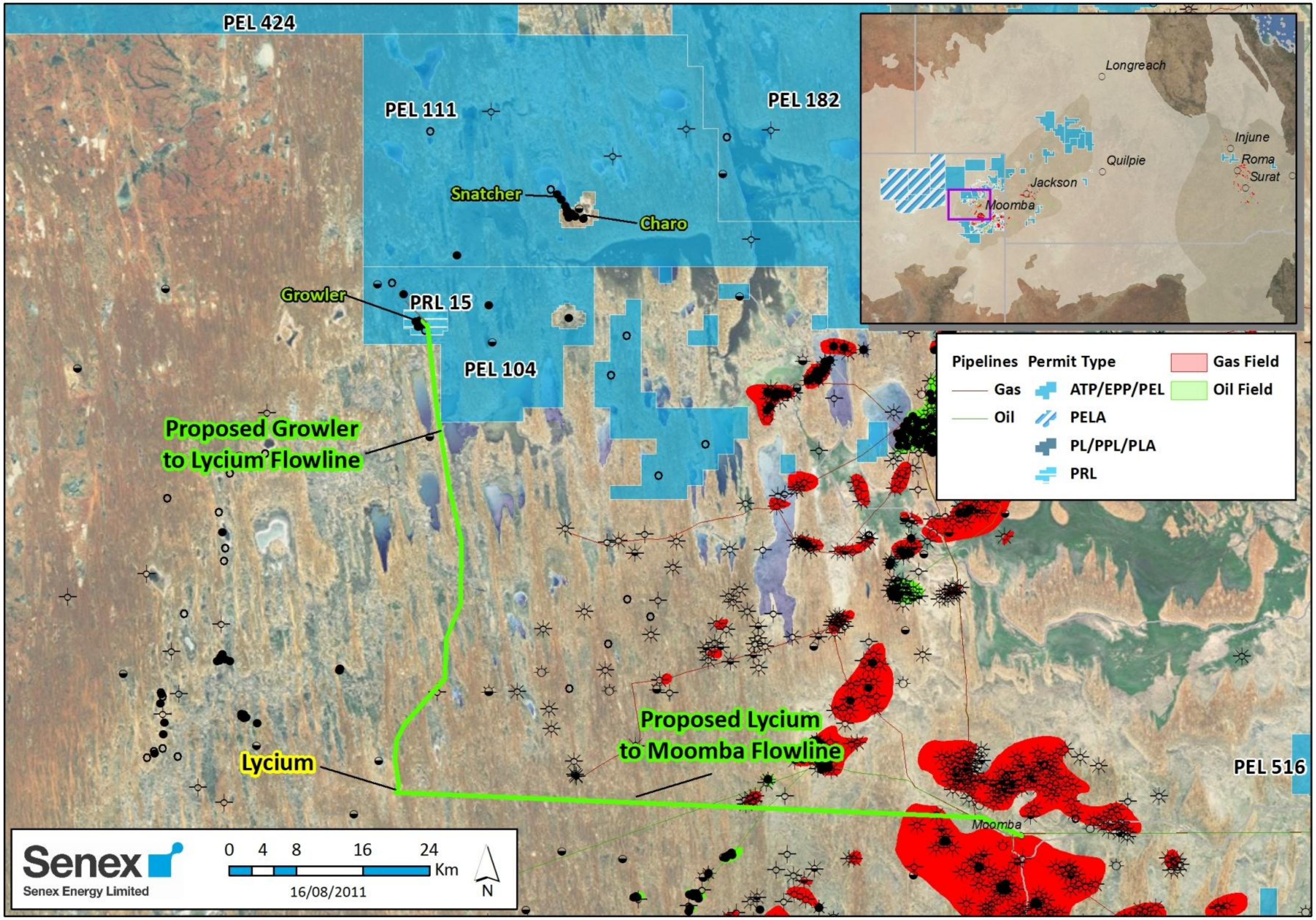
Growler oil field export oil flowlines to Moomba



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Growler oil field export oil flowlines to Moomba

- Massive exploration potential on the Cooper Basin western flank with significant increases to current production levels expected
- Agreement with Beach Energy to construct oil export flowlines from the Growler oil field to the Moomba processing facility
- Senex will hold a 60% interest in the Growler to Lycium flowline and a 40% interest in the Lycium to Moomba flowline
- Net cost to Senex of approximately A$20 million
- Construction and commissioning due to be completed by June 2012[1]
- Significant benefits compared to existing trucking arrangements
  - certainty of oil production transportation to market with significantly improved transportation economics
  - economic upside as planned development and exploration activities provide additional reserves and production
  - potential for further economic benefits through third party oil transportation

(1) subject to SACB Joint Venture agreement to the tie-in of the flowlines into the Moomba facility

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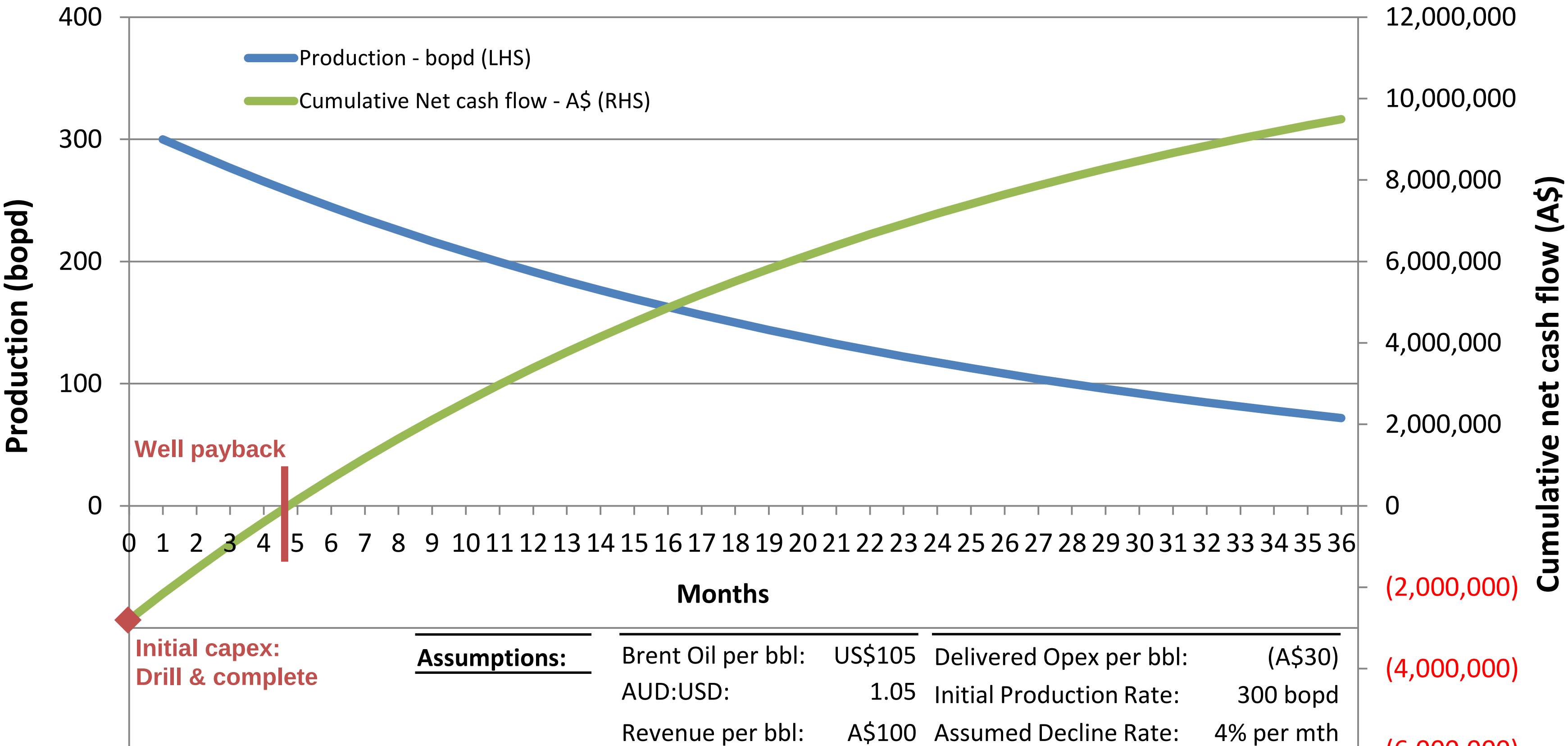
Western flank appraisal & development acceleration

- Development well payback c. 5 months at current oil prices, delivering ~121% return with 12 months continuous production
- Typical Birkhead Channel oil well profile and economics:



All figures are quoted 100% share

Western flank appraisal & development acceleration

- Aggressive exploration program including six exploration wells fully funded for the FY12 year
- Field appraisal and development for exploration success is currently not funded as part of the Senex corporate budget
- Funds raised in the Issue will allow Senex and its partners to pursue rapid development of new oil discoveries[1] to boost production and cash flow
- Acceleration of appraisal and development also expected to bring forward:
  - Reserves booking
  - Cash flow generation
- High margin oil business delivering rapid payback of investment on the appraisal program

(1) subject to JV partner and other relevant approvals

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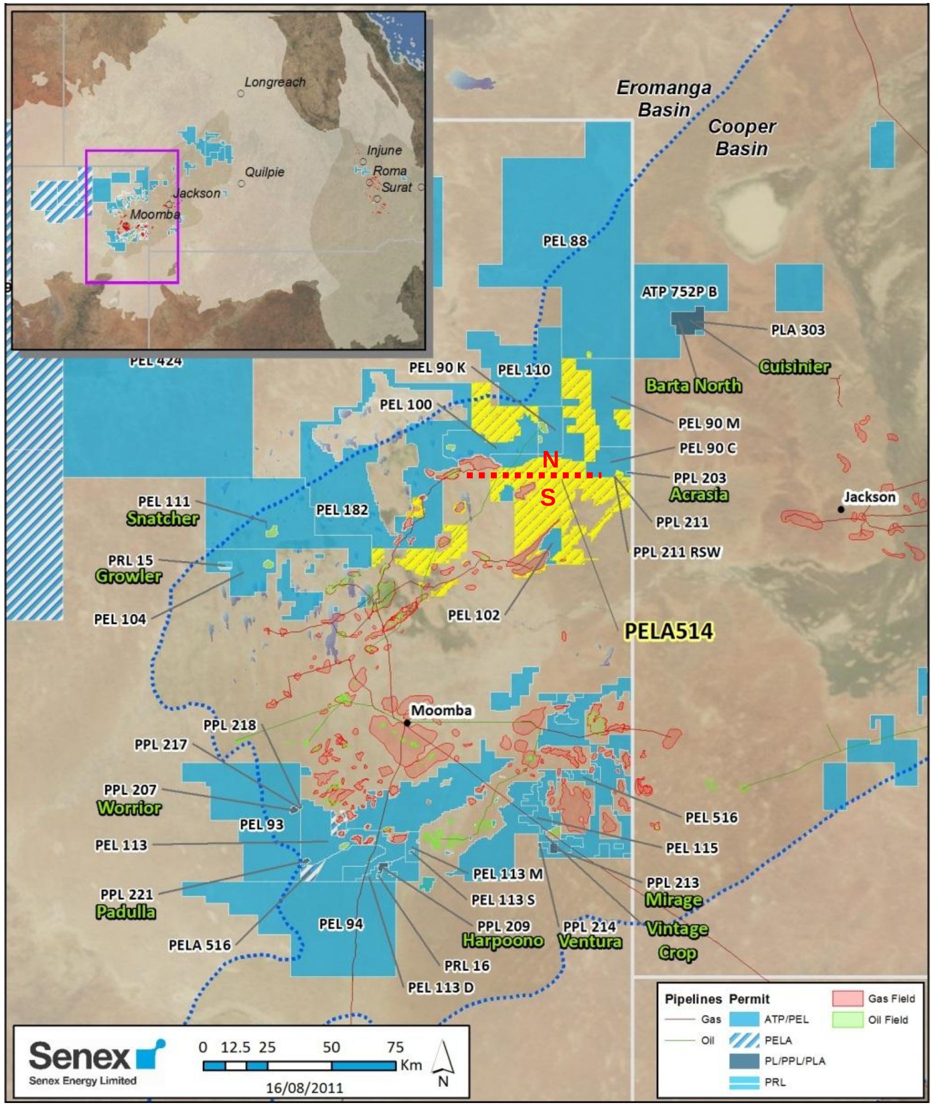
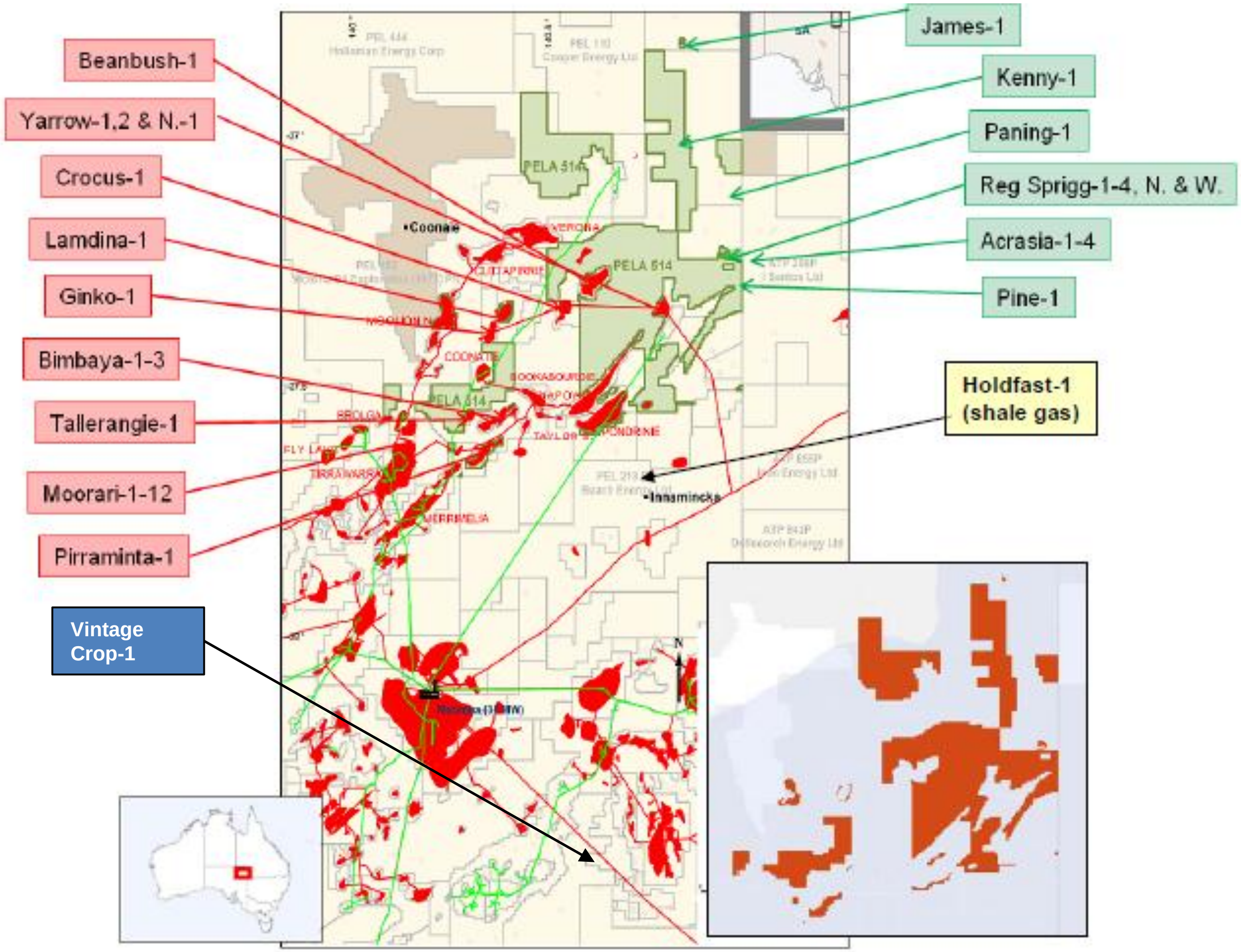
Expansion of unconventional gas footprint



"N": Northern Area (Senex 50%)
"S": Southern Area (Senex 70%)

- Binding agreement signed for Senex to farm-in to PELA 514, currently held 100% by Planet Gas
- Senex to be Operator
- Three well farm-in commitment provides Senex with:
  - 50% interest in Northern Area
  - 70% interest in Southern Area
- Exciting resource mix:
  - Birkhead Channel conventional oil potential in Northern Area
  - Unconventional shale gas, tight gas sands and deep coal seam gas potential in Southern Area

PELA 514 – a strategic addition



Source: Planet Gas

- Area 1,972 km^2
- Close to existing infrastructure
- PELA 514 North: conventional oil birkhead channel sands (Growler oil field analogue)
- PELA 514 South: unconventional shale gas, tight gas sands and deep coal seam gas potential
- Currently progressing though ILUA process

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Risk factors

- **Oil price volatility.** Volatile oil prices make it difficult to predict future price movements with any certainty and, in turn, demand for petroleum products produced by Senex. Declines in oil prices could have an adverse effect on Senex. Senex does not currently hedge its exposures to oil price movements.
- **LNG market and gas prices.** The profitability of Senex's coal seam gas business will be determined by the future market for LNG and domestic gas. LNG prices can vary significantly depending on oil prices, exchange rates, worldwide supply and the terms under which LNG off-take arrangements are agreed. The prices required to achieve adequate returns on Senex's coal seam gas business will vary depending on well costs and flow rate assumptions.
- **Exchange rate fluctuations.** Senex's oil revenue is denominated in United States dollars (**USD**), whereas Senex's other income and expenditure is denominated in Australian dollars (**AUD**). This exposes Senex to fluctuations and volatility in the AUD/USD exchange rate. Senex does not currently hedge its exposure to exchange rate fluctuations.
- **Gas supply.** The rate at which gas flows from Senex's wells will be a determinant of the profitability of its coal seam gas business. There is a risk that gas flow rates from Senex's wells will not be sufficient to meet the requirements of future gas supply contracts. This may result in increased development expenditure to drill more wells than originally anticipated. There is also a risk that Senex may not be able to procure gas supply agreements for its coal seam gas business on reasonable terms, which may adversely affect the profitability of Senex.
- **Estimation of reserves.** The estimation of oil and natural gas reserves involves subjective judgements and determinations based on geological, technical, contractual and economic information. It is not an exact calculation. The estimate may change because of new information from production or drilling activities or changes in economic factors, such as assumptions regarding gas price. It may also alter because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques. Published reserves estimates may also be subject to correction in the application of published rules and guidance.
- **Seasonal conditions.** Senex has exposure to a number of natural events, such as floods, which are beyond its control. Natural events could hinder Senex's ability to pursue operational goals, including to drill exploration and development wells and to produce oil or gas, for an extended period of time.

Risk factors (continued)

- **Operating risks.** Oil and gas operations involve the potential for hazards such as well blowouts, mechanical failures, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, formations with abnormal pressures, pollution, releases of toxic gas and other environmental hazards and risks. Senex could suffer substantial losses as a result of any of these events, particularly if it is not fully insured against those risks. Even where Senex is insured, accidents that damage drilling rigs or other equipment could delay exploration or production operations.
- **Water ingress and low fluid entry.** Fluid produced from wellbores at Senex's oilfields can range in composition and this composition can fluctuate over time. In particular, the percentage of formation water to crude oil can increase. This water may increase to levels that render production from the well uneconomic or that cause Senex to achieve lower than projected production rates. In addition, wellbores on Senex's fields may experience restricted fluid entry. This can result from low or decreasing formation pressure, mechanical obstruction or other causes. This could cause production from the well to be uneconomic or cause Senex to achieve lower than projected production rates.
- **Environmental matters.** Senex's operations are subject to numerous stringent and complex laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial requirements, and the imposition of injunctions to force future compliance.
- **Regulatory risk.** Changes in law and regulations or government policy may adversely affect Senex's business. By way of example, in the context of the current political environment, the introduction of legislation that further restricts or inhibits the coal seam gas exploration and production. Changes to taxation rates or regimes, such as increases in taxation on resources produced by Senex, or regulatory change in response to the potential impacts of greenhouse gas emissions are also relevant regulatory risks for Senex.
- **Native title.** Registration of native title claims on land that are the subject of Senex's petroleum permits is a potential risk and may result in increased legal and administrative costs.
- **Rig availability.** Senex's exploration and production program relies on the availability of drill rigs and, in respect of producing wells, workover rigs for recompletions. Inability to secure rigs may delay Senex's exploration and production program or delay Senex's ability to undertake rig based well maintenance.

Risk factors (continued)

- **General risks.** Other than the specific risks identified on the preceding slides, the price at which Senex shares trade on the ASX may be determined by a range of factors that affect all equity investments, including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks and changes in the supply of and demand for oil and gas industry securities. The market for Senex shares may also be affected by a wide variety of events and factors, including variations in Senex's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed oil and gas industry entities that investors consider to be comparable to Senex. Some of these factors could affect Senex's share price regardless of Senex's underlying operating performance.
- Before deciding whether to take up all or part of your rights, you should read this presentation and accompanying material carefully, including this section about risks. This section is intended to be a concise summary of the key risks to Senex's business – not an exhaustive list of all possible risks.