

11 January 2012

Ms Frances Finucan
Senior Adviser, Listings
ASX Compliance Pty Limited
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

frances.finucan@asx.com.au

Ms Finucan

I refer to your letter today noting an increase in the price of the Company's securities from a close of 62.5 cents on Thursday, 5 January 2012 to an intraday high of 80 cents today, at the time of writing. You also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, you have asked me to respond to four questions. My response to each question is set out below.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

The Company is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Not applicable.

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

The Company is aware of increased investor interest recently in the activities and the plans of companies that produce oil and gas, companies that hold exploration interests in areas that are prospective for discoveries of oil and gas, and in particular companies that are pursuing aggressively plans to explore, appraise and develop such interests. In view of the consistent pattern of exploration, appraisal and development that the Company, under new management, has announced over the past 18 months, some of this increased investor interest has been focused on Senex.

Senex is pursuing an active exploration appraisal and development strategy across its interests,

and it has provided consistent and appropriate disclosure to ASX of its plans and initiatives.

- On 4 January 2012, Senex, as Operator of the PRL 15 joint venture on the western flank of the South Australian Cooper Basin, announced that successful development drilling at Growler-11 in PRL 15 had confirmed the mapped limits in the eastern limb of the Growler oil field. The well was the fourth in the Joint Venture's 11 well exploration and appraisal drilling program in PRL 15 and PEL 104, comprising five appraisal wells and six exploration wells targeting the highly prospective Birkhead channel play on the western flank of the South Australian Cooper Basin. It was cased and suspended as a future production well expected to be brought online during January 2012.
- On 6 January 2012, Senex announced the commencement of a dedicated three well exploration campaign to assess the unconventional gas potential of the shales, tight sands and coals in PEL 516 (Senex 100%) on the southern edge of the South Australian Cooper Basin. Each well will be extensively cored, logged, fracture stimulated and flow tested. The first well, Sasanof-1, spudded on 4 January 2012.
- On 9 January 2012, Senex announced the spudding of Growler-7 appraisal well, the fifth well in the joint venture's 11 well drilling program in PRL 15 and PEL 104.

There have been several manifestations of the increased investor interest in the sector in the past week alone, and part of this increased investor interest has been specific to Senex, for example:

- On 4 January the Australian Financial Review's online Before the Bell column, updated live every morning until the opening of ASX trading, mentioned the Growler-11 announcement.
- On 4 January the AFR's online edition, and on 5 January the AFR's print edition carried an article by Brendan Lau reporting prediction of a sharp pick up in corporate activity in the shale oil and gas sector in 2012. Senex was listed as a stock to add to a portfolio exposed to shale oil and gas.
- On 6 January the AFR's online Before the Bell column mentioned Senex's dedicated exploration campaign to assess the unconventional gas potential in its 100% owned PEL 516 on the southern edge of the South Australian Cooper Basin.
- On 6 January both the online edition and the print edition of the AFR carried an article edited by Stephen Shore reporting that the entry of the next US heavyweight player in the unconventional shale gas industry appears to be just around the corner. He reported that one such company was understood to be sniffing around in the Cooper Basin and named Senex as one of the leading players there, and one of the best performing energy stocks on ASX in 2011, with cash flows from conventional oil and gas resources and "not inconsiderable upside".
- On 7 January both the online edition and the print edition of the AFR carried an article by Angela Macdonald-Smith reporting that some of the world's biggest oil producers are expected to keep a close watch on the shale gas drilling program announced by Senex as they hunt for a foothold in the Cooper Basin as a coming resources hotspot. The article referred to and contained extracts from the announcement that Senex released on 6 January.
- On 6 January JP Morgan Specialist Sales & Sales Trading released a report identifying Top Takeover Targets for 2012. The report identified Senex, as "an independent oil

producer in the Cooper Basin with a huge 75-110TCF of shale gas-in-place”, and an attractive takeover target.

- On 9 January RBC Capital Markets issued updated research coverage on Senex, with an upgrade of their valuation of the stock and an increased target price.

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

The Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely



Frank Connolly
Secretary & Legal Counsel



11 January 2012

Mr Frank Connolly
Company Secretary
Senex Energy Ltd
Level 11
144 Edward Street
BRISBANE QLD 4000

By email: frank.connolly@senexenergy.com.au

Dear Mr Connolly

ASX Compliance Pty Limited
ABN 26 087 780 489
Level 5, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

PO Box 7055
Riverside Centre
Brisbane QLD 4001

Telephone 61 7 3835 4000
Facsimile 61 7 3832 4114
www.asx.com.au

Senex Energy Ltd (the "Company")

PRICE QUERY

We have noted an increase in the price of the Company's securities from a close of 62.5 cents on Thursday, 5 January 2012 to an intraday high of 80 cents today, at the time of writing. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to Frances Finucan by email at frances.finucan@asx.com.au or by facsimile on (07) 3832 4114. It should not be sent to the Market Announcements Office (formerly Company Announcements Office).

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, by **8.30am (Brisbane time) tomorrow, Thursday, 12 January 2012.**

Under listing rule 18.7A, a copy of this query and your response **will** be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

[Sent electronically without signature]

Frances Finucan
Senior Adviser, Listings (Brisbane)