

Quarterly report for the period ending 31 March 2012

Release Date: 26 April 2012

MARCH QUARTER HIGHLIGHTS

- **Oil production continues to increase:** Senex Energy Limited (**Senex**) produced 258,558 barrels of oil (gross) in the March quarter, 159,357 barrels net to Senex. Net oil production for the nine months to 31 March 2012 was 372,948 barrels of oil, which is four times Senex's net total production for 2011. Despite significant production deferment and field development delays during the quarter due to localised rain events, Senex is working hard to achieve its stated 2011/12 production target of 700,000 barrels oil.
- **Prolific Growler oil field expanded:** Senex drilled three successful appraisal wells at Growler oil field and increased production by 58% during the quarter.
- **Oil appraisal program extended:** Senex and Beach Energy Limited (**Beach**) agreed to add three appraisal wells to its current drilling program on the western flank of the South Australian Cooper Basin, raising the total number of exploration and appraisal wells to 14.
- **Dedicated unconventional gas program commenced:** Senex drilled and extensively cored Sasanof-1, the first of three unconventional gas exploration wells planned for 2011/12. The well will be hydraulically fracture stimulated during May 2012. Preliminary results from the Sasanof-1 exploration well suggest the southern Cooper Basin could host a world-class unconventional gas resource.
- **Coal seam gas appraisal delivered excellent results:** Gas flowed to surface while drilling and testing the Kato-2 exploration well in Queensland's Surat Basin. Initial results indicated excellent permeability and good coal and carbonaceous shale thicknesses.
- **Financial position strengthened:** Oil sales for the quarter delivered more than US\$19 million, representing a 35% revenue improvement on the previous quarter. At 31 March 2012, Senex had cash at hand of \$74 million.
- **Significant oil reserves upgrade:** On 4 April, Senex received independent certification of a major oil reserves upgrade across its Cooper Basin acreage, with Proved (1P) reserves at Growler oil field increased by 138%.

OIL BUSINESS

Production

Gross oil production for the quarter totalled 258,558 barrels and the average gross production rate was 2,841 barrels of oil per day (**bopd**). During April 2012, the gross production rate had increased to 3,500 bopd (approximately 2,400 bopd net to Senex). Details of Senex net oil production for the March quarter is provided in the table below.

Senex net oil production

	Previous quarter	Current quarter	Increase	Year to date
Barrels of oil	133,691	159,357	+19%	372,948
Barrels of oil per day (average)	1,453	1,751	+21%	1,356

The rapid production increase during the quarter was mainly due to successful oil appraisal at Growler oil field in PRL 15 (Senex 60% and Operator; Beach 40%). Since regaining access to the field in late September 2011, Senex has placed five new wells on production at the oil field. During April 2012, the field was producing at 2,600 bopd.

Despite the rapid increase in production from Growler, total production for the quarter was significantly lower than expected. This was mainly due to local rain, which halted oil transportation from all fields for several weeks and delayed the field development program, including the commissioning of the Snatcher oil field. This was compounded by the cessation of oil production and delays in field development activities at the non-operated Cuisinier oil field (Senex 15%) as a result of substantial delays in the issuing of a production license by the Queensland Government.

Production at Snatcher oil field in PEL 111 (Senex 60% and Operator; Beach 40%) is expected to be reinstated imminently. Senex undertook proactive development work at the field during the quarter to expedite the resumption of production. This included the construction of a new production test facility and causeways to access the two existing production wells, Snatcher-1 and Snatcher-2. However, progress was impeded by local rain and flooding which cut access to the field for several weeks.

The location of all Senex-operated oil fields is shown in Figure 1.

Causeway constructed to expedite access to inundated oil wells at Snatcher oil field.



Senex continues to work towards its 2011/12 financial year target of 700,000 barrels of oil, with additional production wells to be brought online at Snatcher and Growler oil fields in May and June. However, with recent events already deferring material production volumes, any further weather or production complications will impact the result.

Sales revenue

Senex net oil sales revenue for the March quarter was US\$19.3 million, as illustrated in the table below.

Senex net oil sales revenue

	Previous quarter	Current quarter	Increase	Year to date
Sales revenue (US\$)	14,286,898	19,313,771	+35%	42,213,876
Net delivered sales (Barrels of oil)	127,814	156,144	+22%	358,544
Average oil price (US\$)	111.78	124.47		

Oil transportation infrastructure

As previously advised, Senex is developing two infrastructure projects with key partners in the South Australian Cooper Basin: Beach and Santos. The oil transportation projects will significantly de-risk Senex's most productive assets in the Cooper Basin. The status of the two projects, which will be funded from cash reserves, is as follows:

Growler to Moomba flowlines

Installation of pipeline forming the Lycium Moomba flowline is substantially complete. Construction on the Growler to Lycium flowline commenced in mid-April 2012. The project is now expected to be completed in the second half of 2012. Senex holds a 40% interest in the Lycium to Moomba Facility and flowline and a 60% interest in the Growler to Lycium flowline. Beach is the Operator for both flowlines.

Charo to Tirrawarra pipeline

During the quarter, Senex made a capital contribution to this project as a prepayment of usage tariffs. Construction progressed but was impacted by local wet weather events and flooding from the Cooper Creek. Senex now expects construction to be completed in the June 2012 quarter. Santos is constructing the pipeline on behalf of the South Australian Cooper Basin Parties.

Oil exploration and appraisal

On 30 March 2012, Senex and Beach agreed to extend their 11-well drilling program on the western flank of the South Australian Cooper Basin on the strength of successful appraisal results at the Growler oil field. Three appraisal wells were added to the program:

- Growler-10 appraisal well at Growler oil field in PRL 15 and
- Snatcher-4 and Snatcher-5 appraisal wells at Snatcher oil field in PEL 111.

Senex drilled three oil appraisal wells in PRL 15 during the March quarter. Growler-7, Growler-8 and Growler-10 all intersected the main mid-Birkhead Formation reservoir and recorded between 14 and 18.8 metres of net pay. By the end of the quarter, Growler-7 and Growler-8 had commenced production. Growler-10 was the eleventh consecutive success for Senex at Growler oil field and will be placed on production in May.

Two oil exploration wells were drilled in PEL 104 during the quarter. A new oil accumulation was discovered while drilling Spitfire-1 in February, west of Growler oil field. Oil shows were observed from the mid-Birkhead Formation and 2.5 barrels of oil were recovered from a drill stem test, however the well was classified as non-commercial. Although Spitfire-1 was plugged and abandoned, follow-up wells will be considered to test the reservoir further once relevant data has been assessed. Thunderchief-1 was drilled in March to assess oil bearing potential of the mid-Birkhead channel north east of Growler oil field. The well was plugged and abandoned after intersecting minor oil shows and poor reservoir in the target channel section.

In April 2012, Senex drilled the Tigercat-2 exploration well in PEL 104, approximately 6.5 kilometres east of Growler oil field. Senex will drill two further oil exploration wells as part of the current program. Both wells will be drilled in PEL 111, close to the Snatcher oil field.

The table below summarises progress with the oil exploration and appraisal program to date:

Well	Spud date	Type	Result	Net pay
Vintage Crop-1	24 May 2011	Exploration	Successful	3.0 metres
Growler-6	17 Oct 2011	Appraisal	Successful	6.0 metres
Growler-9	20 Nov 2011	Appraisal	Successful	11.5 metres
Jaguar-1	2 Dec 2011	Exploration	Unsuccessful	N/A
Growler-11	22 Dec 2011	Appraisal	Successful	7.7 metres
Growler-7	5 Jan 2012	Appraisal	Successful	18.8 metres
Spitfire-1	20 Jan 2012	Exploration	Non-commercial	N/A

Well	Spud date	Type	Result	Net pay
Growler-8	11 Feb 2012	Appraisal	Successful	18.5 metres
Thunderchief-1	27 Feb 2012	Exploration	Unsuccessful	N/A
Growler-10	28 Mar 2012	Appraisal	Successful	14 metres
Tigercat-2	14 Apr 2012	Exploration	To be advised	To be advised

The location of these wells and the remaining three wells in the current oil exploration and appraisal program is shown in Figure 2.

UNCONVENTIONAL GAS BUSINESS

PEL 516 (Senex 100%)

Senex commenced a three-well unconventional gas exploration program in January 2012 with the spudding of Sasanof-1 in the west of PEL 516 on the southern edge of the South Australian Cooper Basin. Initial results were very positive with significant gas shows observed across the Epsilon and Patchawarra tight sand reservoirs of the Permian section and chromatographic analysis suggesting the presence of heavy gases and condensate. Initial desorption testing of the Roseneath and Murteree shale samples and Toolachee and Patchawarra coal samples also delivered positive gas contents.

Senex collected more than 200 metres of core samples from Sasanof-1 and completed an extensive wireline logging program through the Permian section. Senex is now analysing the exploration data and finalising the design of a comprehensive hydraulic fracture stimulation program at Sasanof-1 to evaluate the potential for commercial production of unconventional gas. The program will commence in May 2012.

In January 2012, Senex also successfully completed injectivity testing at the adjacent Allunga Trough-1 well. Results from the “mini fracs” at Allunga Trough-1 are being used to aid the design of commercial scale fracture stimulations at the three dedicated unconventional gas wells in the current program.

In April 2012, Senex began drilling its second dedicated unconventional gas exploration well in PEL 516 – Talaq-1. The well is located approximately 70 kilometres north east of Sasanof-1 and will be extensively cored across the entire Permian section. Once coring and wireline logging is completed, the well will be cased and suspended for subsequent hydraulic fracture stimulation.

Senex plans to drill its third unconventional gas well, Skipton-1, in June 2012.

Drilling the Sasanof-1 unconventional gas exploration well in the southern Cooper Basin



PEL 115 (Senex 55%; Orca Energy Limited 20%; Lion Petroleum Pty Ltd 25%)

On 1 February 2012, Senex earned a further 22% interest in the permit by agreeing to fund Orca Energy Limited's (**Orca's**) remaining 20% share of the cost of an unconventional gas exploration well. This increased Senex's holding to 55%. The PEL 115 vertical well will be Senex's fourth dedicated unconventional gas exploration well in the south Cooper Basin. It will be drilled, extensively cored, wireline logged and fracture stimulated in the second half of 2012 to assess the gas content, gas saturation and permeability of the target zones.

The location of Senex's unconventional gas interests and wells in the southern Cooper Basin are shown in Figure 3.

COAL SEAM GAS BUSINESS

Senex drilled the second of two coal seam gas wells, Kato-2, in ATP 593P (Senex 45% and Operator) during the quarter. The well reached a total depth of 305 metres and allowed for the collection of almost 240 metres of core. During coring, Senex intersected 10.5 metres of net coal in the Juandah and Taroom Coal Measures, and 5.6 metres of net gas bearing carbonaceous shale. Four successful drill stem tests were conducted over intervals in both the Juandah and Taroom Coal Measures to understand gas deliverability. The well delivered excellent initial results, with gas flowing to surface during drill stem testing, indicating excellent permeability. The location of Senex's coal seam gas interests in the Surat Basin is shown in Figure 4.

CORPORATE ACTIVITY

Sale of Port Bonython Fuels Project

Senex announced in March 2012 that it had agreed to sell its equity interest in Port Bonython Fuels Pty Ltd to Mitsubishi Corporation. Senex acquired the Port Bonython Fuel Terminal project along with the upstream assets of Stuart Petroleum Limited in May 2011. The project involves the construction of facilities in the upper reaches of Spencer Gulf in South Australia to handle, store and distribute liquid hydrocarbons including refined petroleum.

Acquisition of 19.99% interest in Orca

In early February 2012, Senex acquired a 19.99% holding in joint venture partner Orca for \$4.025 million. Under the terms of the agreement, Senex subscribed for 115 million new shares in Orca at 3.5 cents per share.

For further information contact:

Ian Davies
Managing Director
Senex Energy Limited
Phone: (07) 3837 9900

Competent Person Statement

Unless otherwise indicated, the statements contained in this report 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.

Figure 1 – Senex oil production interests in the Cooper Basin

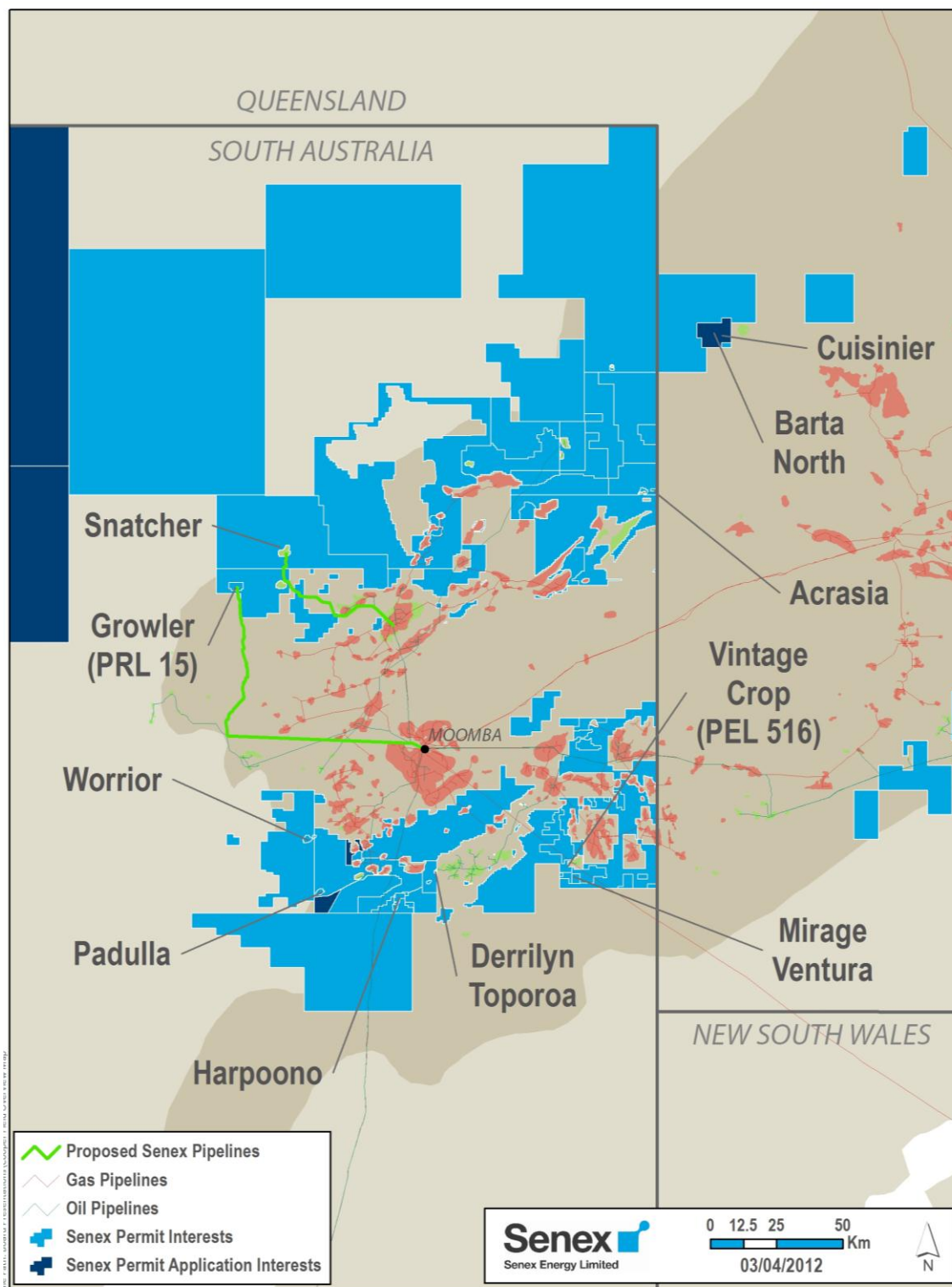


Figure 2 – Oil appraisal and exploration wells on the Cooper Basin's western flank

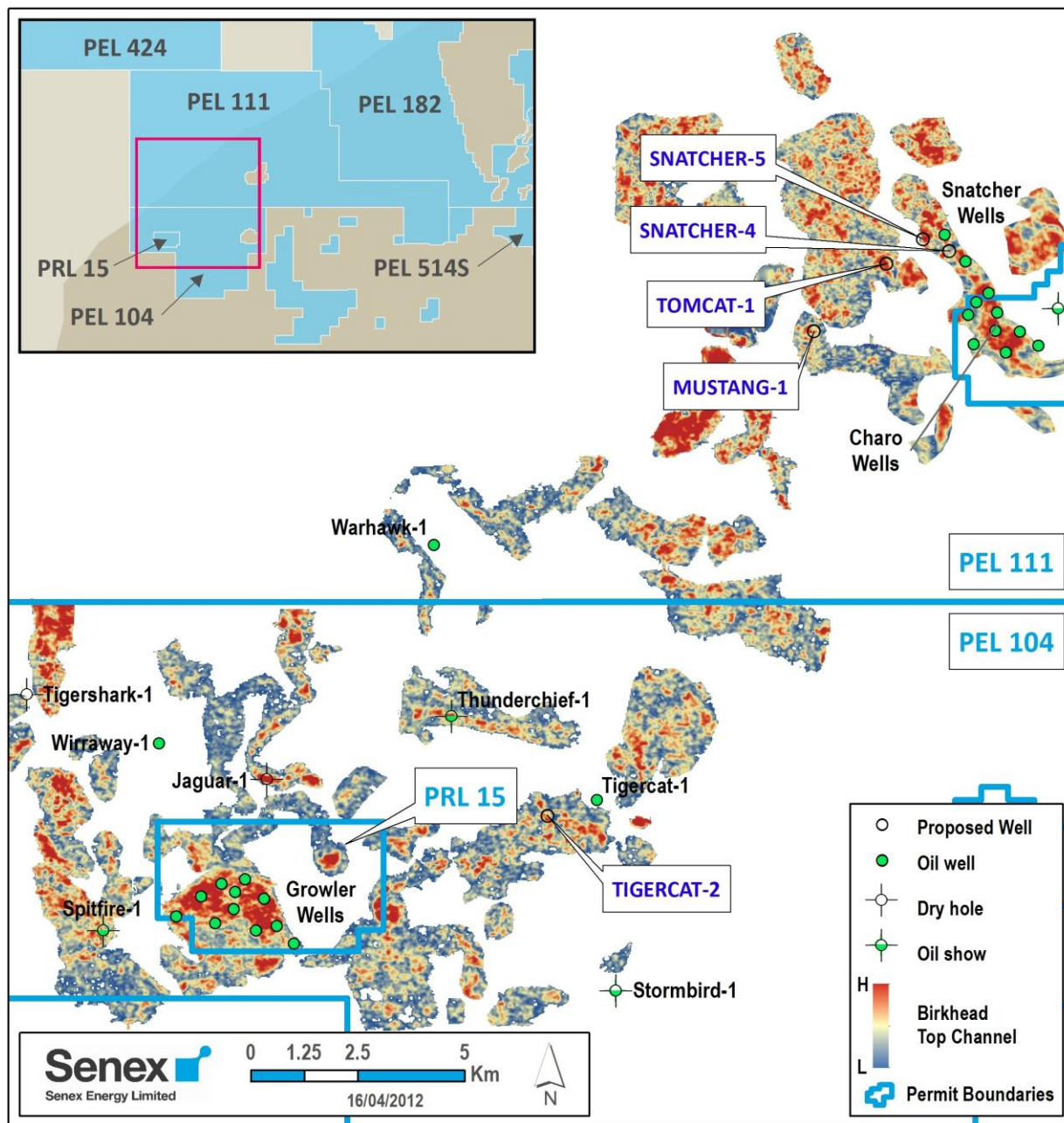


Figure 3: Unconventional gas interests in the southern Cooper Basin

The map shows the location of Senex's unconventional gas exploration wells in PEL 516 in the southern Cooper Basin as well as the location of PEL 115. The coloured background shows the depth to the top of the gas-rich Patchawarra Formation in the Permian section.

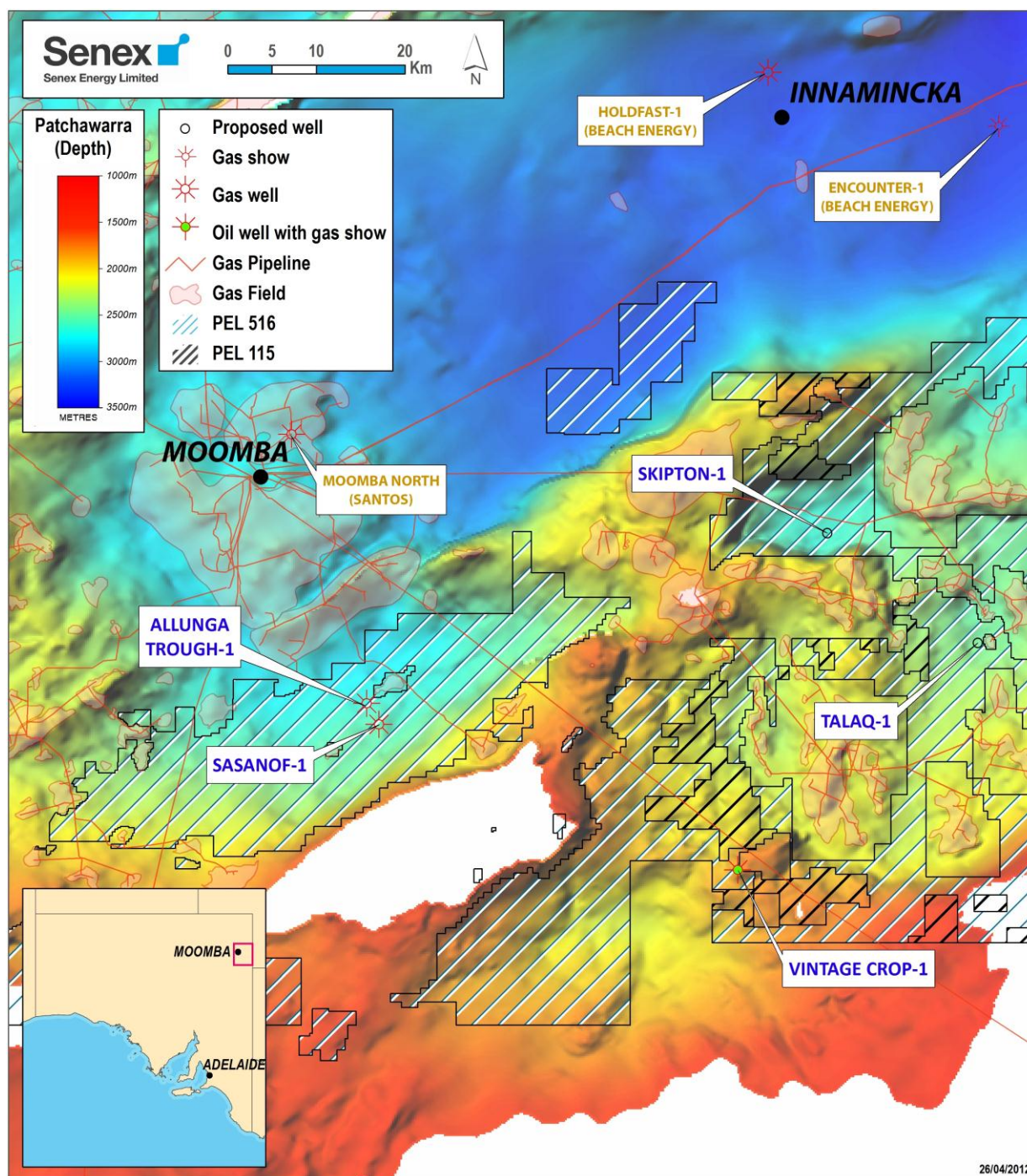
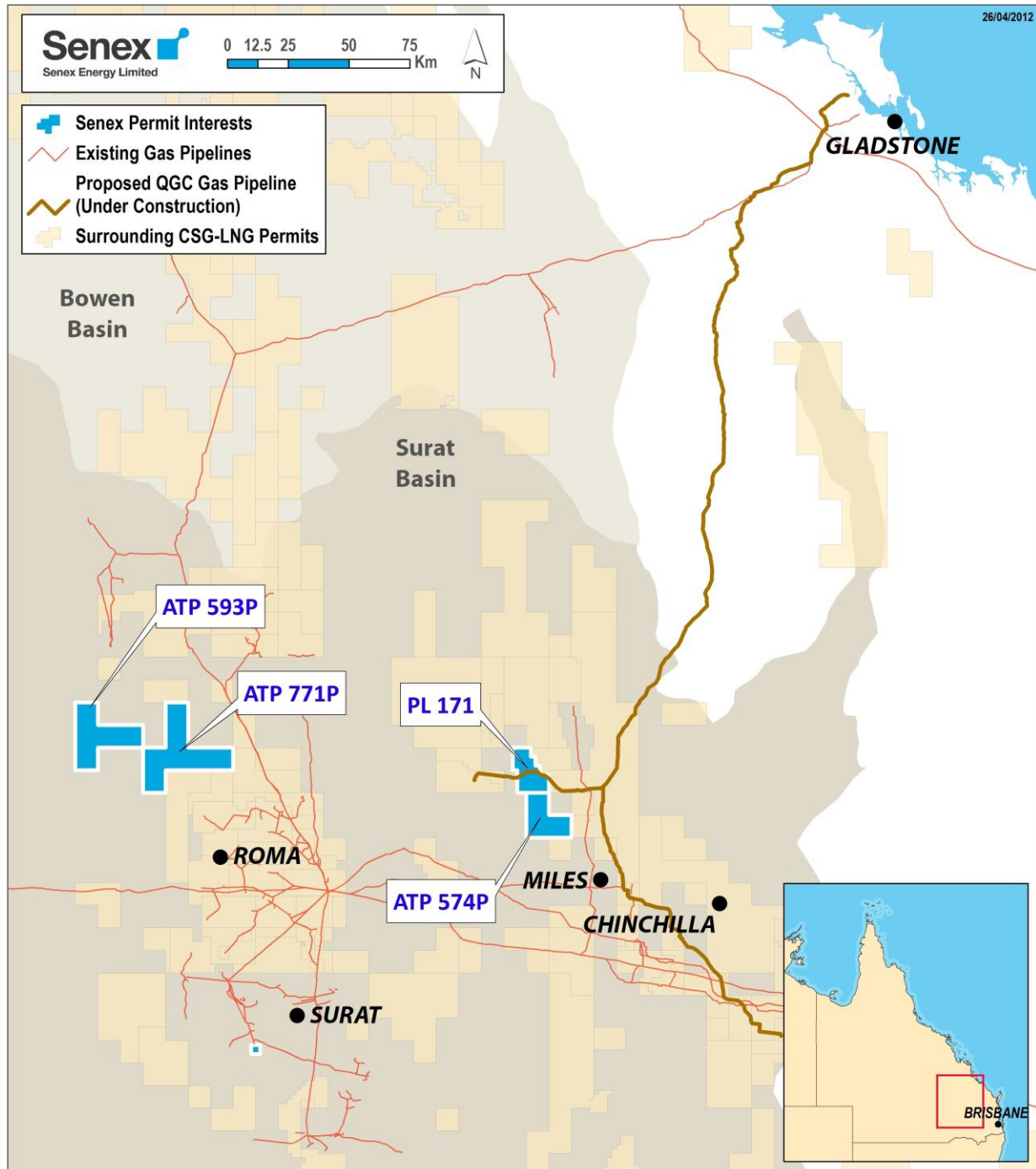


Figure 4: Senex's coal seam gas interests in Queensland's Surat Basin



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

ABN

50 008 942 827

Quarter ended ("current quarter")

31 March 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	15,403	34,176
1.2 Payments for: (a) exploration and evaluation	(7,766)	(12,234)
(b) development	(3,890)	(14,284)
(c) production	(8,666)	(15,164)
(d) administration	(4,778)	(8,445)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1,293	2,370
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	338	338
1.7 Other	-	-
Net operating cash flows	(8,066)	(13,243)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(4,025)	(4,025)
(c) other fixed assets	(5,424)	(6,112)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(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	(9,449)	(10,137)
1.13 Total operating and investing cash flows (carried forward)	(17,515)	(23,380)

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

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.13 Total operating and investing cash flows (brought forward)	(17,515)	(23,380)
Cash flows related to financing activities		
1.14 Net proceeds from issues of shares, options, etc.	720	54,772
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	720	54,771
Net increase (decrease) in cash held	(16,795)	31,392
1.20 Cash at beginning of quarter/year to date	90,532	42,278
1.21 Exchange rate adjustments to item 1.20	362	429
1.22 Cash at end of quarter	74,099	74,099

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	196
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 – 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	17,128
4.2 Development	17,778
4.3 Production (net outflow)	-
4.4 Administration	7,200
Total	42,106

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	22,812	15,072
5.2 Deposits at call	45,000	70,000
5.3 Bank overdraft	-	-
5.4 Cash advanced to joint venture operations	6,287	5,460
Total cash at end of quarter (item 1.22)	74,099	90,532

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	N/A	N/A	N/A
6.2	Interests in mining tenements acquired or increased	PEL 115 Senex agreed to fund Orca Energy's remaining 20% share of the cost of an unconventional gas well	33%	55%

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	923,847,416	923,847,416	
7.4	Changes during quarter			
	(a) Increases through issues	260,000 2,050,000 570,000	- - -	0.00c 25.00c 37.00c
	(b) Decreases through returns of capital, buy-backs	- - -	- - -	- - -

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

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> 30/6/2014 1,640,000	-	<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> 1/7/2014 667,000	-	<i>Exercise price:</i> 40.0c	-
	<i>Expiry date:</i> 1/7/2015 667,000	-	<i>Exercise price:</i> 40.0c	-
	<i>Expiry date:</i> 1/7/2016 666,000	-	<i>Exercise price:</i> 40.0c	-

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	-	-	-	-
7.9	Exercised during quarter	<i>Expiry date:</i> 31/01/2012 2,050,000	-	<i>Exercise price:</i> 25.0c	-
		<i>Expiry date:</i> 30/6/2014 570,000	-	<i>Exercise price:</i> 37.0c	-
7.10	Expired during quarter	<i>Expiry date:</i> 31/01/2012 75,000	-	<i>Exercise price:</i> 25.0c	-
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: 26 April 2012
Secretary and Legal Counsel

Print name: Frank Connolly

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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