

8 May 2012

Mr Cameron Bill
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Dear Cameron:

ASX query – Australian Financial Review “Street Talk” article - 8 May 2012

You have asked Senex to respond to the Street Talk item in today's Australian Financial Review that states Senex is gearing up for the potential sale of its Queensland coal seam gas interests, with any deal expected to fetch more than \$200 million.

It is clear from the Street Talk article that the nominated sale price of Senex's CSG assets is drawn directly from research analysis published by RBS Morgans. A range of values for these assets has been ascribed by other independent broker research.

We are aware of significant interest in strategically located upstream gas assets in Queensland's Surat Basin. However, Senex has not received an offer or proposal to acquire the assets, nor has Senex decided to sell the assets.

Senex is constantly considering its investment priorities and all of its assets are under strategic review from time to time. Over the past 18 months we have conducted an internal program to fully understand the value of our Queensland CSG assets and the various paths to commercialisation and monetisation. This work is ongoing.

Last week BG Group sold its \$75 million holding in Senex to a broad spread of domestic and international fund managers and professional investors. RBS Morgans Research stated that this sell down was part of BG Group's announced A\$5 billion worldwide asset rationalisation and funding diversification program. Senex enjoys an excellent working relationship with BG Group and looks forward to progressing the exploration and appraisal of its jointly held CSG permits.

Senex is aware of its continuous disclosure obligations and will continue to provide information to ensure the market remains fully informed.

Yours sincerely

A handwritten signature in blue ink that reads "Frank Connolly".

Frank Connolly
Secretary & Legal Counsel
Senex Energy Limited