

Quarterly Report

Period ended 31 March 2013

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ABOUT SENEX

Senex is a rapidly growing, independent oil and gas company focused on operating and developing valuable energy sources in Australia's Cooper, Eromanga and Surat Basins.

Senex generates revenue from its producing oil assets in the Cooper Basin and is actively exploring and developing its oil and gas assets across its extensive portfolio.

PERFORMANCE SUMMARY

Operational

- Net oil production for the nine months to 31 March 2013 of 959,690 barrels (**bbls**) was 60% up on the 2011/12 full year result
- Full year production guidance revised to 1.2 million barrels
- Quarterly oil production of 299,554 barrels, down 7% due to workovers on key western flank wells, localised rain and natural decline
- Successful oil appraisal at Vintage Crop-2 in PEL 516 (Senex 100%)
- Appraisal success at Cuisinier oil field in ATP 752P (Senex 15%) with the first two of five wells to be completed as oil producers
- Coal seam gas reserves and resources upgraded by 15% to 598 petajoules (**PJ**)
- Three unconventional gas exploration wells successfully fracture stimulated in the southern Cooper Basin
- In PEL 115 (Senex 80% and Operator), gas flows at Kingston Rule-1 reached 1.4 million standard cubic feet per day (**mmscfd**) and gas flows at Hornet-1 increased to an average of 2.2 mmscfd
- In PEL 90 (Senex 100%), drilling of Paning-2 confirmed material gas volumes in the Patchawarra Trough with fracture stimulation planned for the June quarter
- Preparation work commenced on the 1,030 square kilometre Dundinna 3D seismic survey on the western flank oil fairway

Financial

- Oil sales delivered revenues of \$32.2 million for the quarter
- \$150.4 million cash balance and zero debt as at 31 March

Corporate

- Management expertise and capability expanded
- Senex reclassified as a Mining Producing Entity by ASX

Performance indicator	March 2013 Quarter	December 2012 Quarter	Quarter on quarter change	Nine months to 31 March 2013
Production (net kbbls)	299.6	322.8	(7%)	959.7
Revenue (\$ million)	32.2	34.3	(6%)	104.2
Cash reserves (\$ million)	150.4	149.6	1%	150.4
Capital expenditure (\$ million)	32.4	43.0	(25%)	110.5

ANOTHER STRONG QUARTER

During the March quarter Senex continued to deliver positive results for shareholders, consistent with our plans for rapid development of our oil and gas resources in the Cooper and Surat Basins:

- Solid production from our western flank oil fields
- Successful oil appraisal at Vintage Crop and Cuisinier
- Excellent early results from our unconventional gas exploration
- Increased coal seam gas reserves in the Surat Basin

Financially, Senex is in a very strong position with \$150 million in cash and no debt. All of our current year and 2013/14 work programs are fully funded and oil production continues to generate cashflow.

Strategically, Senex is in a perfect position to benefit from growing energy demand. We operate almost every oil and gas asset in our portfolio which gives us the freedom to control our capital spend. In addition, our highly prospective acreage is close to existing infrastructure, including crucial east coast gas pipelines.

Over the last three years, we have demonstrated our capacity to grow the business and increase reserves. Our recent unconventional gas exploration has confirmed the potential for new gas supplies from the Cooper Basin. We are working hard to deliver a material resource to take advantage of the anticipated gas supply shortfall and price increases in eastern Australia over coming years.

Ian Davies

Managing Director and CEO

CORPORATE

Management expertise and capabilities expanded

In early January 2013, Mr James Crowley joined the Executive Leadership Team as General Manager Exploration and Development, in recognition of the company's growing oil and gas exploration programs in the Cooper Basin. Before joining Senex, Mr Crowley's 28-year career in the oil and gas industry included senior management roles with Origin Energy and Apache Corporation. Biographies of all key management personnel are available on the Senex website.

Senex reclassified as Mining Producing Entity

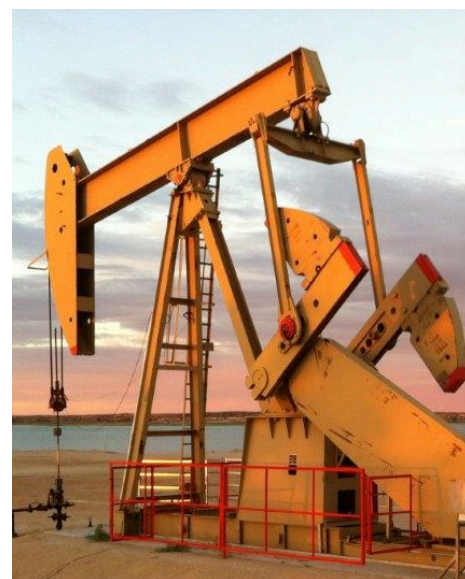
On 8 March 2013, the Australian Securities Exchange (**ASX**) advised that it would amend the company's industry classification to Mining Producing Entity for reporting purposes, effective 1 January 2013. Accordingly, listing rule 5.3 no longer applies to Senex and all quarterly reports will be released to the market in accordance with listing rule 5.1. In relation to other periodic reporting, Senex will now comply with listing rules 4.2A.3 and 4.3A for the disclosure of half year and full year financial results.



Ian Davies, MD and CEO



Western flank oil field storage



Snatcher-3 production well

OIL BUSINESS

Production

Net oil production for the nine months to 31 March 2013 was 959,690 barrels and exceeded the one million barrel full year production target in April. Accordingly, Senex announced revised production guidance for 2012/13 of 1.2 million barrels on 15 April.

March quarter production from Senex's operated and non-operated oil fields in the Cooper Basin totalled 299,554 barrels (net), representing a 7% decrease on the previous quarter. The decrease was mainly due to workovers on key western flank wells, localised rain and natural decline in mature fields.

Sales and revenue

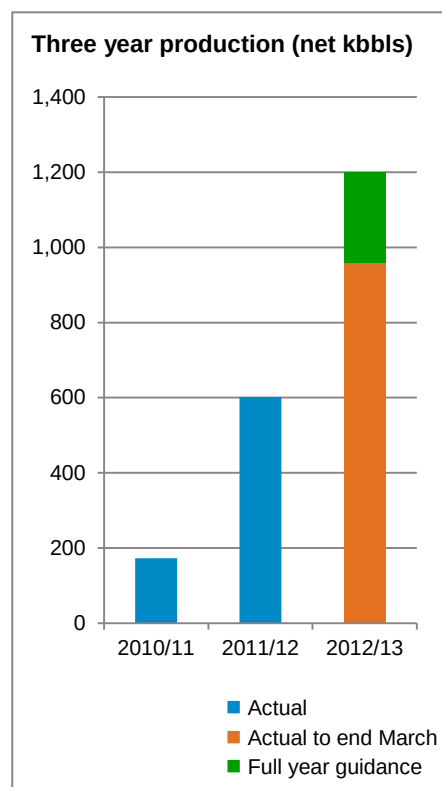
Revenue for the nine months to 31 March 2013 of \$104.2 million represents a 48% improvement on 2011/12 full year result of \$70.4 million. Senex oil sales for the March quarter of 293,946 barrels were 4% down on the previous quarter. Quarterly revenue was \$32.2 million, down 6% on the preceding quarter as a result of lower sales volumes and a marginally lower average oil price.

Pipelines

The Growler oil field in PPL 242 (Senex 60% and Operator, Beach Energy Limited (**Beach**, ASX: BPT)) was connected to Moomba in mid-December 2012. The connection comprises the 70 kilometre Growler to Lycium pipeline (Beach 40% and Operator, Senex 60%) and the 74 kilometre Lycium to Moomba pipeline (Beach 60% and Operator, Senex 40%). The pipelines were operational throughout the quarter.

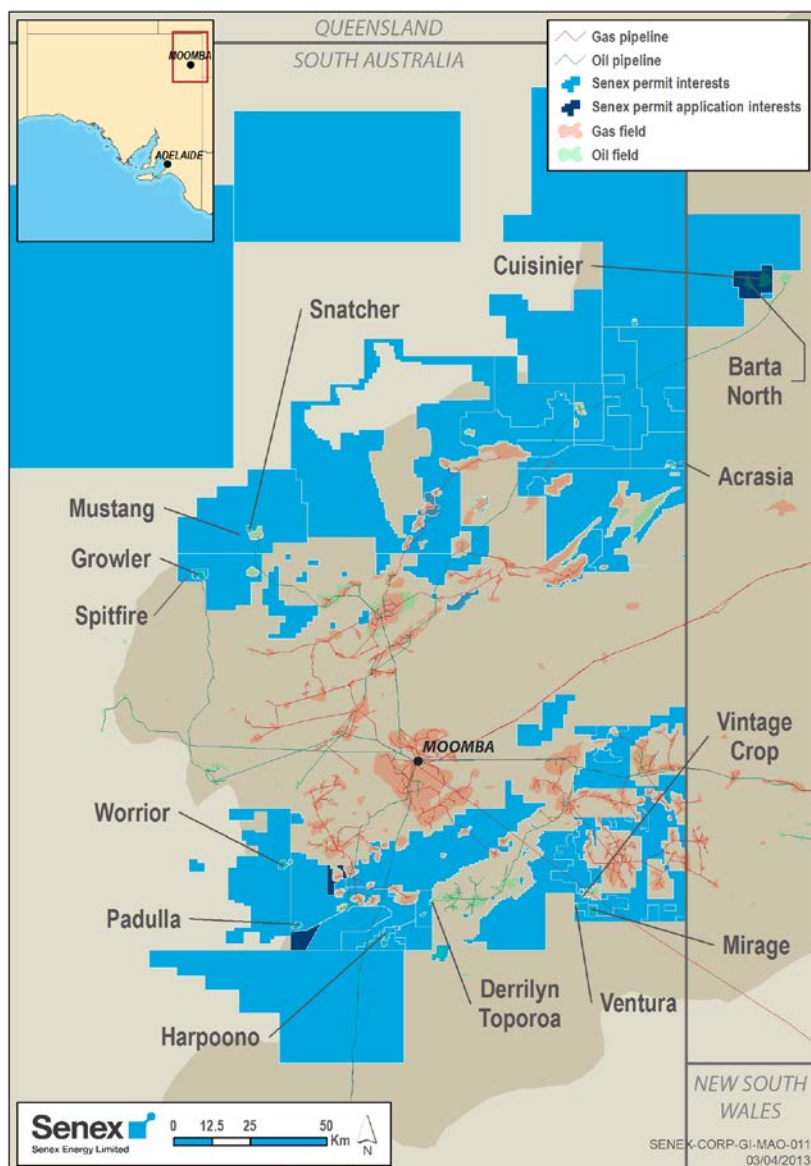
In December 2012, Senex completed construction of a 3.5 kilometre pipeline between Snatcher oil field in PPL 240 (Senex 60% and Operator, Beach 40%) and the neighbouring Charo oil field (operated by Santos Limited (**Santos**, ASX: STO)), to connect Snatcher with Moomba via the Tirrawarra pipeline (operated by Santos). During the March quarter, Senex finalised commissioning procedures and metering systems. Senex is negotiating the tie-in agreement and expects the pipeline to be operational in the June quarter.

Senex expects these pipelines to reduce operating costs (across total Senex production) by around \$4 per barrel.

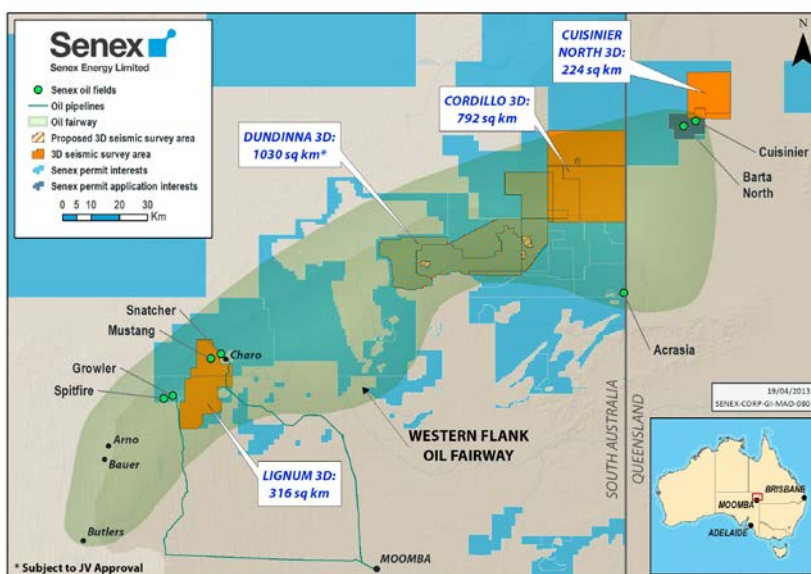


The Snatcher-Charo metering and pumping skid was completed in the March quarter

Production and sales	March 2013 Quarter	December 2012 Quarter	Quarter on quarter change	Nine months to 31 March 2013
Production (net kbbls)	299.6	322.8	(7%)	959.7
Sales (net kbbls)	293.9	305.5	(4%)	932.1
Revenue (\$ million)	32.2	34.3	(6%)	104.2
Oil price (\$ per bbl)	109.54	112.28	(2%)	111.79



Senex oil fields and permit interests in the Cooper Basin



3D seismic survey locations on the western flank oil fairway

Oil exploration, appraisal and development

During the March quarter, exploration work centred on several 3D seismic programs designed to identify the next generation of prospects throughout the western flank oil fairway.

Successful oil appraisal wells were drilled during the quarter at Vintage Crop in the south and Cuisinier in the north east of the Cooper Basin.

Development activities at Senex-operated oil fields in the Cooper Basin mainly focused on stabilising and optimising production. Senex continued a program of targeted field reviews, well optimisation activities and facility upgrades to increase understanding of the reservoirs, improve production and extend field life. Targeted facility upgrades delivered production improvements at mature oil fields and workovers lifted production on key western flank oil wells. Localised flooding caused some delays with Mustang, Snatcher and Spitfire oil fields affected.

3D seismic surveys

Work on strategic 3D seismic surveys continued during the quarter, with data processing underway on the Senex-operated Cordillo and Lignum surveys, and the Santos-operated Cuisinier North 3D seismic survey.

Preparation work commenced for the 1,030 square kilometre Dundinna 3D seismic survey on the western flank oil fairway. Regulatory approval for the survey was obtained and Traditional Owner Cultural Heritage clearances have commenced. Seismic acquisition will begin in the June quarter.

Vintage Crop oil field (PPL 241: Senex 100%)

During March, Senex drilled the appraisal well Vintage Crop-2 to confirm the extent of the McKinlay oil accumulation, approximately 430 metres north of the Vintage Crop-1 oil discovery in the southern Cooper Basin. Ensign Rig 48 spudded the well on 15 March and reached total depth of 1,708 metres on 22 March.

Wireline logs confirmed the presence of oil accumulations over a combined interval of 59 metres (gross), with preliminary interpreted net pay of 6.5 metres in the McKinlay Formation. One drill-stem test was run to confirm the presence of oil in the Murta Formation, which produces in Senex's nearby Mirage oil field (PPL 213: Senex 60%, Beach 40%). The well also intersected strong indications of oil pay in both the upper and lower parts of the Birkhead Formation.

Vintage Crop-2 has been cased and suspended and will be completed as a future oil producer.

Cuisinier oil field (ATP 752P: Senex 15%, Santos 45% and Operator)

During the quarter, Santos commenced a five well appraisal and development campaign at Cuisinier oil field in the Queensland Cooper Basin. The program was designed to optimise field productivity and further define ultimate field size, targeting the primary Murta Formation.

The first appraisal well, Cuisinier-7, is located 924 metres north west of Cuisinier-6. Ensign Rig 918 commenced drilling on 21 March and reached total depth of 1,760 metres on 2 April. Santos advised that wireline logs confirmed the presence of approximately 6.2 metres (preliminary) net pay in the Murta Formation. The well has been cased and suspended pending completion as a future oil producer.

Subsequent to the end of the quarter, Santos drilled a second well, Cuisinier-8, which is located 595 metres south east of Cuisinier-2. Drilling commenced on 11 April, and reached total depth of 1,756 metres on 18 April. Preliminary analysis of wireline logs confirmed the presence of movable hydrocarbons in the Murta Formation. Net pay will be confirmed following further data analysis. The well will be cased and suspended pending completion as a future oil producer.

Growler oil field (PPL 242: Senex 60% and Operator, Beach 40%)

The field continued to perform strongly during the March quarter. The Growler-5 well was offline for the majority of the quarter for a workover designed to lift production. Oil export from the field via the Growler-Lycium-Moomba pipeline was not impacted by wet weather and road closures across the Cooper Basin in March.



Ensign Rig 48 is expected to return to the western flank in the June 2013 quarter to recommence drilling



Wild Desert Rig 10 completed a series of workovers and recompletions at Senex operated oil fields during the March quarter to lift production

Snatcher oil field (PPL 240: Senex 60% and Operator, Beach 40%)

Cumulative field production was lower than expected for the quarter with wet weather and road closures in February and March causing full field shutdowns and reduced production rates over a two week period. During the quarter, Senex successfully recompleted the Snatcher-8 well and optimised the pumping unit, establishing the well as the best performer in the field. In the June quarter, Senex plans to complete the successful Snatcher-9 well and is also evaluating further appraisal wells to test the extent of the field.

Mustang oil field (PEL 111: Senex 60% and Operator, Beach 40%)

The Mustang-1 well continued free-flow production for most of the quarter as part of an extended production test that began on 1 December 2012. The well was offline for nearly two weeks in January for pressure testing and, in March, wet weather and subsequent road closures suspended production at the field for another two weeks.

Spitfire oil field (PEL 104: Senex 60% and Operator, Beach 40%)

The successful Spitfire-2 well was placed on initial production test in January 2013 to assess the field's deliverability and reserves potential. Following favourable results, Senex prepared for an extended production test at Spitfire, with the well offline for several weeks. The extended production test commenced in early April.

Non-western flank oil fields (Senex operated)

Senex continued a program of field reviews at its mature, non-western flank oil fields during the quarter to identify opportunities for production improvements. Optimisation work to date has included geological remapping and reservoir testing:

- At Acrasia oil field (PPL 203: Senex 75%, Beach 25%), Senex has identified opportunities to lift production through recompletions; and
- At Worrior oil field (PPL 207: Senex 70%, Cooper Energy Limited 30% (ASX: COE), Senex has upgraded the potential of the previously unexploited Murta play and identified opportunities to increase production through recompletions and further appraisal drilling.



Western flank oil pipelines will reduce operating costs for Senex



Senex employs a team of seasoned operations and maintenance specialists to oversee its extensive Cooper Basin interests

UNCONVENTIONAL GAS EXPLORATION

Exploration activities in the March quarter provide confidence that Senex's Cooper Basin acreage contains significant gas volumes in both northern and southern gas provinces (as illustrated in the map below). Analysis and interpretation of exploration data compiled to date suggests the potential recoverable resource covers the full spectrum of gas plays, including stratigraphic traps and basin centred gas. Senex expects to book a material contingent gas resource for the current financial year.

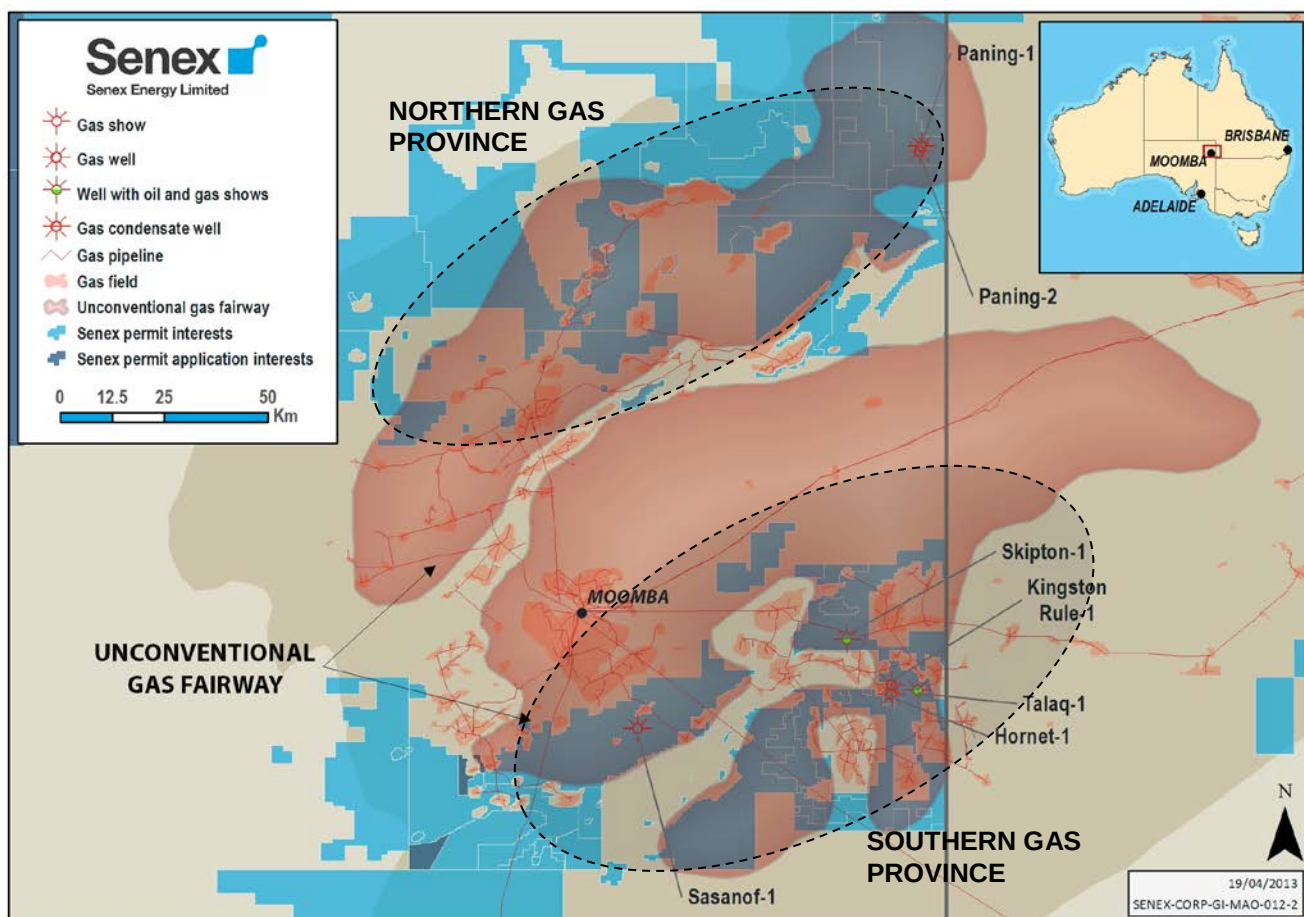
In February 2013, Senex commenced a fracture stimulation program of its unconventional gas exploration wells. By the end of the quarter, Senex's fracture stimulation contractor, Halliburton, had completed multi-zone fracture stimulations of three wells in the southern gas province.

Also in February, Weatherford Rig 826 drilled Senex's fifth dedicated unconventional gas exploration well at Paning-2 in the northern gas province. The well was cased and suspended after confirming material gas volumes in the Patchawarra Trough, and will be fracture stimulated in the June quarter.

Senex will recommence drilling on its unconventional gas exploration program in the September quarter, when the 2,000 horsepower Ensign Rig 969 is expected to arrive in country. A smaller 1,275 horsepower rig has also been contracted to undertake oil and gas drilling, arriving late 2013.



Senex successfully fracture stimulated three unconventional gas exploration wells in the March quarter



Southern gas province

In the March quarter, Senex successfully fracture stimulated three unconventional gas exploration wells in its southern Cooper Basin permits: Hornet-1, Kingston Rule-1 and Skipton-1. Planning is underway for fracture stimulation of Paning-2 (in the north), with stimulation of Talaq-1 deferred pending further evaluation.

Hornet-1 (PEL 115: Senex 80% and Operator, Orca Energy Limited (Orca, ASX: OGY) 20%)

Hornet-1 was drilled by Victoria Petroleum (now Senex) in 2004. Senex successfully completed a multizone fracture stimulation of Hornet-1 in March 2013, targeting the tight gas sands of the Patchawarra Formation. The well was stimulated over the interval 2,484 metres to 2,678 metres and gas flowed to surface at a rate exceeding 2 mmscfd during clean up activities. Flow testing and pressure monitoring continued during April with gas flows sustaining an average flow rate of 2.2 mmscfd over five days, constrained through a 34/64 inch choke, and with pressure building. The well has been suspended pending design of surface facilities to allow for longer term production testing.

Kingston Rule-1 (PEL 115: Senex 80% and Operator, Orca 20%)

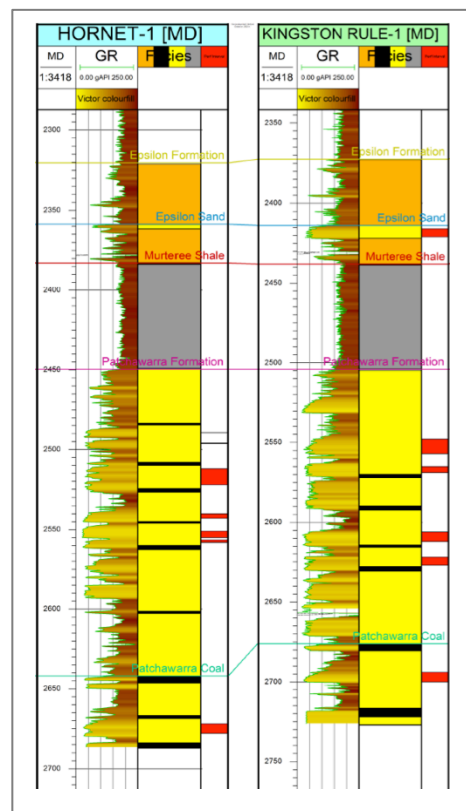
Kingston Rule-1 was drilled in late 2012 and is located 2.4 kilometres north of Hornet-1. Senex successfully completed a multizone fracture stimulation of the well in early March 2013, targeting the tight gas sands of the Patchawarra and Epsilon formations. During clean up and flowback activities, gas flowed to surface at a constrained rate of 1.2 mmscfd through 5 ½ inch casing without installing production tubing. Further testing confirmed average gas flows of 1.4 mmscfd with condensate produced at a rate of 10 to 20 barrels per million cubic feet of gas. The well has been suspended and the results of initial flow testing will be incorporated into the completion design for longer term production testing.

Skipton-1 (PEL 516: Senex 100%)

Skipton-1 is located approximately 14 kilometres north west of Kingston Rule-1. In February 2013, Senex successfully completed a multizone fracture stimulation at Skipton-1 targeting the tight gas sands of the Patchawarra Formation and the Murteree Shale. Clean up and flowback of the fracture stimulation fluid commenced, but the well was shut in for several weeks due to localised flooding and operational difficulties which delayed well site operations and prevented the removal of zonal isolation plugs. Since then, Wild Desert Rig 10 has moved to complete workovers of oil production wells. When the rig is available, it will return to Skipton-1 to install production tubing to allow the remaining fracture fluid to be removed and production testing to commence.



Hornet-1 flowed at a sustained average rate of 2.2 mmscfd during April and has been suspended ahead of longer term production testing



Multizone fracture stimulations (shown in red) were completed in the Patchawarra Formation at Hornet-1 and Kingston Rule-1

Northern gas province

Paning-2 (PEL 90: Senex 100%)

During the quarter, Senex cased and suspended the Paning-2 unconventional gas exploration well in northern Cooper Basin permit PEL 90, ahead of fracture stimulation in the June quarter. The well delivered very encouraging preliminary data and Senex estimates potential gas in place of 2.1 trillion cubic feet (**Tcf**) in the deep coals with additional material gas volumes in the tight Permian sands.

The well intersected 117 metres of net gas pay in the tight sands and deep coals of the Patchawarra Trough, and Senex recovered 22 metres of core samples from the Toolachee coals to allow analysis of gas content and petrophysical properties. The well also intersected tight sands and coals of the Epsilon and Patchawarra formations, which also flowed gas in Paning-1 in 1980 (operated by Delhi Petroleum).

Weatherford Rig 826 commenced drilling the well on 15 December 2012 and reached a total depth of 3,180 metres before the rig was released on 2 February 2013. Paning-2 is located 1.2 kilometres south west of Paning-1 and is the first exploration well to target the unconventional gas potential of the region.



Weatherford Rig 826 drilled Senex's fifth operated unconventional gas exploration well, Paning-2

COAL SEAM GAS EXPLORATION

Reserves upgrade

On 25 February, Senex announced an upgrade of its net coal seam gas reserves and resources across its four strategically located permits in the Queensland Surat Basin. The upgrade, which was independently estimated by MHA Petroleum Consultants LLC, increased net reserves and resources to 598 PJ. Proved and probable (**2P**) reserves increased by 13% to 157 PJ and proved, probable and possible (**3P**) reserves increased by 14% to 358 PJ.

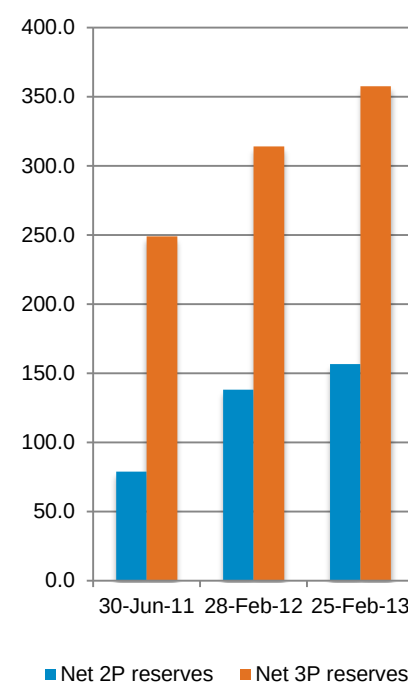
2013 work program

During the 2013 calendar year, Senex and its joint venture partners plan to drill 11 coal seam gas wells and two ground water monitoring wells. This includes five wells carried over from the 2012 program.

Work is expected to commence in May 2013:

- In the eastern Surat Basin permits (PL 171: Senex 20% and ATP 574P: Senex 30%), QGC (as Operator) will drill seven wells starting in May 2013.
- In the western Surat Basin permits (ATP 593P and ATP 771P: Senex 45% and Operator), four core holes will be drilled in the June quarter to further test the extent of the resource and build additional 2P reserves.

Coal seam gas reserves growth (PJ)



FINANCIAL INFORMATION

At the end of the March quarter, Senex was in a strong financial position with cash reserves of \$150 million and no debt. Capital expenditure for the period is shown below.

Capital expenditure	March 2013 Quarter (\$ million)	December 2012 Quarter (\$ million)	Quarter on quarter change	Nine months to 31 March (\$ million)
Exploration and appraisal	29.4	30.9	(5%)	84.1
Development, plant and equipment	4.8	8.9	(46%)	25.0
Total	34.2	39.8	(14%)	109.1

DRILLING REGISTER

A summary of exploration, appraisal and development drilling undertaken by Senex and its joint venture partners on Senex permits during 2012/13 to date is provided below.

Oil

Well	Location	Spud date	Type	Status
Cuisinier North-1*	ATP 752P	2-Jul-2012	Exploration	Suspended following extended production test
Mustang-1	PEL 111	4-Jul-2012	Exploration	Extended production test
Kruger-1**	PEL 516	23-Jul-2012	Exploration	Plugged and abandoned
Snatcher-6	PPL 240	30-Jul-2012	Development	On production
Tomcat-1	PEL 111	16-Aug-2012	Exploration	Plugged and abandoned
Snatcher-7	PPL 240	28-Aug-2012	Development	On production
Snatcher-10	PPL 240	18-Sep-2012	Appraisal	Cased and suspended awaiting completion
Snatcher-8	PPL 240	30-Sep-2012	Development	On production
Snatcher-9	PEL 111	2-Nov-2012	Appraisal	Cased and suspended awaiting completion
Spitfire-2	PEL 104	17-Nov-2012	Exploration	Extended production test
Vintage Crop-2	PPL 241	15-Mar-2013	Appraisal	Cased and suspended awaiting completion
Cuisinier-7*	ATP 752P	21-Mar-2013	Appraisal	Cased and suspended awaiting completion
Cuisinier-8*	ATP 752P	10-Apr-2013	Appraisal	To be cased and suspended after drilling

* Operated by Santos

** Funded 100% by Ambassador Oil & Gas

Gas

Well	Location	Spud date	Type	Status
Indy-1	ATP 771P	24-Jul-2012	CSG core hole	Plugged and abandoned*
Lawton-5**	PL 171	25-Jul-2012	CSG appraisal	Cased and suspended
Lawton-8**	PL 171	4-Aug-2012	CSG appraisal	Cased and suspended
Indy-2	ATP 771P	7-Aug-2012	CSG core hole	Plugged and abandoned*
Skipton-1	PEL 516	15-Aug-2012	Gas exploration	Suspended, awaiting further testing
Alex-10**	PL 171	15-Aug-2012	CSG appraisal	Cased and suspended
Peebs-9**	ATP 574P	15-Sep-2012	CSG appraisal	Cased and suspended
Peebs-11**	ATP 574P	21-Sep-2012	CSG appraisal	Cased and suspended
Kingston Rule-1	PEL 115	21-Oct-2012	Gas exploration	Suspended, awaiting completion
Paning-2	PEL 90	15-Dec-2012	Gas exploration	Suspended, awaiting stimulation

* Core hole not designed for gas production. Well delivered field delineation data that resulted in a reserves upgrade

** Operated by QGC

GLOSSARY

\$ means Australian dollars

2P means proved and probable reserves in accordance with the SPE-PRMS

3P proved, probable and possible reserves in accordance with the SPE-PRMS

ASX means the Australian securities exchange operated by ASX Limited ACN 008 624 691

ATP means authority to prospect granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

Barrel/bbl means the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons

bopd means barrels of oil per day

Cooper Basin means the sedimentary geological basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland

CSG means coal seam gas where gas is stored within coal deposits or seams

Eromanga Basin means the Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales

Exploration means drilling, seismic or technical studies to identify and evaluate regions or prospects with the potential to contain hydrocarbons

Gross pay means the overall interval in which pay sections occur

kbbbls means a thousand barrels

mmscfd means million standard cubic feet of gas per day

Net pay means the smaller portions of the gross pay that mean local criteria for pay, such as porosity, permeability and hydrocarbon saturation

PEL means petroleum exploration licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)

PL means a petroleum lease granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

PPL means petroleum production licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)

PJ means petajoule

Reserve means commercially recoverable resources which have been justified for development

Senex means Senex Energy Limited ABN 50 008 942 827

SPE-PRMS means the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers

Surat Basin means the sedimentary geological basin of Jurassic to Cretaceous age in southern Queensland and northern New South Wales

Tcf means trillion cubic feet of gas

For further information contact:

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Competent person statement

Information about Senex's reserves estimates has been compiled by Mr James Crowley who is a full time employee of Senex, is qualified in accordance with ASX listing rule 5.11 and has consented to the inclusion of this information in the form and context in which it appears in this report.