Senex
Senex Energy Limited

Quarterly Report Period ended 30 June 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.

COMPETENT PERSON

Information about Senex's reserves and resources estimates have 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.

PERFORMANCE SUMMARY

Corresponding period	Q4 2013	Q4 2012	Change
Production (mmbbls)	0.29	0.23	25%
Sales (mmbbls)	0.28	0.22	26%
Revenue ($ million)	33.1	24.6	35%

Quarterly comparison	Q4 2013	Q3 2013	Change
Production (mmbbls)	0.29	0.30	(5%)
Sales (mmbbls)	0.28	0.29	(5%)
Revenue ($ million)	33.1	32.2	3%

Year on year comparison	2013	2012	Change
Production (mmbbls)	1.24	0.60	107%
Sales (mmbbls)	1.21	0.58	110%
Revenue ($ million)	137.3	70.4	95%

FY14 guidance

- Oil production guidance of 1.4 million to 1.6 million barrels (**mmbbls**) for 2013/14 represents a 13% to 28% increase on 2012/13
- 2P oil reserves growth guidance of 4 million to 6 million barrels
- 30+ oil wells to be drilled across the South Australian Cooper Basin
- Persistent focus on cost reduction and balance sheet preservation while progressing early development of Hornet gas field

Record oil production, reserves and seismic

- Oil production more than doubled to 1.24 mmbbls over 12 months
- 2P oil reserves increased by 3.9 mmbbls to 10.8 mmbbls, representing a reserves replacement ratio of 319%
- 1,037 square kilometre Dundinna 3D seismic survey underway to identify next generation of oil prospects and drilling targets

Gas discovery and resource booking

- 2.4 trillion cubic feet (**Tcf**) 3C contingent gas resource (396 mmboe) conventional gas discovery at Hornet, less than 30 kilometres from the Moomba to Sydney gas pipeline
- Total 5.5 Tcf 3C contingent gas resource (914 mmboe) estimated across Hornet, Paning and Sasanof permits

Financial strength

- Oil revenue increased 95% for 2012/13 to $137.3 million
- Quarterly oil sales delivered revenues of $33.1 million on a strong average Australian dollar oil price of A$118.50 per barrel
- $127 million cash balance and zero debt at 30 June 2013

ANOTHER QUARTER OF DELIVERY

The June quarter saw Senex complete a year of record production, revenue and reserves. We made significant progress on the rapid development of our high growth, high margin oil business and newly discovered gas resources in the Cooper Basin.

Our oil business goes from strength to strength and the upgrade of 3P oil reserves to 21.4 mmbbls gives an indication of what we expect to achieve with the 30+ well oil drilling campaign that commenced with the successful Worrior-8 development well in June.

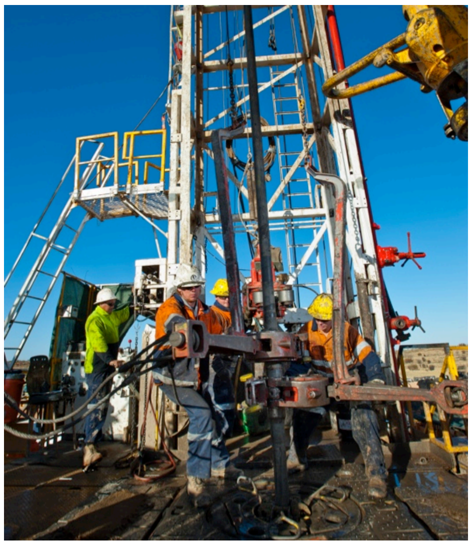
This quarter we demonstrated the potential of the Cooper Basin to meet the anticipated gas supply shortfall expected in eastern Australia over coming years. Across the basin we have defined 5.5 Tcf of 3C contingent gas resources, equivalent to 914 million barrels of oil, which is a fantastic result so early in our exploration program. We will now vigorously pursue commercial opportunities to develop these resources.

Senex retains a strong financial position with $127 million in cash and no debt. We have clear plans to fully fund the oil exploration program with cash generated from the oil business and will seek to introduce a partner to the gas business at an early stage to aid with funding, marketing and technical expertise.

Ian Davies
Managing Director and CEO

Ian Davies, MD and CEO

Strong oil production continued during the June quarter



Successful drilling contributed to significant reserves and resource upgrades during the June quarter

CORPORATE

15% interest in Cuisinier oil field sold for $20 million

Senex is finalising documentation to sell its 15% interest in the Santos operated Cuisinier oil field (PL 303) and its interests in ATP 752 (15% Barta Block and 17.5% Wompi Block) for $20 million to several existing joint venture partners following their exercise of pre-emptive rights. The sale remains subject to regulatory approvals and has an effective date of 15 March 2013.

The divestment reflects the Company’s strategy of continually high-grading its oil portfolio by focusing on permits where Senex holds a majority equity position and operatorship. The approach ensures Senex manages exploration and development, and capital allocation decisions.

High value additions to the portfolio

Consistent with the strategy of high-grading tenement holdings, Senex increased its equity position in northern Cooper Basin permit PEL 514 to 80% in mid-May and PEL 115 to 100%[1]. The permit blocks containing the Fury oil field and Burruna prospect are excluded from the agreement over PEL 115 and retain the previous ownership structure: Senex 80% and Operator, Orca Energy (ASX: OGY) 20%.

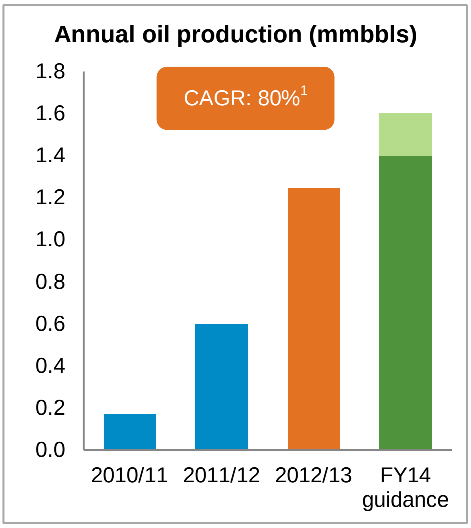
[1] Subject to Orca Energy shareholder and standard regulatory approvals

OIL BUSINESS

Record oil production

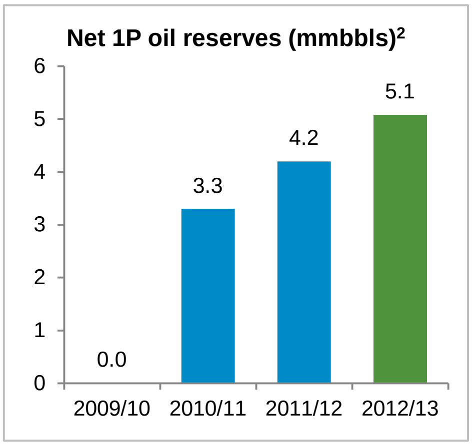
Senex delivered record net oil production of 1.24 million barrels for the twelve months to 30 June 2013, which significantly exceeded the full year production guidance of 1.0 million barrels advised in July 2012.

June quarter production from Senex's operated and non-operated oil fields in the Cooper Basin totalled 0.29 mmbbls (net), representing a 5% decrease on the previous quarter through expected natural field decline. Senex's 30+ well oil drilling program will see new wells drilled in almost every producing field during 2013/14.



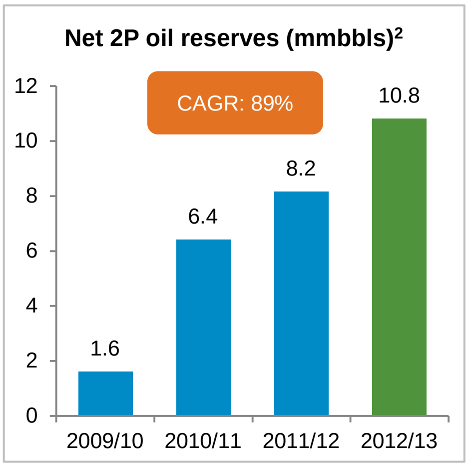
Record oil sales and revenue

Revenue for the twelve months to 30 June 2013 of $137.3 million represents a 95% improvement on 2011/12 full year result of $70.4 million. Senex oil sales for the June quarter of 0.28 mmbbls were 5% down on the previous quarter. However, quarterly revenue was up 3% to $33.1 million on the preceding quarter as a result of a significantly higher oil price at an average of A$118.50 per barrel.



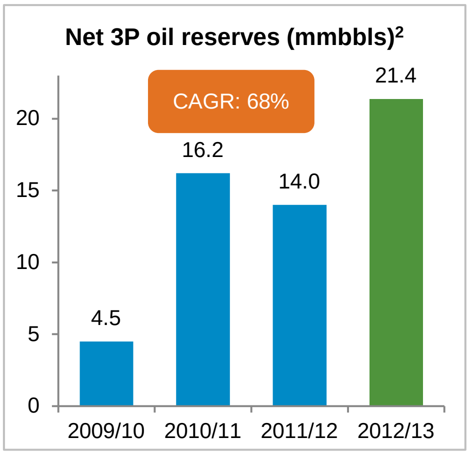
Record oil reserves

Senex completed a thorough reserves review process during the quarter involving independent estimation by Dallas-based assessors Degolyer and MacNaughton that resulted in a major upgrade in oil reserves. The whole-of-business review examined production and exploration data from Senex's diverse portfolio of oil assets across the South Australian Cooper Basin.



Highlights include:

- 1P, 2P and 3P oil reserves of 5.1 mmbbls, 10.8 mmbbls and 21.4 mmbbls respectively
- 2P reserves replacement ratio of 319%
- Initial reserves booking at new western flank oil discoveries Mustang and Spitfire
- Reserves additions at oil fields previously considered mature, including Acrasia, Vintage Crop, Mirage and Ventura following identification of opportunities from reviews of production and geological data



Notes

1. Compound annual growth rate for the three years from 2009/10 to 2013/14 calculated to the mid-point of the 2013/14 guidance
2. After accounting for 2012/13 estimated full year production of 1.2 mmbbls. Includes reserves in respect of Cuisinier oil field: 1P: 0.3 mmbbls, 2P: 0.6 mmbbls, 3P: 0.9 mmbbls. Senex has agreed to dispose of its 15% equity share of Cuisinier (ATP 752P and PL 303). Refer to ASX announcement dated 5 June 2013.

30+ well oil exploration, appraisal and development campaign

Over the last six months, Senex completed a strategic review of its existing assets that resulted in the identification of more than 50 oil prospects across its permits in the South Australian Cooper Basin.

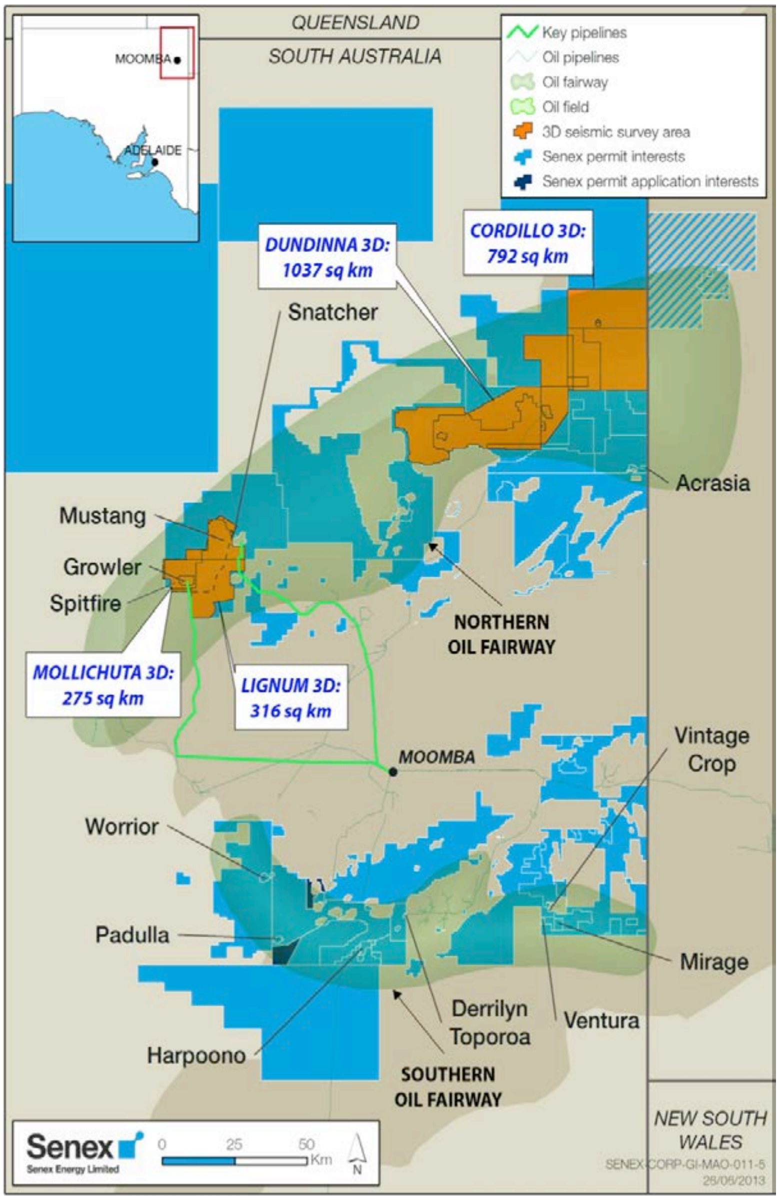
An extensive drilling campaign is now underway to test more than 30 exploration, appraisal and development targets during 2013/14.

This is the first phase of a broader, multi-year program to exploit the oil potential of Senex's unrivalled independent acreage position in the South Australian Cooper Basin.

The current campaign commenced at the Worrior oil field with the drilling of the Worrior-8 development well. Initial interpretation of well logs reveal up to 18 metres of net pay across multiple formations, which will be confirmed by further testing.

Ensign Rig 48 rig has now moved to the Worrior-9 exploration well location, one kilometre west of Worrior-8. Worrior-9 will test an oil target interpreted from 3D seismic in the Patchawarra Formation on the flank of the main Worrior structure.

The target has been calculated to potentially contain up to 12 million barrels of oil in place should the Patchawarra Formation reservoir be present at this location.



Senex has identified a large number of oil prospects across its northern and southern permits in the South Australian Cooper Basin

Senex conducted extensive 3D seismic surveys across its Cooper Basin permits during 2012/13

3D seismic surveys

Work on the 1,037 square kilometre Dundinna 3D seismic survey began during the quarter. Cultural clearance is now more than 70% complete, line clearing is more than 50% complete and data acquisition is more than 30% complete.

Data processing has continued on the Senex-operated Cordillo and Lignum surveys. Prospects generated from this work will be included in the drilling program, which began in June.

Western flank oil fields

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

The Mustang-1 well is back on free-flow production after being shut in on May 16 for a pressure build up test. The initial production test achieved free-flow rates in excess of 800 barrels of oil per day (**bopd**), contributing to an increase in the interpreted field size. Production from Mustang-1 will be enhanced with the installation of an electric submersible pump in the September quarter.

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

An extended production test at the successful Spitfire-2 well commenced in early April and continued throughout the quarter. Production continues to exceed expectations, leading to an increase in the interpreted field size. A flowline connecting Spitfire to Growler has been constructed and is awaiting final approvals prior to commencing operations.

A further two appraisal wells are planned to be drilled in the current drilling program to test the limits of the field.

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

Field production was up by more than 30% quarter on quarter and has continued to increase with new production from Snatcher-9. Total field rates are now over 1,000 bopd and have the potential to increase further as utilisation improves with the newly commissioned Snatcher to Charo pipeline. Further appraisal drilling is planned in the current program.

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

Growler field production was up by around 3% on the prior quarter demonstrating the success of continual production optimisation across the field. Growler-5 and Growler-10 underwent workovers during the quarter to rectify pump failures with both wells now back on line. Further appraisal and development wells are planned for the current drilling program.

The Growler-Lycium-Moomba pipeline continues to operate efficiently, reducing costs and downtime.

Non-western flank oil fields

Senex continued to evaluate its mature, non-western flank oil fields during the June quarter to identify opportunities for reserves additions and production improvements.

The current 30+ well drilling campaign will test opportunities at a number of these fields during 2013/14 including Acrasia, Mirage and Ventura oil fields.

Senex operates all of its permits on the western flank of the Cooper Basin

Senex's western flank oil fields, including Snatcher oil field above, operated reliably throughout the quarter

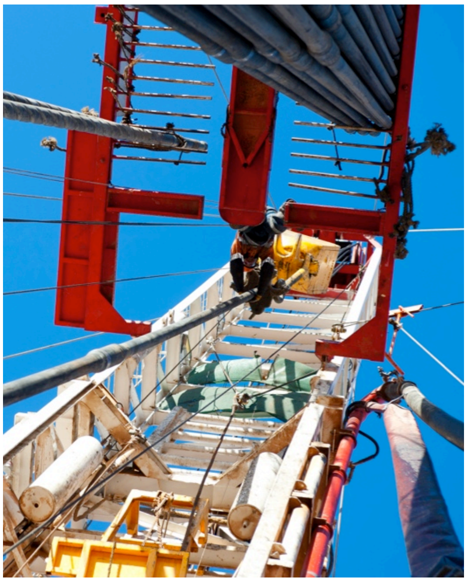
Worrior oil field (PPL 207: Senex 70% and Operator)

At Worrior oil field production was up 6% quarter on quarter due to production optimisation.

Subsequent to the end of the quarter drilling at Worrior-8 reached a total depth of 1,778 metres. Free oil was produced during drilling and interpretation of well logs indicates net pay of up to 18 metres across the McKinlay Member, Namur Sandstone and Patchawarra Formation. The well has been cased and suspended prior to conducting cased-hole drill stem tests to confirm productivity. Gas was also detected in the bottom zone of the well within the Patchawarra Formation. Core has been cut through the Murta Formation and will be analysed for permeability, porosity and rock strength to aid design of production enhancement techniques for this oil saturated reservoir.

Rig 48 will now move to the Worrior-9 exploration well location, one kilometre west of Worrior-8. Worrior-9 will test an oil target interpreted from 3D seismic in the Patchawarra Formation on the flank of the main Worrior structure. The target has been calculated to potentially contain up to 12 million barrels of oil in place should the Patchawarra Formation reservoir be present at this location.

Senex has secured Ensign Rig 48 for the duration of its current oil drilling campaign



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

In March 2013, Senex drilled the successful Vintage Crop-2 well, which intersected 6.5 metres of net oil within the McKinlay Formation. An estimated six metres of net oil pay was also intersected within the Murta Formation.

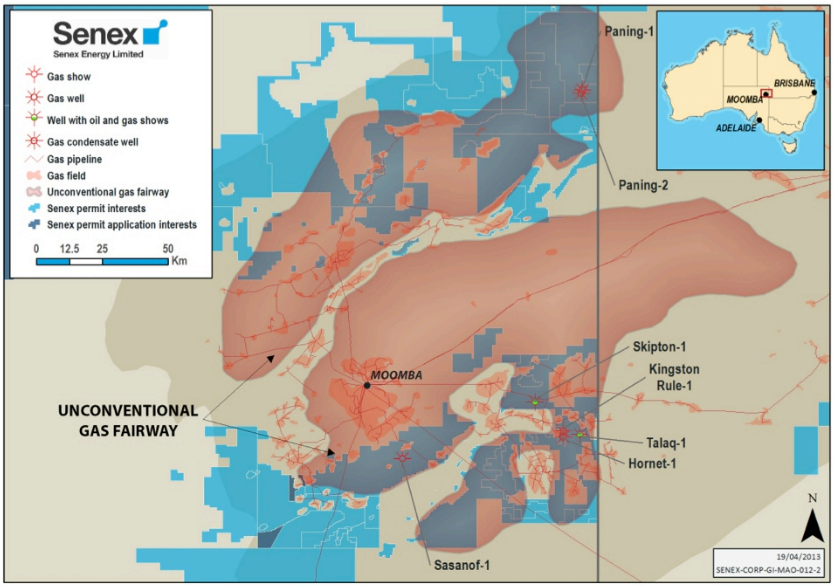
An initial production test was completed during the quarter with an open-hole drill stem test. The well flowed at 30 barrels of oil per day from the Murta Formation and 148 barrels of oil per day from the McKinlay Formation. The well has been completed as a future oil producer and construction has commenced on a beam pump and flowline.

Vintage Crop oil field (below) is located in the southern Cooper Basin

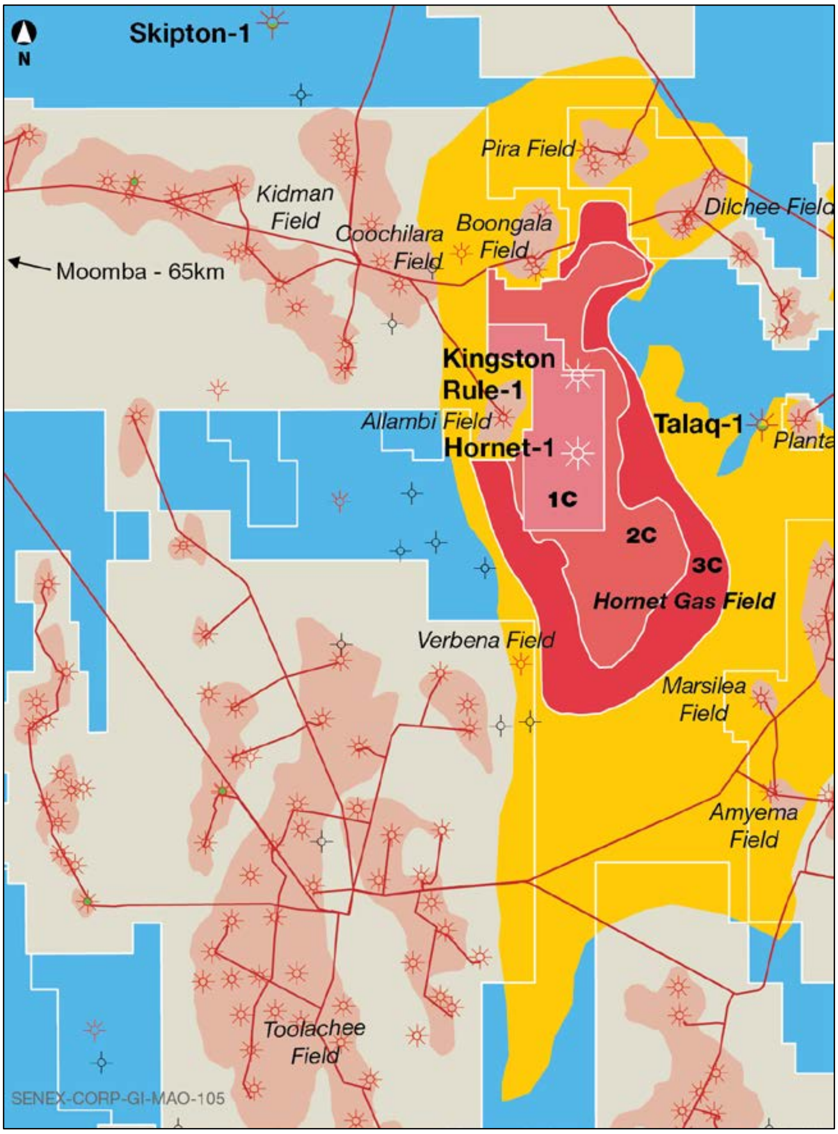
Fury oil field (PEL 115: Senex 80% and Operator)

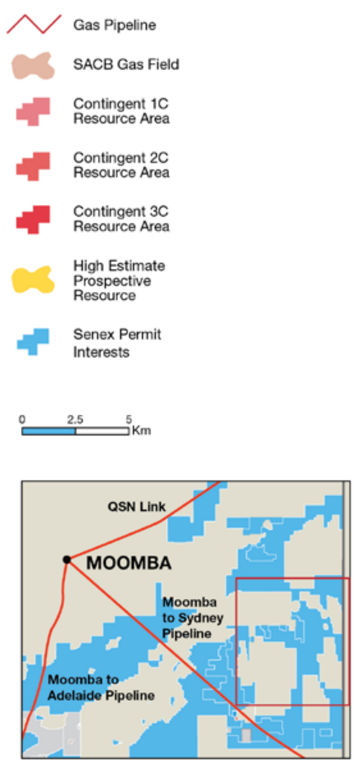
Fury-1 was drilled in 2009 as an exploration well testing a four way structural closure. Good oil shows were encountered through the Murta and Epsilon Formations. The well was subsequently completed in June 2010 as a potential Murta oil producer, but was not brought on production.

A review of the well concluded that an additional 11 metres of net pay could be accessed via a recompletion and extra perforations which have now been completed. Flow rates of up to 75 bopd were achieved during testing. A hydraulic pump unit and surface facilities have been installed and test results are being evaluated with a view to bringing the well on line for long term production.



Senex gas fairways in the South Australian Cooper Basin





Resources defined at Hornet tight gas field discovery

GAS BUSINESS

The gas business took a major step forward during the June quarter with the identification of the Hornet gas field, and the estimation of contingent resources over Hornet, Sasanof and Paning. The combined 3C resource across the three areas is 5.5 Tcf (914 mmboe).

The estimation of 835 billion cubic feet (**Bcf**) 2C resource (139 mmboe) in the Hornet field is sufficient from which to commence field appraisal and development planning. Initial development planning indicates favourable project economics, which has been independently supported by third party analysis.

Following the significant early success of the gas exploration program, Senex will seek to introduce a partner to the Hornet gas field at an early stage to aid with funding, marketing and technical expertise.

Contingent gas resource at Hornet conventional gas field

Analysis of surrounding wells and the positive flow tests of up to 2.2 million standard cubic feet per day at the Hornet tight sand stratigraphic gas field have resulted in the definition of 1C, 2C and 3C contingent resources (refer table below).

The Hornet contingent resource is specific to the tight gas sands that occur at an average depth of about 2,500 metres. This area is known to be lower in CO_2, with potential for significant condensate yields.

The Hornet gas field is defined within a stratigraphic trap in the Mettika Embayment of southern Cooper Basin permits PEL 115 and PEL 516, as shown on page 7. Interpretation of geological and geophysical data indicates the gas accumulation intersected by these wells has characteristics similar to many existing Santos operated fields that produce conventional gas from the Patchawarra Formation.

Initial contingent gas resources defined at Sasanof

Contingent resources at Sasanof in southern Cooper Basin permit PEL 516 are estimated across both the tight sands of the Patchawarra Formation and the Murteree Shale that flowed in excess of 200,000 cubic feet per day during testing of the Sasanof-1 well. The well is located within the Allunga Trough which has potential to host shale gas, basin centred gas and stratigraphically trapped tight sand gas accumulations.

Additional targets with similar characteristics to Sasanof have been identified throughout Senex's extensive Cooper Basin permits. Future drilling will test these prospects.

Initial contingent gas resources defined at Paning

During the June quarter Senex's fracture stimulation contractor, Halliburton completed a multi-zone fracture stimulation of the Paning-2 well in the northern gas province after completing three wells in the southern province in the March quarter. Two fracture stimulations were completed in each of the Epsilon and Patchawarra Formations and a single 63,000 pound proppant fracture stimulation was completed in the Toolachee Coal.

Testing of the Toolachee Coal successfully demonstrated the ability to mobilise gas to surface with a short term production test delivering peak flows of up to 90,000 standard cubic feet per day. Results indicate that the gas, free from water, was sourced from a regionally extensive 28 metre thick Toolachee Coal.

Subsequent analysis of these test results has allowed the estimation of more than 1 Tcf of 3C resource at Paning. Paning-2 is the first well to test the unconventional gas potential of this part of the South Australian Cooper Basin and the second well, after the Santos operated Moomba-77, to flow gas from deep coals. The well tested a 9,000 acre domal structure and intersected 70 metres of Permian coals, with gas contents of approximately 25 cubic metres per tonne. These coals exist throughout the Patchawarra Trough where Senex holds an extensive acreage position.

Resource estimates (Senex 100%)

Field	Contingent resources[1]						Prospective resource[1,2]	
	1C		2C		3C		High	
	Bcf	mmboe	Bcf	mmboe	Bcf	mmboe	Bcf	mmboe
Hornet	153[3]	26	835	139	2,374	396	3,686	614
Sasanof	121	20	698	116	2,054	342	n.e.	n.e.
Paning	91	15	421	70	1,055	176	n.e.	n.e.
Total	**365**	**61**	**1,954**	**325**	**5,483**	**914**	**3,686**	**614**

[1] Estimated gross raw gas. 1,000 Bcf = 1 Tcf. 1 barrel of oil equivalent = 6,000 cubic feet
[2] Prospective resource includes contingent resource. n.e. = not estimated
[3] 100% share. Senex has entered into an agreement to acquire the 20% share of PEL 115 held by Orca Energy Limited – refer ASX announcement dated 13 June 2013

COAL SEAM GAS EXPLORATION

2013/14 work program

Preparatory work and planning has continued by Senex and its joint venture partners over the quarter on plans to drill 11 coal seam gas wells and two ground water monitoring wells in the next 12 months.

Work is expected to commence later in 2013:

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

FINANCIAL INFORMATION

At the end of the June quarter, Senex was in a strong financial position with cash reserves of $127 million and no debt. Capital expenditure for the period is shown below.

Capital expenditure	June 2013 Quarter ($ million)	March 2013 Quarter ($ million)	Quarter on quarter change	Twelve months to 30 June ($ million)
Exploration and appraisal	13.9	29.4	(53%)	98.1
Development, plant and equipment	13.7	4.8	185%	36.5
Total	**27.6**	**34.2**	(19%)	**134.6**

DRILLING REGISTER

A summary of exploration, appraisal and development drilling undertaken by Senex and its joint venture partners on Senex permits during 2012/13, including one well drilled subsequent to the end of the financial year, is provided below.

Oil

Well	Location	Spud date	Type	Status
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	On production
Spitfire-2	PEL 104	17-Nov-2012	Exploration	Extended production test
Vintage Crop-2	PPL 241	15-Mar-2013	Appraisal	Completed and tested, awaiting construction of surface facilities
Worrior-8	PPL 207	22-June-2013	Development	Completed, awaiting cased hole testing
Worrior-9	PPL 207	19-July-2013	Exploration	In progress

* 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 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	Fracture stimulated

* 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

kbbls 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

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