



Quarterly Activity Report

For the period ended 31 March 2011

Release date: 29 April 2011

Highlights

- Senex Energy Limited (**Senex**) gained majority control of Stuart Petroleum Limited (**Stuart**) via an off-market, full-scrip takeover Offer
- Crude oil exports totalled 33,888 barrels for the period

Subsequent to the end of the quarter

- Senex announced its intention to compulsorily acquire remaining shares in Stuart after achieving a relevant interest of more than 92% by the close of its Offer on 12 April 2011
- Workover operations were completed on Worrior 7 and the well is currently producing 180 barrels of oil per day (70% nett to Stuart)
- A successful workover was also completed on Acrasia 5
- Exploration well Vintage Crop-1 will be drilled in PEL 516 to test for oil and unconventional gas in the South Australian Cooper Basin

CORPORATE ACTIVITIES

Senex takeover

On 21 February 2011 Senex and Stuart jointly announced an agreed merger transaction to create a substantial exploration and production company. Under the terms of the agreement, Senex offered to acquire all of the issued shares in Stuart on the basis of 2.5 Senex shares for each Stuart share. This valued Stuart at \$1.1375 per share based on the closing Senex share price of the prior trading day.

Senex achieved majority control of Stuart on 10 March 2011 and at the close of the Offer on 12 April 2011, Senex had a relevant interest in Stuart of more than 92%, enabling it to commence the compulsory acquisition process for remaining Stuart shares.

Organisational changes

Several organisational changes resulted from the merger transaction between Stuart and Senex.

When Senex gained majority control of Stuart on 10 March 2011, Board changes were effected as required under the Merger Implementation Agreement (**MIA**). Senex Directors Ian Davies and Denis Patten were appointed to the Stuart Board and Tim Crommelin was nominated as an alternate Director for Denis Patten. Stuart Directors David Clarke and Bruce Parncutt retired from the Stuart Board during the quarter.

Ian Davies was also appointed as Stuart Managing Director when Senex gained control of the company and Senex Chief Financial Officer (**CFO**) Julie Whitcombe was appointed CFO of Stuart. Senex Corporate Secretary Frank Connolly replaced Jarek Kopias as Company Secretary of Stuart during the quarter.

Stuart's Acting Chief Executive Officer Iain MacDougall stood down at the end of the quarter and took on the role of General Manager – Integration with Senex, with primary responsibility for delivering the benefits of the transaction outlined in the Senex Bidder's Statement.

Share capital

At the date of this report, Stuart has a total of 67,270,040 ordinary fully paid shares on issue following issue of new shares from the exercise of performance rights as described below.

At the date of this report there were no options outstanding. As part of the merger with Senex, "in the money" option-holders were allotted options in Senex on identical terms and "out of the money" options-holders were allotted Senex shares for the value of their options.

As at the date of this quarterly report there are no outstanding performance rights. Staff holding performance rights were granted 50% of their rights under the terms of the MIA and 187,618 shares were issued.

Stuart has no other securities on issue other than those referred to above.

OIL PRODUCTION

Well above average rainfall continued to impact production operations during the quarter, with the 2010-2011 summer being the third wettest on record in South Australia.

As the majority of Stuart production is exported via clay capped dirt roads, significant rain impacts the ability to export crude oil once storage tanks on site are at capacity. In the first quarter there were 32 days when production was curtailed due to the inability to export because of rain related road closures.

As a result of these constraints, crude oil exports were down from the December quarter, totalling 33,888 barrels for the period (refer Attachment 1).

Subsequent to the end of the quarter, workover operations were successfully completed on Worrior 7 to remediate cement and to open the Birkhead Formation oil reservoir to flow. As of the date of this report, Worrior 7 is producing 180 barrels of oil per day (70% nett to Stuart). A successful workover was also completed on Acrasia 5 to repair a damaged downhole pumping assembly and once associated maintenance work on the surface facility is complete, the well will be brought online.

EXPLORATION AND APPRAISAL ACTIVITIES

Stuart did not undertake drilling activities during the quarter.

June quarter oil exploration and shale gas drilling

In early May 2011, Stuart will drill the Vintage Crop-1 exploration well in PEL 516 in the South Australian Cooper Basin. Vintage Crop-1 (Stuart 100%) is a commitment well under the terms of the PEL 516 exploration permit. It is located 65 kilometres south east of Moomba and is approximately 3.2 kilometres south west of Santos' Narcoonowie oil field, and 1.6 kilometres south of the Carooinnie-1 oil discovery made in 2007. The well will initially assess oil-bearing regions in the Eromanga sequence before being deepened to test unconventional gas targets in the coals of the Toolachee Formation and shales of the Roseneath and Murteree Shales. The results of this coring program will inform planning for dedicated unconventional gas wells in other parts of PEL 516 during 2011-12.

For further information contact:

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Attachments

1. Table 1 (Quarterly Statistics)
2. Regional Geological Setting showing Stuart Acreage Interests
3. Asset Location Map – Cooper/Eromanga Basins

Compliance statement

The reserves estimates appearing in this statement were compiled by Mr Bruce Gunn, an employee of Resource Investment Strategy Consultants P/L (RISC), from information provided by Stuart. RISC is independent with respect to Stuart and has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of its report, or other interest in the assets evaluated, that could reasonably be regarded as affecting our ability to give an unbiased view of these assets. Mr Gunn, a practising petroleum engineer with over 25 years experience, has consented to the inclusion of the reserve information in the form and context in which it appears in this announcement.

ATTACHMENT 1

Table 1 - Quarterly Statistics (Quarter on Quarter)

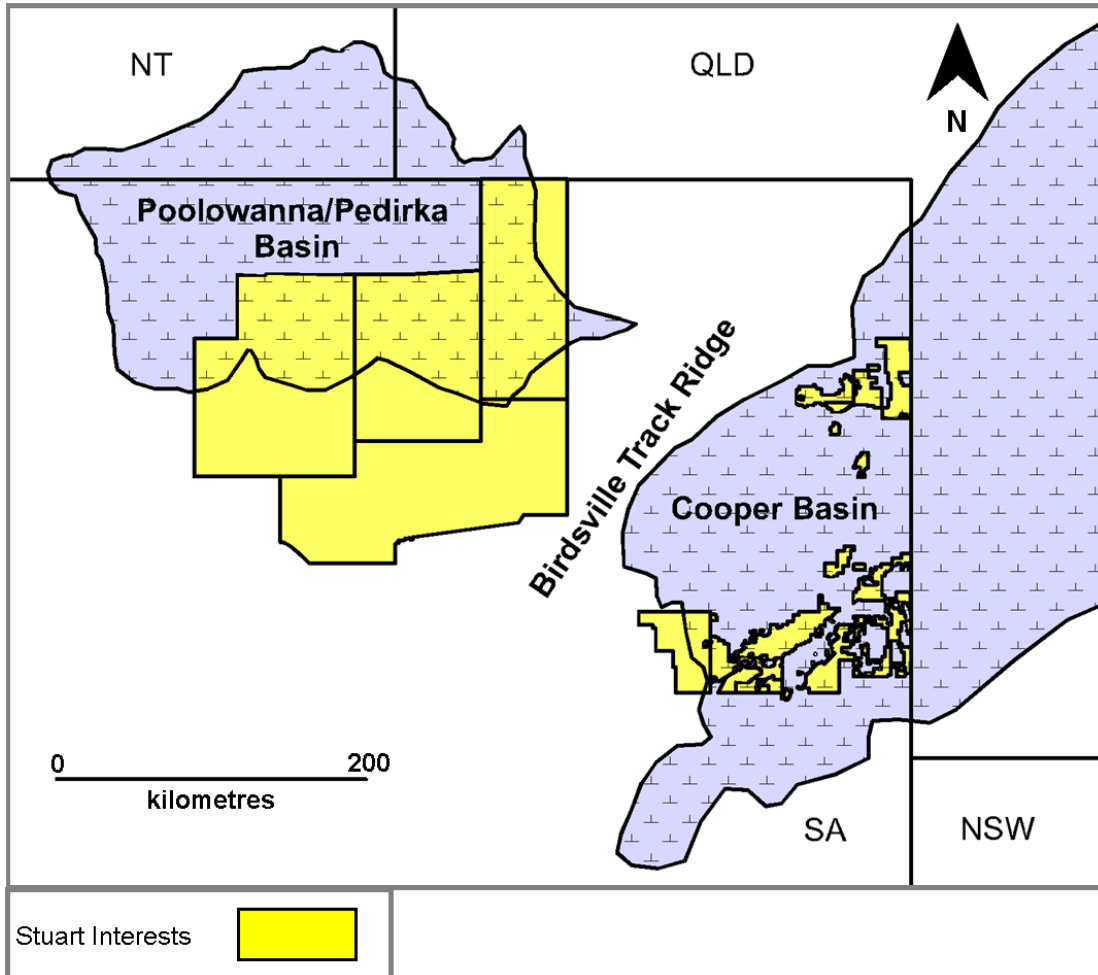
| | March 2010 | June 2010 | Sept 2010 | December 2010 | March 2011 | Change over Preceding Quarter (%) |
|---|------------|-----------|-----------|---------------|---------------|-----------------------------------|
| Production Volumes (bbls) | 30,191 | 40,843 | 33,878 | 39,712 | 33,888 | (15) |
| • Average price – including hedging (A\$/bbl) | 149.1 | 137.1 | 132.8 | 125.9 | 100.3 | (20) |
| • Average price – excluding hedging (A\$/bbl) | 76.2 | 88.1 | 79.7 | 85.6 | 106.2 | 24 |
| • Oil Revenue – including hedging (A\$ million) | 4.5 | 5.6 | 4.5 | 5.0 | 3.4 | (32) |
| • Oil Revenue – excluding hedging (A\$ million) | 2.3 | 3.6 | 2.7 | 3.4 | 3.6 | 6 |
| • Production, Export & Royalty Cost (A\$ million) | 1.5 | 1.2 | 1.5 | 1.5 | 1.9 | 27 |
| • Costs per bbl (A\$/bbl) | 49.7 | 29.4 | 44.3 | 37.8 | 56.1 | 48 |
| • Exploration Expenditure Capitalised | 0.0 | 0.7 | (0.6)* | 0.0 | 0.4 | - |
| • Exploration Expenditure Expensed | 0.3 | 0.5 | 2.9 | 1.4 | 0.1 | (93) |
| • Development Expenditure Capitalised | 0.8 | 1.5 | 2.2 | 3.4 | 0.2 | (94) |
| Total Capital Expenditure | 1.1 | 2.7 | 4.5 | 4.8 | 0.7 | (85) |
| Net cash at Bank (A\$ million) | 1.3 | 0.1 | (0.9) | (4.5) | (7.6) | 69 |
| Receivables (A\$ million) | 2.1 | 3.1 | 2.1 | 3.0 | 3.4 | 13 |
| Trade Creditors (A\$ million) | (2.9) | (3.4) | (3.5) | (4.3) | (4.2) | (2) |

* Drilling costs for Kerinna 2 capitalised in the prior Quarter transferred to exploration expense

ATTACHMENT 2

Regional Geological Setting showing Stuart Acreage Interests

Permo-Triassic Basins subcropping Eromanga Basin strata



ATTACHMENT 3

Asset Location Map – Cooper/Eromanga Basins, South Australia

