Senex Energy Limited

ASX Announcement

Kato-1 coal seam gas exploration well exceeds expectations

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Senex Energy Limited (Senex), as Operator of the Queensland ATP 593P joint venture, advises that the preliminary results for the Kato-1 coal seam gas (CSG) exploration well has yielded good coal and carbonaceous shale thickness with excellent permeability.

Kato-1 was drilled to investigate the CSG potential of the Walloon Coal Measures in the north western region of the Queensland Surat Basin, approximately 38 kilometres south of Injune (refer attached map).

The well was spudded on 23 November 2011 and reached a total depth of 330 metres. Almost 200 meters of core was collected, with 30 coal and carbonaceous shale core samples currently being analysed for gas composition, gas saturation and other attributes. In addition, four successful drill stem tests were conducted over intervals in both the Juandah and Taroom Coal Measures to understand gas deliverability. The rig was released on 6 December 2011.

Senex Managing Director Ian Davies said the preliminary results from the drill stem tests indicated excellent permeability while the net coal seam thickness exceeded the company's expectations.

"During the coring of the Walloon Coal Measures we intersected 9.8 metres of net coal in the Juandah and Taroom Coal Measures along with 7.6 meters of net gas bearing carbonaceous shale. While the coal seams thin to the west as expected, the coal and carbonaceous shales display many of the encouraging characteristics of other CSG-bearing regions in the Surat Basin," he said.

Senex expects to drill Kato-2 early in the New Year, pending favourable weather conditions.

Senex holds a 45% interest in ATP 593P and the neighbouring ATP 771P and is Operator of the joint venture. The remaining 55% interest is held by Bow Energy Limited.

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Figure 1: Kato-1 coal seam gas exploration well location