

A silhouette of an industrial facility, likely an oil refinery or petrochemical plant, against a dark, cloudy sky at dusk or dawn. The scene features a complex network of metal walkways and railings. A person is visible on a walkway in the upper left, looking down at a document. In the foreground, several large cylindrical storage tanks are visible, with a bright light reflecting off the top of one on the right. The overall atmosphere is industrial and dramatic.

Senex Energy agreed friendly merger with Stuart Petroleum

Ian Davies, Managing Director
21 February 2011

Senex 

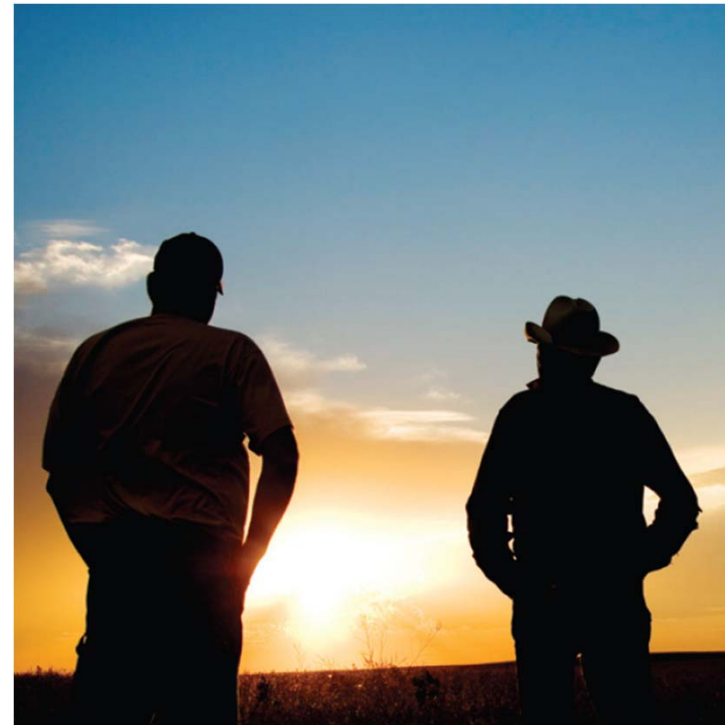
Summary of the Offer

- Senex Energy Limited (**Senex**) has reached agreement with Stuart Petroleum Limited (**Stuart**) to merge via off-market takeover offer
- Stuart shareholders will receive 2.5 Senex shares for every 1 Stuart share, valuing Stuart at \$77.7 million¹
- Offer implies a 62.5% premium to Stuart's last closing price of \$0.70¹
- Offer implies a 68.7% premium to the three month VWAP of Stuart shares of \$0.67
- Pre Bid Acceptance Agreement with Stuart's largest shareholder in respect of 19.9% of Stuart
- Offer unanimously recommended by voting directors of the Stuart Board in the absence of a superior proposal
- Offer open 21 Feb 2011 and closes 29 March 2011, unless extended

¹ Applying Senex's closing price \$0.455 on 18 February 2011, being the last trading day prior to the announcement

The merged group

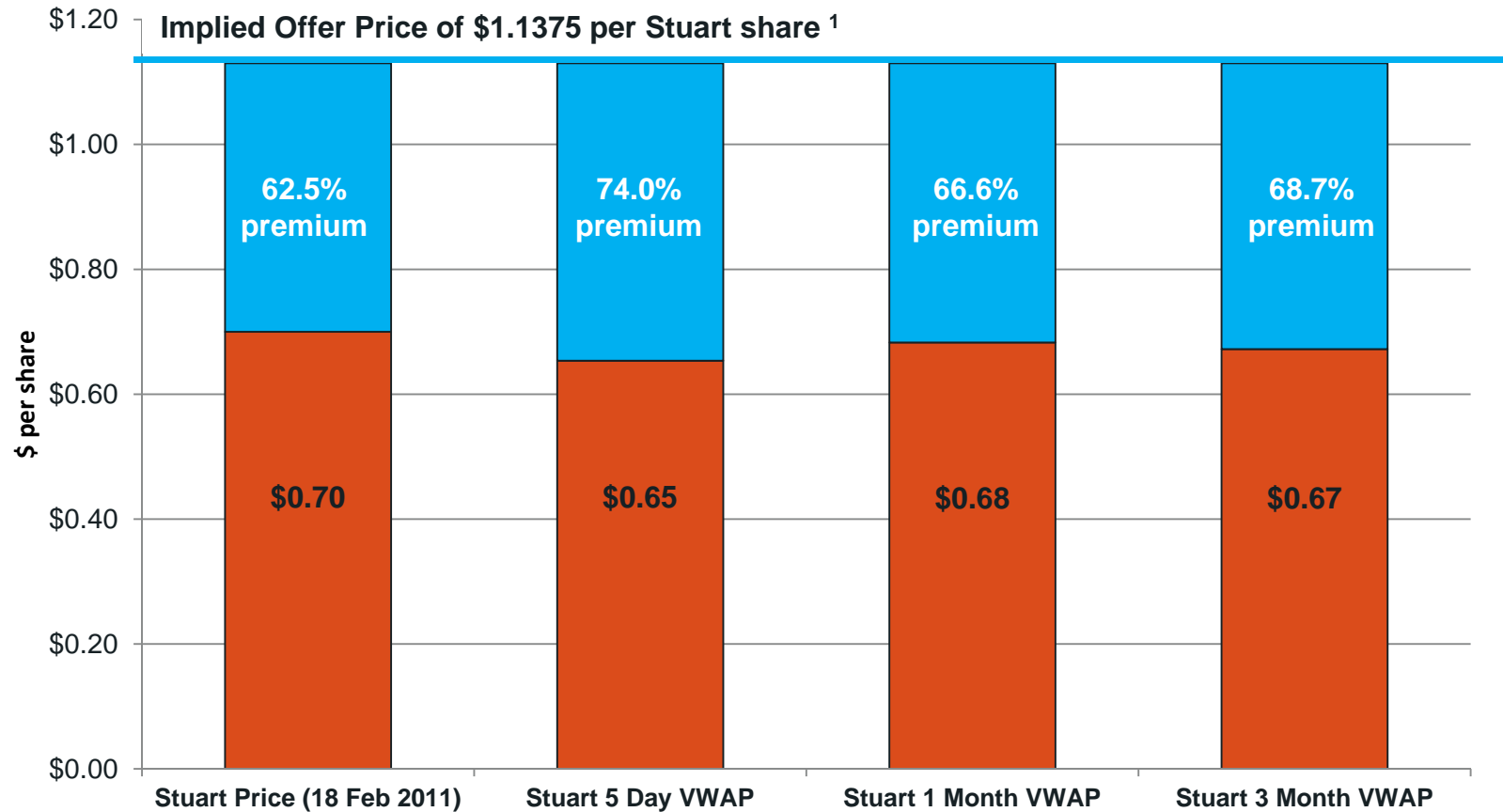
- Agreed merger transaction to create a substantial oil and gas exploration and production company
 - Compelling strategic rationale
 - Complementary asset base
 - \$345 million market capitalisation¹
 - Net cash balance of \$56 million
 - Net initial production 1,500+ bopd
 - Net 2P oil reserves of 6.9 mmbbls
 - Net 3P oil reserves of 16.2 mmbbls
 - Net 2P gas reserves of 12.8 mmboe²
 - Net 3P gas reserves of 40.1 mmboe²



¹ Applying Senex's closing price \$0.455 on 18 February 2011, being the last trading day prior to the announcement

² Net 2P gas reserves of 79 petajoules. Net 3P gas reserves of 249 petajoules

Significant premium for Stuart shareholders



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A win-win for Senex and Stuart shareholders

For Senex shareholders

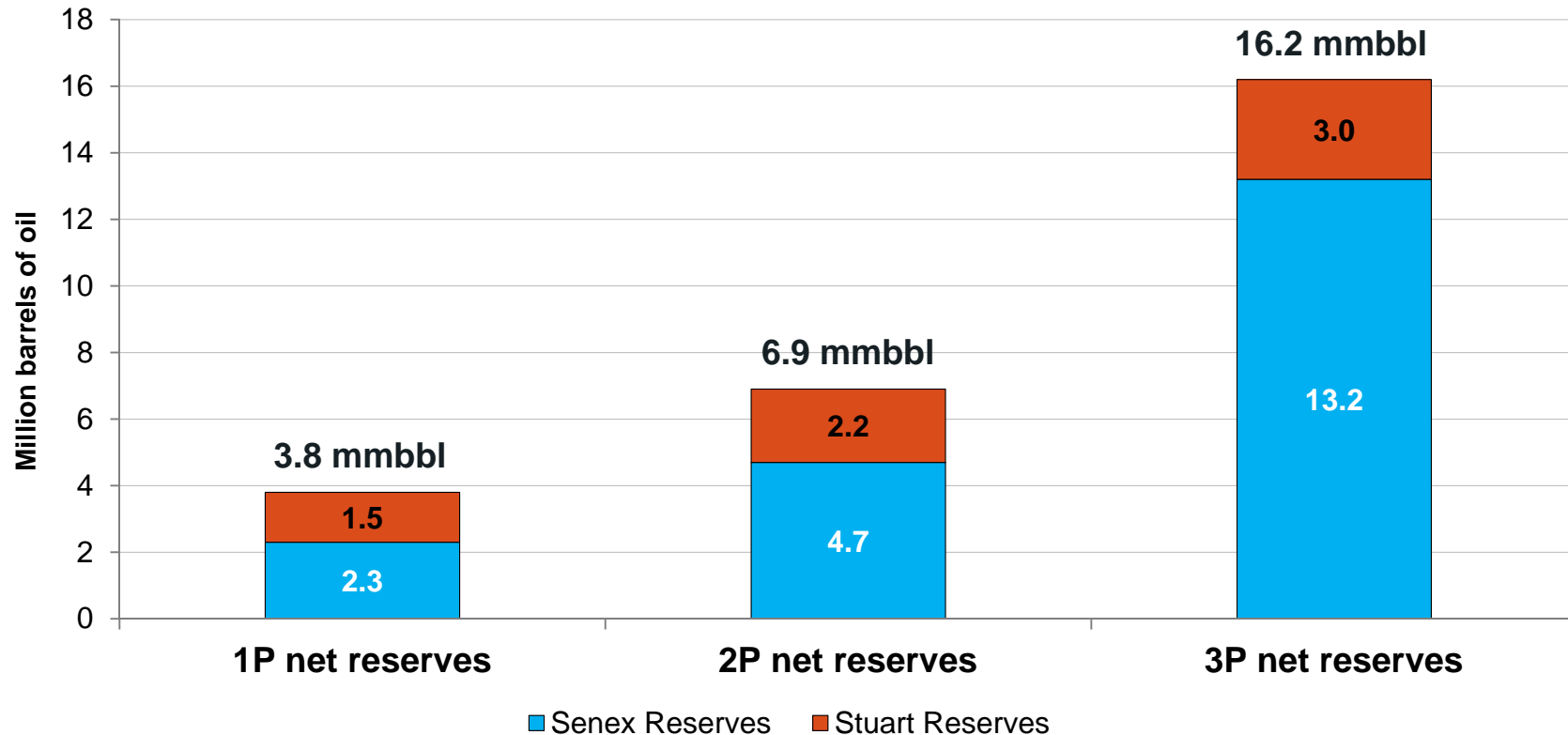
- ✓ Reserves and production growth
 - 1P and 2P reserves additions of 1.5 and 2.2 mmbbls respectively
 - Peak production expected to grow by more than 1,000 bopd
 - Stuart assets proximal to existing Senex permits: operational synergies
- ✓ Exciting exploration acreage
 - Excellent alignment with Senex integrated energy strategy through addition of oil, conventional and unconventional gas supply potential
- ✓ Significantly increased Cooper Basin permit position to provide scale

For Stuart shareholders

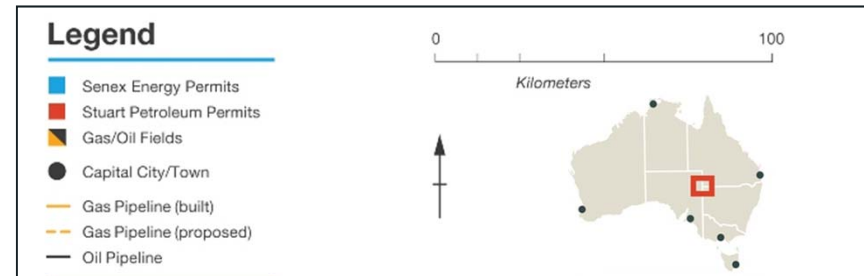
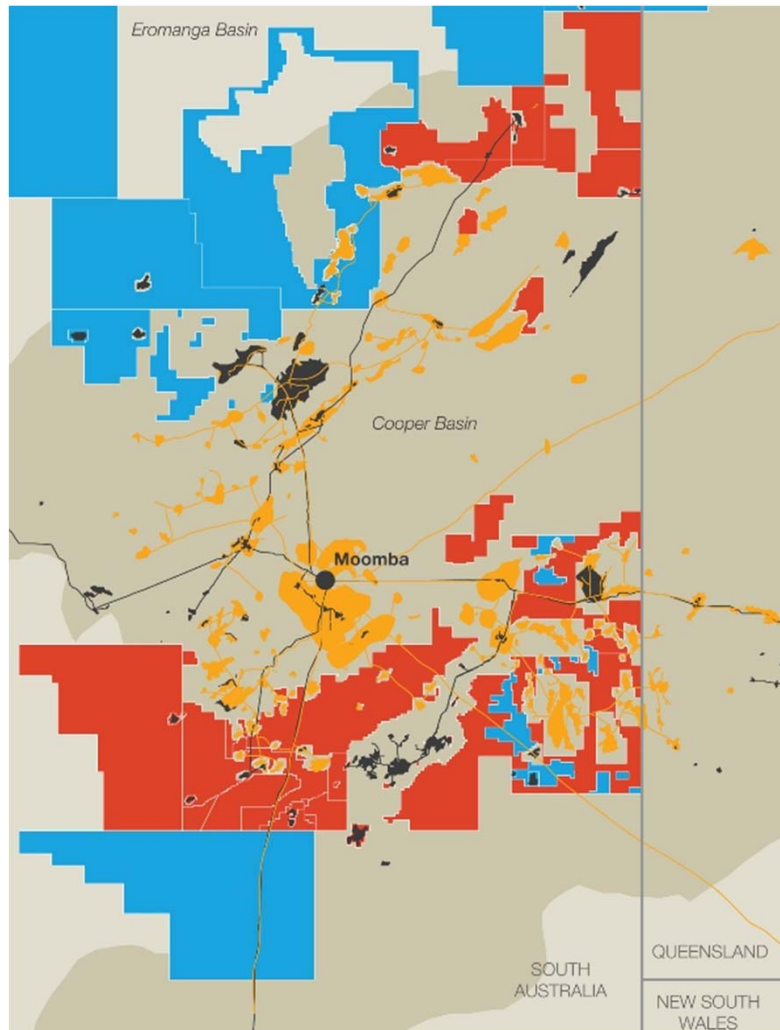
- ✓ Ability to participate in future growth through ownership of Senex shares
- ✓ Accelerated development of oil and gas permits
 - Financial security through Senex oil production and cash reserves
 - Bolstered technical expertise and resources in oil and gas exploration and development
- ✓ Significant offer premium
- ✓ Capital gains tax roll-over relief may be available

Significant reserves additions through Stuart merger

- The merger of Senex and Stuart will increase Senex 1P reserves by 65% to 3.8 mmbbls, and Senex 2P reserves 47% to 6.9 mmbbls



An expansive Cooper Basin footprint



- Vast acreage position comprehensively covers:
 - Rapidly growing oil regions in the north and western flanks of the Cooper Basin: a Senex stronghold
 - Established conventional oil and gas plays and emerging unconventional gas plays in the southern Cooper Basin: an extensive Stuart acreage position

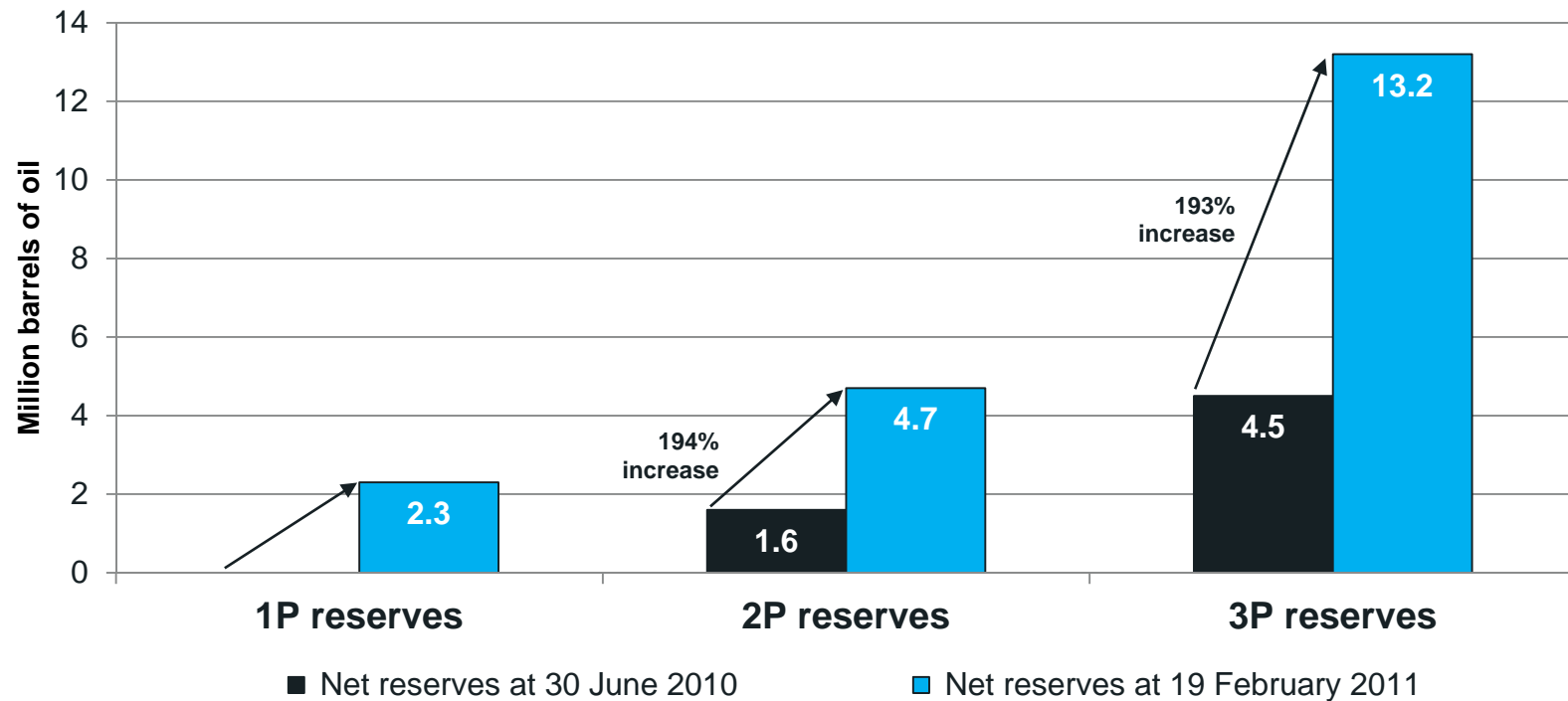
Overview of Senex Energy

- Dual focus: coal seam gas appraisal and oil exploration and production
- Significant independent oil producer
- Strong cash position with growing revenue and reserves base
- Large acreage position in the lucrative Cooper Basin western flank
- Experienced, focused management
- Aggressive integrated energy company growth strategy – oil and gas focus
- Major investors include The Sentient Group, BG Group and AFIC



Senex upgrades Cooper Basin oil reserves

- Oil reserves upgraded for the Growler and Snatcher oil fields
- 25 prospects on 3D seismic yet to be drilled in PEL 104 and PEL 111



Senex sells Impress Energy stake to Beach Energy

- Senex has realised \$15 million through sale of 20% Impress Energy holding
- 45% annualised return on investment
- Cash balance increased to \$63 million¹
- Coincides with agreement to merge with Stuart Petroleum in all scrip deal
- Proceeds are earmarked for upcoming exploration and development program to increase production and reserves
- Senex's relationship with Beach Energy, an important partner in the Cooper Basin, was a key consideration



¹ Prior to merger with Stuart Petroleum

Overview of Stuart Petroleum

- Pioneer independent oil producer focused on the Cooper Basin
- Stable oil production and cash flows from proven oil fields
 - Over 10 million barrels of oil discovered
 - 6.8 million barrels of oil produced
- Significant untapped potential in conventional and unconventional gas supply from extensive permit position in the southern Cooper Basin
- Large permit holding in northern Cooper Basin oil region



Disclaimer, Definitions and Competent Person Statement

Important information

This presentation has been prepared by Senex Energy Limited (**Senex**) for the purpose of providing investors with an overview of the proposed merger with Stuart Petroleum Limited (**Stuart**).

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Definitions

1P: Proved Reserves. **2P:** Proved and Probable Reserves. **3P:** Proved, Probable and Possible Reserves. **mmbbl:** millions of barrels of oil. **mmboe:** millions of barrels of oil equivalent. **VWAP:** Volume Weighted Average Price.

Reserves

Unless otherwise indicated, the statements contained in this presentation about Senex's reserves estimates have been prepared by Dr Steven Scott BSc (Hons), PhD, who is General Manager – Exploration, a full time employee of Senex, in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (**SPE PRMS**). Dr Scott consents to the inclusion of the reserves estimates in the form and context in which they appear. Senex's reserves are consistent with the SPE PRMS.

The statements in this presentation about Stuart's reserves have been prepared by Stuart and have been extracted without material amendment from information included in public documents filed by Stuart.