

Stuart Petroleum Limited
ACN 059 146 226

Target's Statement

in response to the offer by Senex Energy Limited (ACN 008 942 827)

**The directors of Stuart Petroleum Limited
unanimously recommend that you**

ACCEPT

the Senex Offer in the absence of a Superior Proposal

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR FINANCIAL OR
OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

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Important Notices

Nature of this document

This document is a Target's Statement issued by Stuart Petroleum Limited (ABN 58 059 146 226) under Part 6.5 of Division 3 of the Corporations Act. This Target's Statement is given in response to the off-market takeover bid made by Senex Energy Limited (ABN 50 008 942 827) for all the ordinary shares in Stuart.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to the ASX. Neither ASIC nor the ASX nor any of their respective officers take any responsibility for the contents of this Target's Statement.

Definitions and interpretation

A number of defined terms are used in this Target's Statement. These terms are explained in Section 12 of this Target's Statement. The rules of interpretation that apply to this Target's Statement are also set out in Section 12 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

Investment decisions

Nothing in this Target's Statement constitutes investment, legal, tax or other advice. This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. You should seek your own independent legal, financial and taxation advice before deciding whether to accept or reject the Offer.

Forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Stuart and the industry in which Stuart operates as well as general economic conditions, conditions in the financial markets, exchange rates and interest rates and regulatory changes, many of which are outside the control of Stuart and its Board. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Stuart, Stuart's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Senex information in this Target's Statement

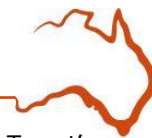
Except where disclosed otherwise in this Target's Statement, the information on Senex contained in this Target's Statement has been prepared by Stuart using publicly available information including the Bidder's Statement, which has not been independently verified by Stuart. Accordingly Stuart does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Maps, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. In addition, any numerical information may not add up due to rounding.

Notice to foreign shareholders

The release, publication or distribution of this Target's Statement may, in some jurisdictions, be restricted by law or regulation and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's



Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Reserves

Except where disclosed otherwise in this Target's Statement, the statements in this Target's Statement about Stuart's Reserves estimates have been compiled by Mr Mark Mussared B.Eng (Hons) Civil Engineering, M.Sc (Oxon), SPE, who is Petroleum Development Manager and a full time employee of Stuart, in accordance with the definitions and guidelines in SPE-PRMS. Mr Mark Mussared is qualified in accordance with ASX Listing Rule 5.11 and consents to the inclusion of the Reserves estimates in the form and context in which they appear.

The statements in this Target's Statement about Senex's Reserves have been extracted without material amendment from information included in public documents filed by Senex. This information has not been independently verified by Stuart.

Stuart's Reserves estimates are consistent with SPE-PRMS. This document may be found at www.spe.org.

Privacy

Stuart has collected your information from the Stuart register of shareholders for the purpose of providing you with this Target's Statement. The type of information Stuart has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in Stuart. Without this information, Stuart would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Stuart's related bodies corporate and external service providers (such as the share registry of Stuart and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Stuart, please contact Stuart on +61 (0) 8 8410 0611 between 9:00am and 5:00pm (Adelaide time) Monday to Friday.

Date of this document

This document is dated 28 February 2011.



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Important Dates

Announcement Date	Monday, 21 February 2011
Date of the Bidder's Statement	Monday, 21 February 2011
Date of this Target's Statement	Monday, 28 February 2011
Commencement of Offer Period	Monday, 21 February 2011
Close of Senex Offer (unless extended or withdrawn)	5:00pm (Brisbane time) Tuesday, 29 March 2011

Further information

Any questions regarding this Target's Statement should be directed to Stuart on +61 (0) 8 8410 0611 between 9:00am and 5:00pm (Adelaide time) Monday to Friday.



Chairman's Letter

Level 3, 22 King William Street
Adelaide SA 5000

28 February 2011

Dear fellow Stuart Shareholder

On 21 February 2011, Stuart announced that it had signed a Merger Implementation Agreement with Senex Energy Limited (**Senex**) in relation to a proposed off-market takeover offer for all of the issued shares in Stuart (**the Offer** or **Senex Offer**).

Under the Senex Offer, Stuart Shareholders are being offered 2.5 Senex Shares for every 1 Stuart Share held. You should recently have received the Senex Bidder's Statement setting out the detailed terms of the Offer. A copy of the Bidder's Statement is also available on the Stuart website (www.stuartpetroleum.com.au).

Your directors unanimously recommend that you ACCEPT the Senex Offer, in the absence of a Superior Proposal.

Each of your directors intends to accept the Senex Offer in respect of the Stuart Shares they and their associates hold, in the absence of a Superior Proposal. The Stuart Shares which are held by the directors and their associates represent approximately 30% in aggregate of all Stuart Shares. Of this 30%, one of your directors, Mr David Clarke, and an entity associated with Mr Clarke, have accepted the Offer in respect of 19.9 per cent of all Stuart Shares.

The reasons for your directors' unanimous recommendation include:

- The Offer represents a significant premium to Stuart's recent trading prices.
- The combination of the complementary Stuart and Senex assets provides Stuart Shareholders with access to a more diversified asset base, which your directors consider contains significant upside potential.
- The Merged Group will have significant net cash reserves of approximately \$56 million available to fund future exploration and development activities.
- Stuart Shareholders are likely to enjoy the benefits of a larger combined entity including greater liquidity and greater market interest with the potential inclusion of the Merged Group within the S&P/ASX 300 Index.
- The Merged Group will benefit from the combined management depth and technical expertise of Senex and Stuart.

This Target's Statement, which I encourage you to read in its entirety, sets out your directors' formal response to the Offer and contains their recommendation, the reasons for that recommendation and other important information you should consider in deciding whether to accept the Offer.

If you are in any doubt as to whether to accept the Offer, you should seek your own independent professional advice. If you have any queries in relation to the Offer, please contact Stuart on +61 (0) 8 8410 0611 between 9:00am and 5:00pm (Adelaide time) Monday to Friday.

Yours sincerely

John G Branson AM., R.afD., LLB., C.Univ, FAICD

Chairman



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1. HOW TO ACCEPT THE OFFER



1. How to Accept the Offer

1.1. Issuer Sponsored Holdings

If you hold your Stuart Shares in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your holder number on the Acceptance Form), you will need to complete, sign and return the Acceptance Form (which accompanies the Bidder's Statement) in accordance with the instructions on that form and deliver it or send it by post so that it is received by Senex's share registry before the end of the Offer Period. A reply paid envelope (for use within Australia only) is enclosed with the Bidder's Statement.

1.2. CHESS Holdings

If you hold your Stuart Shares in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your holder number on the Acceptance Form) you will need to:

- a) instruct your Controlling Participant (such as your Broker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
- b) complete, sign and send the Acceptance Form directly to your Broker or other Controlling Participant; or
- c) complete, sign and return the Acceptance Form in accordance with the instructions on it so that Senex is authorised to instruct your Controlling Participant to initiate acceptance of the Offer on your behalf,

before the end of the Offer Period.

A reply paid envelope (for use within Australia only) is enclosed with the Bidder's Statement.

1.3. Brokers or Non-Broker Participants

If you are a Broker or a Non-Broker Participant, you will need to initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

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2. DIRECTORS' RECOMMENDATION



2. Directors' Recommendation

2.1. Summary of Offer

Senex is offering Stuart Shareholders 2.5 Senex Shares as consideration for every 1 Stuart Share that they hold (subject to rounding, as described in Section 7.2 of this Target's Statement). The Offer is subject to a number of conditions. Those conditions are summarised in Section 7.3 of this Target's Statement.

2.2. Directors of Stuart

As at the date of this Target's Statement, the directors of Stuart are John Branson, David Clarke and Bruce Parncutt.

2.3. Directors' recommendations

Your directors unanimously recommend that you accept the Offer (in the absence of a Superior Proposal), for the reasons set out in Section 3 of this Target's Statement.

In considering whether to accept the Offer, your directors encourage you to:

- consider the alternatives noted in Section 9 of this Target's Statement;
- refer to Section 7.8 of this Target's Statement for information regarding the effect of acceptance of the Offer;
- read this Target's Statement and the Bidder's Statement in their entirety;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- obtain independent professional advice in relation to the Offer.

2.4. Intentions of your directors in relation to the Offer

Each of your directors intends to accept the Offer in respect of any Stuart Shares that they, or their associates, hold, in the absence of a Superior Proposal.

The Stuart Shares which are held by your directors and their associates represent approximately 30% in aggregate of all of the Stuart Shares.

One of your directors, and Stuart's largest shareholder, Mr David Clarke, has already accepted the Senex Offer in respect of Stuart Shares held by him and his associates which represent 19.9 per cent of all of the Stuart Shares as at the Announcement Date. Mr Clarke's acceptance was provided pursuant to the terms of a Pre-Bid Acceptance Agreement which was entered into with Senex on 21 February 2011. The key terms of that agreement are summarised in Section 10.2 of the Bidder's Statement.

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**3. WHY YOU SHOULD
ACCEPT THE OFFER**



3. Why You Should Accept the Offer

- 1** The Offer represents a **significant premium** to Stuart's recent trading price.
- 2** **Combines complementary assets** and establishes a more diversified asset base.
- 3** The Merged Group will benefit from a **strengthened financial position** to fund future growth.
- 4** Shareholders are likely to enjoy the **benefits of a larger combined entity**.
- 5** The Merged Group will have **access to additional management depth and expertise**.
- 6** **No superior proposal** has emerged.
- 7** There are **risks in not accepting** the Offer.

Your directors unanimously recommend that you ACCEPT the Senex Offer in the absence of a Superior Proposal

In deciding to recommend the Offer, your directors have had regard to each of the matters in this Target's Statement and the Bidder's Statement. A more detailed overview of the principal reasons for your directors' recommendation to accept the Offer in the absence of a Superior Proposal follows.



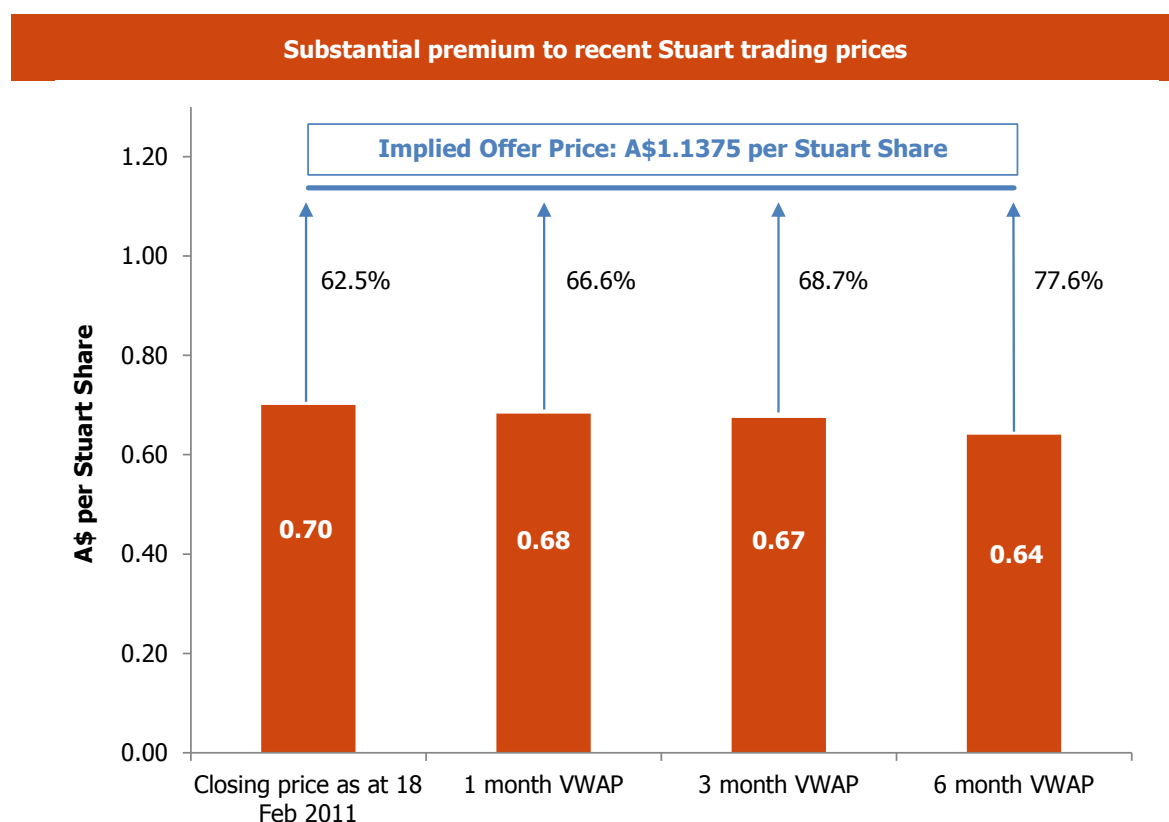
3.1. Significant premium to recent trading prices of Stuart

The Senex Offer represents a significant and attractive premium to the trading price of Stuart Shares prior to the Announcement Date.

The consideration under the Offer comprises 2.5 Senex Shares for every 1 Stuart Share. Based on the closing price of Senex Shares of \$0.455 on the ASX on 18 February 2011 (being the last Trading Day prior to the Announcement Date), the implied value of the scrip consideration under the Offer was \$1.1375 per Stuart Share (**Implied Offer Price**).

Stuart Shareholders should be aware that the Senex Share price is likely to fluctuate and therefore, the value of the scrip consideration under the Offer will also be likely to change. Shareholders can obtain information about the latest Senex Share price from the ASX website at www.asx.com.au (ASX Code: SXY).

The chart below shows how the Implied Offer Price compares to the trading performance of Stuart Shares on the ASX during the various periods prior to the Announcement Date. It clearly demonstrates that the Offer represents a substantial premium for Stuart Shareholders.



VWAP is the Volume Weighted Average Price calculated as the total value of Stuart Shares traded divided by the total number of Stuart Shares traded during the relevant period prior to the Announcement Date.

The following chart shows how the price of Stuart Shares has performed on the ASX since January 2009. It demonstrates that the Implied Offer Price is significantly higher than the trading price of the Stuart Shares throughout the period.



3.2. Combines complementary assets and establishes a more diversified asset base

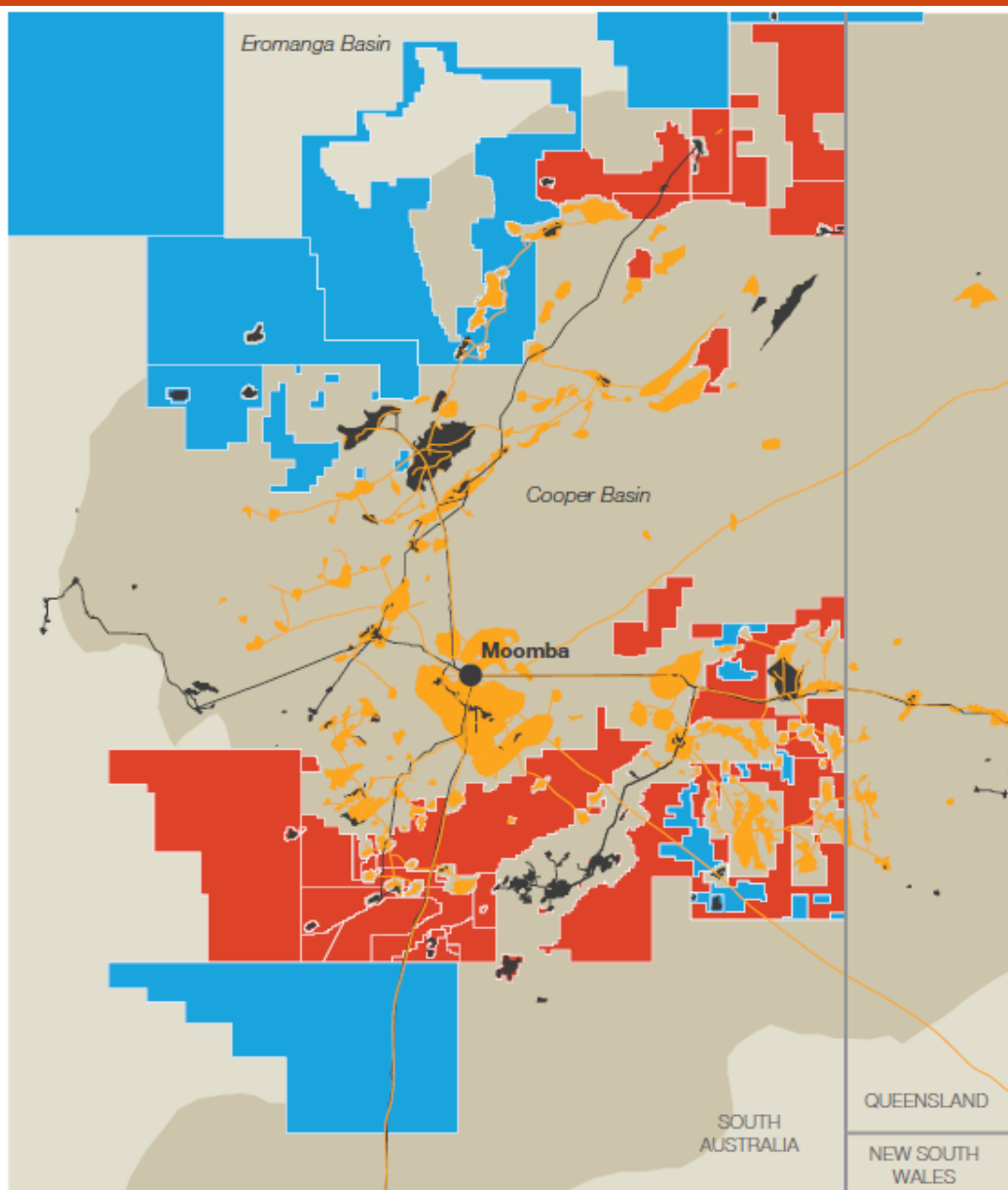
Senex is a larger and more diversified oil and gas company than Stuart. Its asset base primarily comprises of complementary oil and gas assets in the Cooper and Eromanga Basins of South Australia and Queensland, and coal seam gas assets in the Surat Basin of Queensland.

If the Senex Offer succeeds, it is anticipated that Stuart Shareholders may benefit from:

- **Leading acreage position in the Cooper and Eromanga Basins:** the Merged Group will have a leading presence in the Cooper Basin. The Senex and Stuart tenements in the Cooper Basin are complementary, with Senex's assets focused on the northern and western flank of the Cooper Basin, and Stuart's assets on the northern and southern flanks of the Cooper Basin.
- **Ability to leverage scale efficiencies:** by combining Stuart's assets with those of Senex, the Merged Group will benefit from access to shared infrastructure and scale efficiencies to capitalise on the complementary acreage.
- **Diversified asset base:** Stuart Shareholders will gain exposure to a larger and more diversified pool of assets and opportunities including Senex's coal seam assets in the Surat Basin, whilst retaining exposure to Stuart's current asset base. Stuart Shareholders will benefit from the operational diversity provided by exposure to numerous producing oil fields in the Cooper Basin.

The following map depicts the interests of both companies in the Cooper and Eromanga Basins and it highlights the proximity of the asset holdings which should deliver strategic and operational benefits when combined.

Consolidates complementary asset bases of both Stuart and Senex



Legend



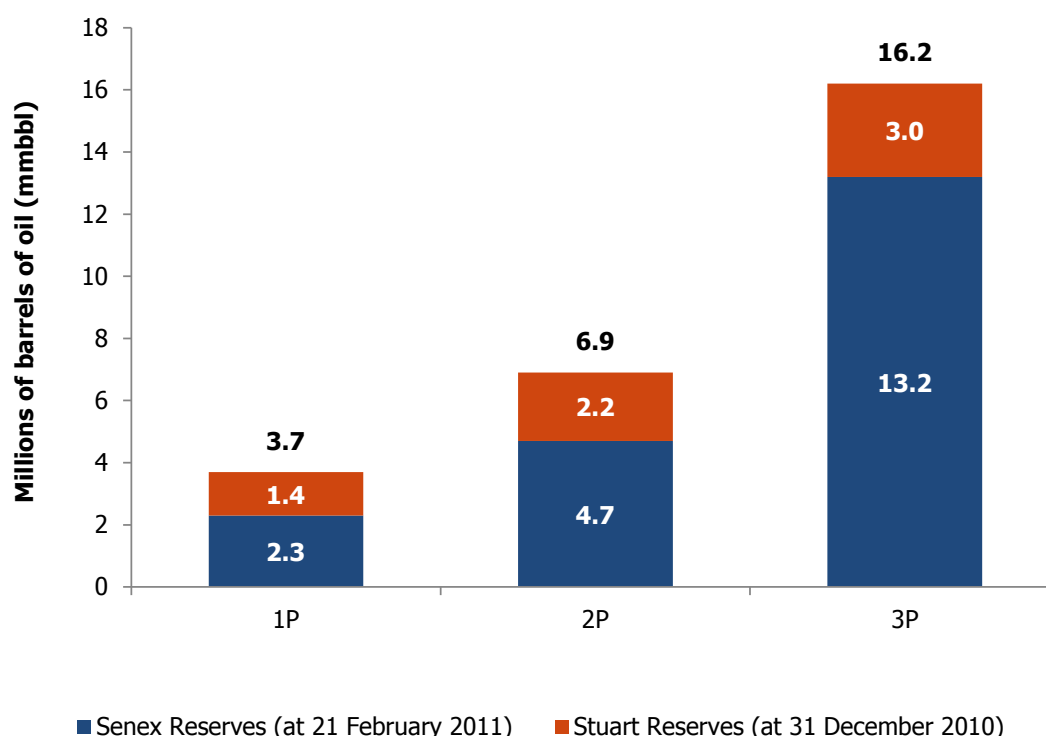
- Senex Energy Permits
- Stuart Petroleum Permits
- Gas/Oil Fields
- Gas Pipeline (built)
- Gas Pipeline (proposed)
- Oil Pipeline
- Capital City/Town

0 50
Kilometers



The following chart highlights that the Offer provides Stuart Shareholders with an opportunity to own shares in a company with a much larger reserves base.

Merged Group will have exposure to a substantially increased reserves base



3.3. Strengthened financial position to fund future growth

The Merged Group will have significantly greater financial capacity to fund the growth of Stuart's exploration and development assets.

Stuart has a net debt position of approximately \$7 million and an array of growth opportunities available that require significant investment. In contrast, Senex has net cash reserves of \$63 million. If the Senex Offer is successfully completed, the Merged Group will have net cash reserves of approximately \$56 million. This significantly improved financial position will assist the Merged Group to progress the exploration, development and production of its extensive tenement holdings.

In the absence of the Senex Offer, it is likely that Stuart would need to raise additional equity (or possibly sell certain assets) in order to progress its scheduled exploration and development programme.

3.4. Shareholders are likely to enjoy the benefits of a larger combined entity

The combined pro forma market capitalisation of Senex and Stuart, assuming the successful acquisition of 100% of Stuart, will be approximately \$345 million (based on share prices as at 18 February 2011). As a result, the Merged Group's market capitalisation may be of sufficient scale to warrant inclusion within the S&P/ASX 300 Index. The prospective increase in scale and associated potential for index inclusion is anticipated to provide a number of benefits to Stuart Shareholders, including:

- **Enhanced ability to access financing:** the Merged Group is likely to benefit from an enhanced ability to source debt and equity (and on more favourable terms), as a result of its increased scale and more diversified asset base.



- **Increased market interest:** the potential inclusion of the Merged Group in the S&P/ASX 300 Index may generate broader investor interest, particularly from institutional investors.
- **Increased liquidity:** Stuart Shareholders may benefit from holding more liquid shares in the form of Senex Shares, due to the increase in capitalisation of the Merged Group.

3.5. The Merged Group will have access to additional management depth and expertise

The Merged Group will benefit from the combined management talent of both organisations. Stuart Shareholders will be able to leverage off the proven experience and track record of the recently rejuvenated Senex board and senior management team who were appointed in July 2010. Additionally, Stuart has been operating with an Acting Chief Executive Officer since the departure of the previous Chief Executive Officer in October 2010 and the Board has been conducting an executive search process for a permanent replacement. This executive search will no longer be required if the Senex Offer is successful.

3.6. No superior proposal

In the interests of maximising value for Stuart Shareholders, Stuart undertook a wide ranging strategic review during 2010. As part of the review process, Stuart and its advisers had discussions with a number of parties identified as having potential interest in a corporate transaction with Stuart. In addition, the review also considered possibilities for Stuart as an independent company.

Having completed this process, your directors consider that the Senex Offer is an excellent outcome for Stuart Shareholders.

As at the date of this Target's Statement, your directors have not received any competing proposals, nor are they aware of any party with an intention to make such a proposal.

3.7. There are risks in not accepting the Offer

If the Offer is unsuccessful and no other offer for Stuart emerges, there is no certainty that the Stuart Share price would trade above the Implied Offer Price and there is a risk that the Stuart Share price would fall.

If you do not accept the Offer and Senex closes the Offer before it receives acceptances resulting in it being entitled to at least 90% of all Stuart Shares, then you would remain a minority Stuart Shareholder. The possible implications of being a minority shareholder following closure of the Offer include:

- It is unlikely the Stuart Share price would include any takeover premium.
- The liquidity of Stuart Shares may be lower than at present.

For further information on the implications of Senex acquiring less than 90% of all Stuart Shares, refer to Section 8.3 of this Target's Statement and Sections 7.3 and 7.4 of the Bidder's Statement.



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4. FREQUENTLY ASKED QUESTIONS



4. Frequently Asked Questions

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Stuart Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer	Further Information
1. What is the Offer for my Shares?	Senex has made an offer of 2.5 Senex Shares for every 1 Stuart Share held by you (subject to rounding, as described in Section 7.2 of this Target's Statement). The Offer is subject to the satisfaction or waiver of the conditions to the Offer.	Sections 7.2 and 7.3
2. What choices do I have as a Stuart Shareholder?	As a Stuart Shareholder, you have the following choices in respect of your Stuart Shares: ▪ accept the Offer; ▪ sell your Stuart Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance); or ▪ do nothing. There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 9 of this Target's Statement.	Section 9
3. What are the directors of Stuart recommending?	Your directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal.	Section 2
4. Why are the directors of Stuart recommending that I accept the Offer (in the absence of a Superior Proposal)?	Section 3 of this Target's Statement sets out the reasons why your directors are recommending you accept the Offer, in the absence of a Superior Proposal. However, you are encouraged to read this Target's Statement in its entirety.	Section 3
5. What do the directors of Stuart intend to do with any Stuart Shares that they hold?	Each of your directors has advised that he intends to accept the Offer in respect of any Stuart Shares that he, or his associates, hold, in the absence of a Superior Proposal.	Section 2.4
6. How do I accept the Offer?	Details of how to accept the Offer are set out in Section 1 of this Target's Statement.	Section 1



Question	Answer	Further Information
7. What happens if Senex increases the consideration payable under the Offer?	If Senex increases the consideration payable under the Offer, you will obtain the benefit of that higher consideration even if you have already accepted the Offer.	Section 7.11
8. What are the conditions to the Offer?	The outstanding conditions to the Offer, as at the date of this Target's Statement, are in summary: - before the end of the Offer Period, Senex has a relevant interest (as defined in the Corporations Act) in at least 50.1% of Stuart Shares (by number); - before the end of the Offer Period, all regulatory approvals required by law have been obtained and are maintained; - from the Announcement Date until the end of the Offer Period, there is no regulatory action which materially impacts on the Offer or the continued operation of the business of Stuart and its subsidiaries; - from the Announcement Date until the end of the Offer Period, there is no Prescribed Occurrence; - from the Announcement Date until the end of the Offer Period, there is no Regulated Event; and - from the Announcement Date until the end of the Offer Period, there is no Material Adverse Change.	Section 7.3
9. What are the consequences of accepting the Offer now?	If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Stuart Shares on the ASX or otherwise deal with your Stuart Shares while the Offer remains open.	Section 7.8
10. If I accept the Offer, can I withdraw my acceptance?	You may only withdraw your acceptance if Senex varies the Offer in a way that postpones the time when Senex is required to satisfy its obligations by more than one month.	Section 7.9
11. Will I get any warning when the 50.1% minimum acceptance condition is about to be satisfied?	No. You will need to monitor the acceptance levels yourself by checking the substantial holder notices lodged by Senex with the ASX during the Offer Period. Senex has indicated in its Bidder's Statement that it will give a Notice of Status of Conditions to the ASX and Stuart on the date that is 7 days prior to the end of the Offer Period, subject to postponement in the event that the Offer Period is extended.	Section 7.4



Question	Answer	Further Information
12. Does satisfaction of the 50.1% minimum acceptance condition mean that I will definitely receive the Offer consideration if I accept?	All conditions of the Offer must be satisfied or waived for the Offer to become unconditional and for the consideration under the Offer to be provided to you. Even if the 50.1% minimum acceptance condition is satisfied, other conditions may still be unsatisfied, and satisfaction (or waiver) of those conditions may take some time or may not occur at all.	Section 7.3
13. When does the Offer close?	The Offer is presently scheduled to close at 5:00pm (Brisbane time) on 29 March 2011, but the Offer Period can be extended in certain circumstances. See Section 7.6 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.	Sections 7.5 and 7.6
14. What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived on or before the end of the Offer Period, the Offer will lapse, your Stuart Shares will not be transferred to Senex and you will not be provided with your consideration (even if you had accepted the Offer as your acceptance will be void). However, you would then be free to deal with your Stuart Shares.	Section 7.12
15. When will I receive my consideration if I accept the Offer?	If you accept the Offer, you will have to wait for the Offer to become unconditional before you will receive your consideration from Senex. ▪ In the usual case, you will be issued with your consideration on or before the later of: ▪ one month after the date the Offer becomes unconditional; and ▪ one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional, but, in any event (assuming the Offer becomes unconditional), no later than 21 days after the end of the Offer Period.	Section 7.10
16. What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer is set out in Section 9 of the Bidder's Statement. As the outline is a general outline only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.	Section 9 of the Bidder's Statement



Question	Answer	Further Information
17. Can I participate in the Offer in respect of my Stuart Options?	The Offer does not extend to Stuart Options, however, if you exercise your Stuart Options during the Offer Period you can accept the Offer in respect of the Stuart Shares you are issued on exercise of the Stuart Options. In addition, Senex has stated in the Bidder's Statement that it will make a separate offer to holders of Stuart Options that are 'out of the money' to acquire those Stuart Options.	Section 8.2 of the Target's Statement and Section 11.6 of the Bidder's Statement
18. Can I participate in the Offer in respect of my Stuart Performance Rights?	The Offer does not extend to Stuart Performance Rights, however, if you exercise your Stuart Performance Rights during the Offer Period you can accept the Offer in respect of the Stuart Shares you are issued on exercise of the Stuart Performance Rights. You should note that your directors have determined that 50% of all Stuart Performance Rights which were not exercisable immediately prior to the Announcement Date lapsed on the Announcement Date, and that the remaining 50% will lapse at the end of the Offer Period if they are not exercised by that date.	Section 8.2
19. Can I be forced to sell my Stuart Shares?	You cannot be forced to sell your Stuart Shares unless Senex acquires a relevant interest in at least 90% of all Stuart Shares by the end of the Offer Period, and proceeds to compulsory acquisition. If that happens, you will be forced to sell your Stuart Shares to Senex.	Section 7.13
20. What if I am a Foreign Shareholder?	Foreign Shareholders will not be entitled to receive Senex Shares on accepting the Offer. Instead, if the Offer become unconditional, Foreign Shareholders who accept the Offer will receive the net cash sale proceeds of Senex Shares which they would otherwise have received. See Section 8.7 of this Target's Statement for further information.	Section 8.7
21. Will I pay brokerage if I accept the Offer?	No. However, if your Stuart Shares are registered in a CHESS Holding, or if you are the beneficial owner whose Stuart Shares are registered in the name of a Broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your Broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.	Section 8.9
22. What happens if the Offer fails?	Assuming there is no other offer for Stuart, Stuart will remain a listed company on the ASX and your directors will continue to work to generate value for Stuart Shareholders.	N/a
23. Is there a number that I can call if I have further queries in relation to the Offer?	If you have any further queries in relation to the Offer, please contact Stuart on +61 (0) 8 8410 0611 between 9:00am and 5:00pm (Adelaide time) Monday to Friday.	N/a



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5. INFORMATION ABOUT STUART



5. Information About Stuart

5.1. Overview of Stuart

Stuart engages in the exploration, development, and production of conventional and unconventional oil and gas, within the Cooper and Eromanga Basins in South Australia. Stuart also plans to develop a fuel import, storage and distribution business at Port Bonython, South Australia, via its wholly owned subsidiary, Port Bonython Fuels Pty Ltd (**PBF**).

The company currently operates four oil production facilities servicing nine fields and has non-operated interests in three additional fields. Overall, Stuart has interests in acreage consisting of six Petroleum Exploration Licences and ten Production Licences covering an area of approximately 5,700 square kilometres in total within the Cooper and Eromanga Basins. In addition, Stuart has also applied for four additional Petroleum Exploration Licences in the Pedirka and Simpson Desert Basins which cover an area of approximately 33,000 square kilometres.

At 31 December 2010, Stuart had estimated 1P Reserves of 1.4 million barrels and estimated 2P Reserves of 2.2 million barrels following preliminary evaluation of the recently drilled Worrior 7 and Acrasia 5 development wells.

Stuart recorded a profit of \$6.8 million in the 2010 financial year, underpinned by annual oil production of 193,000 barrels and the profitable sale of its Timor Sea exploration interests.

Stuart's business can be divided into 4 main categories:

- Production assets
- Conventional exploration
- Unconventional exploration
- PBF

5.2. Production assets

Most of the oil produced from Stuart's operations is exported via Moomba to Port Bonython, and from there to either Australian or overseas destinations. Approximately 20% of oil produced is trucked directly from Stuart fields to Shell's refinery at Corio near Geelong, and to IOR Energy's refinery at Eromanga in Queensland.

Worrior – PPL 207

(Stuart interest: 70%)

Worrior is Stuart's principal operating oil field, located 55 kilometres to the southwest of Moomba. Worrior's first discovery well was drilled in 2003 and the field now has seven production wells, with three main reservoirs at depths between 1400 metres and 1800 metres.

Worrior has become the centrepiece of Stuart's field operations with advanced remote monitoring and communications systems used to manage the operation, together with 1,500 kilowatts of installed pumping capacity to bring oil to the surface. The produced oil from the field is of an extremely high quality and all major pumping systems on site run directly on crude rather than diesel, delivering in excess of a 50% saving in fuel costs. As at June 2010, 3.3 million barrels had been extracted from the field. Crude produced from the nearby Arwon field is shipped via Worrior.



Acrasia – PPL 203

(Stuart interest: 75%)

The Acrasia oil field is situated 125 kilometres north east of Moomba, near the Queensland border. Acrasia services the Cleansweep operations and also acts as a hub for the Santos operated Reg Sprigg and Reg Sprigg West fields.

Acrasia 1 was Stuart's first exploration well and spudded in March 2002. The well was an oil discovery and was brought online in July of the same year. The Acrasia field now has five production wells from which a total of over 600,000 barrels has been recovered.

Stuart completed the drilling, and connection of, the Acrasia 5 development well to the existing Acrasia oil production facility in December 2010. The well brought a new lease of life to the field, encountering 32 metres of nett oil pay across four reservoirs, the most productive of which flowed at over 1,500 barrels per day on test.

Padulla – PPL 221

(Stuart interest: 100%)

Padulla 2 was drilled in 2005, twinning the original Padulla 1 well drilled by another operator in 1986 which was plugged and abandoned, having only encountered minor oil shows which were judged to be sub-economic. Padulla 2 was an oil discovery, however initial flow rates from the Murta formation at a depth of 1200 metres were modest, of the order of 60 barrels per day. Padulla 2 and 3 were hydraulically fractured with great success and the oil production rate from the field was increased dramatically, briefly exceeding 1,000 barrels per day. The field continues to produce at around 100 barrels per day.

Like Worrior, the crude from Padulla is of a high quality and is used to fuel the on site pumping systems directly. The field has produced a total of over 240,000 barrels of oil.

Derrilyn – PPL 206, PPL 208, PPL 215

(Stuart interest: 35%)

Stuart has a minority interest in the Derrilyn and Toparoa fields. Both fields are operated by Santos, with crude from these fields going directly by pipeline to Santos' Limestone Creek oil satellite and from there to Moomba.

Harpoono – PPL 209, PPL 16

(Stuart interest: 66.67%)

Harpoono was discovered in 2004. The field and its satellites (Rimfire, Revenue, Comic, Dunoon and Might & Power) have since produced a total of nearly 200,000 barrels. Stuart's interest in Harpoono and its satellite fields were sold effective 30 June 2010. However, the sale has not yet completed as not all conditions to the sale have been satisfied.

Reg Sprigg West – PPL 211

(Stuart interest: 18.75%)

Reg Sprigg West 1 was drilled in 2004 and discovered oil and gas in three formations. The structure straddles the border of PEL 90 and Santos' PPL 194 and a split of the field was agreed prior to drilling. Oil production has been intermittent for a number of years.

Arwon – PPL 217, PPL 218

(Stuart interest: 100%)

Arwon 1 is located approximately three km east of the Worrior oil discovery and was drilled in 2004. Oil was found in the McKinlay Member of the Murta formation. Production has been via the Worrior field facilities but in recent times the well has been shut in because of uneconomic flowrates.



5.3. Conventional exploration

In 2010, Stuart drilled one exploration and two development wells. In 2011, Stuart intends to drill one exploration well in the first half in PEL 516 (Vintage Crop 1). In addition, Stuart also intends to drill multiple Eromanga Basin oil targets.

During the past 15 months flooding and persistent subsequent rains have prevented seismic surveys being recorded in a number of Stuart licences. This has delayed follow up exploration drilling for oil. The best future potential is thought to be in the northern licences (PEL 90 and PEL 100) where oil discoveries with multiple pools are common and in the South within PEL 516.

Pedirka / Poolowanna Trough

Stuart has applied for four tenement areas – PELA 288, 289, 290, and 331 – which cumulatively cover an area of 33,000 square kilometres of the Poolowanna Trough, the Pedirka Basin and the Simpson Desert Basin.

Stuart has recently concluded negotiations with the Wangkangurru / Yarluyandi native title claimants and the South Australian government is progressing the grant of two of the Petroleum Exploration Licence Applications (PELA 288 and 289), with the remaining two applications scheduled to follow in due course.

Geothermal

Stuart currently holds 12 Geothermal Exploration Licences in the Cooper/Eromanga Basin and applications for a further 14 Geothermal Exploration Tenements elsewhere in the Eromanga Basin.

5.4. Unconventional exploration

During 2010, Stuart's focus was on identifying the potential for major unconventional gas resources through a thorough desktop evaluation of its exploration tenements. In 2011, Stuart intends to commence a drilling and fracture stimulation work programme to assist in the evaluation of shale gas targets in the Permian Roseneath and Murteree Shales.

Shale Gas

Stuart owns extensive acreage in the Cooper Basin which has the potential to contain world class resources of natural gas.

Recently, Stuart commissioned an independent unconventional gas consultant to deliver a scoping study contemplating the potential for generation and entrapment of natural gas within Stuart's 100% owned PEL 516.

In July 2010, the independent consultant concluded that the Allunga Trough and Mettika Embayment within PEL 516 have potential shale gas-in-place between 38 and 60 trillion cubic feet. Additionally, the independent consultant found more broadly that Stuart's shale accumulations were comparable in area, thickness, depth, organic content, thermal maturity and pipeline infrastructure with currently productive shale gas provinces in the United States.

Coal Seam Gas

Stuart holds extensive areas underlain by coals of the Permian-aged Toolachee and Patchawarra Formations. Stuart's northern acreage is in part underlain by a single Toolachee coal seam which exceeds 30 metres in thickness while its southern acreage hosts further Patchawarra coals which cumulatively exceed 25 metres in thickness.

The independent consultant's studies concluded that Stuart's coals have the potential to contain in excess of 20 trillion cubic feet of coal gas-in-place, and that Stuart's Toolachee Coals are optimally mature for the generation of high-value, liquids-rich, low carbon dioxide, gas.



5.5. Port Bonython Fuels

Port Bonython Fuels Pty Ltd (PBF) is a 100% owned subsidiary of Stuart. PBF plans to develop a fuel import, storage and distribution business at Port Bonython, near Whyalla in South Australia.

Port Bonython is located approximately 380kms by road to the north west of Adelaide, and is the only suitable deep water port in the northern region of South Australia that is currently able to berth ships carrying in excess of 100,000 tonnes.

Once developed, PBF is expected to provide the State with infrastructure that will significantly increase fuel supplies, particularly within the northern and western regions of South Australia, and will result in a new regional fuel supply gateway. The project is initially expected to have the capacity to import and distribute 500 million litres of diesel fuel annually. The project has been awarded 'Crown Sponsored Development' status, indicating the importance that the South Australian government places upon the project.

In 2010, PBF received development approval to construct the proposed fuel facility and is in the process of executing a licence permitting non-exclusive use of the existing Port Bonython jetty and adjacent land for an initial 35 year term. Stuart continues to progress negotiations with customers regarding long term fuel supply arrangements, project finance and marketing.

5.6. Directors and senior management

Details of your directors and senior management team are detailed below:

John Branson – Chairman AM., R.afD., LLB, C.Univ., FAICD

Mr Branson has been a non-executive director of Stuart since 9 April 1999. Mr Branson has over 30 years' experience in law and business management. He is Chairman of Stuart and holds directorships in AED Oil Limited and Hytorc (South Pacific) Pty Ltd. As of June 2010 he was made a Member of the Order of Australia for service to the business community of South Australia and to education, particularly as a contributor to Flinders University of South Australia. In addition, he is a member of the Bank of South Australia Advisory Board.

David Clarke – Non Executive Director B.Sc

Mr Clarke has been a non-executive director of Stuart since 12 December 2001. He is a public company director with more than 25 years' experience. Mr Clarke is a graduate of the University of Adelaide in geology and physics, he is experienced in capital markets and has acted as principal sponsor and financier of several groups, which have developed Australian resource and industrial businesses.

Bruce Parncutt – Director B.Sc, MBA, SA Fin

Mr Parncutt is a senior figure in the Australian securities industry. He was Chief Executive of listed securities firm McIntosh Securities for seven years (1990-1996) and Senior Vice President of Merrill Lynch for three years (1997-1999). He was a Member of the Australian Stock Exchange for 19 years (1981-2000) and a director of Australian Stock Exchange Limited for six years (1994-1999). He holds a Bachelor of Science, a Masters of Business Administration and is a Senior Associate of the Financial Services Institute of Australasia.

The members of senior management of Stuart are set out below:

Iain MacDougall – Chief Executive Officer (Acting) B.Sc (Hons) Mechanical Engineering, SPE, MAICD

Mr MacDougall was appointed as Stuart's Acting Chief Executive Officer in October 2010. He joined Stuart in 2004 as Production Manager following 16 years with leading global energy and information services company Schlumberger, with assignments in Asia, Australia, West Africa, the UK and the Middle East. Prior to this he worked on internal combustion engine research and development and in the nuclear power industry in the United Kingdom.

Mr MacDougall is an alumnus of the INSEAD Business School in France where he completed their International Executive Program. He is a member of the Society of Petroleum Engineers, chairs the Advisory Committee at



the Australian School of Petroleum at the University of Adelaide and is on the Council of the South Australian Chamber of Mines and Energy.

Jaroslav (Jarek) Kopias – Company Secretary B.Comm, CPA, ACIS

Mr Kopias was appointed to the position of Company Secretary in October 2010, having joined Stuart in May 2006 as Chief Accountant. He has 15 years' experience in financial roles across the resource sector.

Robert Frears – Exploration Manager B.Sc (Hons) Geology

Mr Frears, has over 40 years' experience in the petroleum industry. This includes working for exploration and development companies, consulting companies and the South Australian Government.

He was previously the Chief Petroleum Geologist in the South Australian Department of Mines and Energy after working for Santos in petroleum exploration and development.

His current projects are prospect evaluation in Stuart's areas in the Cooper Basin with special emphasis on oil and gas exploration and development and management of Stuart's drilling and seismic operations.

Mark Mussared – Petroleum Development Manager B.Eng (Hons), Adelaide, Civil Engineering, M.Sc (Oxon), SPE

Mr Mussared has over 30 years' experience in the petroleum industry in Australia and overseas, in both onshore and offshore environments. He has accumulated a wide range of skills and experience in subsurface petroleum and reservoir engineering; well drilling, completions and workovers, both onshore and offshore; offshore and onshore development projects; as well as in economic evaluation and commercial matters. He has particular knowledge of the Cooper Basin and other Australian onshore and offshore petroleum provinces stemming from technical and managerial positions in Schlumberger, Delhi Petroleum, Santos and Origin Energy since he began his petroleum career in the northern North Sea in 1979.

Mark is a member of the Society of Petroleum Engineers, and has served as chairman of the South Australian Section.

John McRae – Commercial Manager CPA

Mr McRae joined Stuart in September 2003, following a variety of senior financial, company secretarial, logistic and procurement managerial positions principally in the mining and upstream oil and gas industry. His roles have included a range of senior management positions. He is responsible for development of the Port Bonython Fuels Project near Whyalla South Australia. He is a member of CPA Australia.

5.7. Publicly available information

Stuart is a company listed on the ASX and is subject to the periodic and continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. A substantial amount of information on Stuart is publicly available and may be accessed by referring to Stuart on www.asx.com.au.

5.8. Further information

Further information regarding Stuart can be obtained from Stuart's website: www.stuartpetroleum.com.au.



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The background of the slide is a photograph of an oil rig silhouetted against a sunset sky. The sun is low on the horizon, creating a bright orange glow. The rig is a tall, lattice-structured tower. The sky is filled with wispy clouds, some of which are illuminated by the low sun.

6. INFORMATION ABOUT SENEX



6. Information About Senex

6.1. Overview of Senex

Senex (formerly named Victoria Petroleum NL) is primarily engaged in the exploration and development of oil and gas in the Cooper and Eromanga Basins in South Australia and Queensland and the Surat Basin in Queensland.

Senex is an independent oil producer in the Cooper Basin and holds a major acreage position in the Western Margin Oil Project. In Queensland, Senex is in joint ventures with QGC (a BG Group business) and Bow Energy Limited in several strategically located coal seam gas tenements in the Surat Basin's LNG feedstock region.

Senex's growth strategy currently focuses on two key areas:

- Cooper Basin oil and gas exploration and development; and
- Surat Basin coal seam gas appraisal and development.

As of 30 June 2010 Senex's net 2P oil Reserves were 1.6 million barrels and net 3P oil Reserves were 4.5 million barrels of oil. On 21 February 2011, Senex announced the following oil Reserves upgrade:

- 1P oil Reserves of 2.3 million barrels;
- 2P oil Reserves of 4.7 million barrels (a 194% increase over previously announced 2P oil Reserves); and
- 3P oil Reserves of 13.2 million barrels (a 193% increase over previously announced 3P oil Reserves).

Senex also has gas reserves as follows:

- 2P gas reserves of 79 Petajoules (12.8 million barrels of oil equivalent); and
- 3P gas reserves of 249 Petajoules (40.1 million barrels of oil equivalent).

For the 2010 financial year, Senex recorded a profit of \$2.6 million as a result of a 15% improvement in annual oil production on the 2009 financial year to over 142,000 barrels.

As at 31 December 2010, Senex had \$49 million of cash on hand. On 21 February 2011, Senex also accepted into the takeover offer by Beach Energy Limited for its 20% shareholding in Impress Energy Limited, which generated a further \$15 million in cash.

A recent corporate rejuvenation has seen changes at the board level and the appointment of a new management team, in addition to a successful capital raising in late 2010.

6.2. Further information

Senex is a company listed on the ASX (Code: SXY) and is subject to the continuous and periodic disclosure requirements of the ASX Listing Rules and the Corporations Act. A substantial amount of information on Senex is publicly available and may be accessed by referring to Senex on www.asx.com.au.

In addition, Section 4 of the Bidder's Statement contains further background information on Senex in relation to its projects, financial performance, and financial position. The risks associated with investing in Senex are contained in Section 8 of the Bidder's Statement.

Further information regarding Senex can be obtained from Senex's website: www.senexenergy.com.au.

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7. KEY FEATURES OF THE OFFER



7. Key Features of the Offer

7.1. Senex's Offer

Senex announced its intention to make its takeover bid for Stuart on 21 February 2011. The terms of the Offer are contained in Schedule 1 of the Bidder's Statement.

The Offer is open for acceptance until 5:00pm (Brisbane time) on 29 March 2011, unless it is extended or withdrawn (Sections 7.6 and 7.7 of this Target's Statement describe the circumstances in which Senex can extend or withdraw its Offer).

7.2. Consideration payable to shareholders who accept the Offer

The consideration being offered by Senex is 2.5 Senex Shares for every 1 Stuart Share.

If you accept the Offer and become entitled to receive a fraction of a Senex Share, the number of Senex Shares you are entitled to pursuant to the Offer will be rounded up to the next whole number of Senex Shares. If Senex reasonably believes that you have manipulated your holding of Stuart Shares to take advantage of rounding up, then any fractional entitlement will be rounded down to the next whole number of Senex Shares.

7.3. Conditions to the Offer

The Offer is subject to a number of conditions. Those conditions are set out in full in Schedule 2 of the Bidder's Statement.

The outstanding conditions to the Offer, as at the date of this Target's Statement, are:

- before the end of the Offer Period, Senex has a relevant interest (as defined in the Corporations Act) in at least 50.1 % of Stuart Shares (by number);
- before the end of the Offer Period, all regulatory approvals required by law have been obtained and are maintained;
- from the date on which the Offer was announced until the end of the Offer Period, there is no regulatory action which materially impacts on the Offer or the continued operation of the business of Stuart or its subsidiaries;
- from the Announcement Date until the end of the Offer Period, there is no Prescribed Occurrence;
- from the Announcement Date until the end of the Offer Period, there is no Regulated Event; and
- from the Announcement Date until the end of the Offer Period, there is no Material Adverse Change.

As at the date of this Target's Statement, Stuart is not aware of any act, omission, event or fact that would result in the failure of any of the conditions to the Offer.

7.4. Notice of Status of Conditions

Section 6.6 of the terms of the Offer set out in Schedule 1 of the Bidder's Statement, indicates that Senex will give a Notice of Status of Conditions to the ASX and Stuart on the date that is 7 days prior to the end of the Offer Period (subject to any postponement as noted below).

Senex is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as Senex knows, any of the conditions have been fulfilled; and
- Senex's voting power in Stuart.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period.



In the event of such an extension, Senex is required, as soon as practicable after the extension, to give a notice to the ASX and Stuart that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period, but before the date on which the Notice of Status of Conditions is required to be given, Senex must, as soon as practicable, give the ASX and Stuart a notice that states that the particular condition has been fulfilled.

7.5. Offer Period

Unless the Offer is extended or withdrawn, it is open for acceptance from 21 February 2011 until 5:00pm (Brisbane time) on 29 March 2011.

The circumstances in which Senex may extend or withdraw the Offer are set out in Sections 7.6 and 7.7 respectively of this Target's Statement.

7.6. Extension of the Offer Period

Senex may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in Section 7.4 in this Target's Statement) while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are fulfilled or waived), Senex may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- Senex improves the consideration offered under the Offer; or
- Senex's voting power in Stuart increases to more than 50%.

If either of these 2 events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.7. Withdrawal of Offer

Senex may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Senex may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

7.8. Effect of acceptance

The effect of acceptance of the Offer is set out in Sections 6.7 and 6.8 of the terms of the Offer set out in Schedule 1 of the Bidder's Statement. You should read these provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Stuart Shares and the things which you are deemed to have done by accepting of the Offer.

You should note that, if you accept the Offer, unless you are able to withdraw your acceptance in the circumstances described in Section 7.9 of this Target's Statement, you will forgo the opportunity to benefit from any competing proposal (including any Superior Proposal) which may be put forward by another party, unless the Offer does not become unconditional at the end of the Offer Period and the competing proposal remains open for acceptance. As at the date of this Target's Statement, your directors are not aware of any competing proposal.

You should also note that, if you accept the Offer, you will be deemed to have irrevocably appointed Senex or any nominee of Stuart as your attorney to exercise all your powers and rights attaching to your Stuart Shares, including (but not limited to) the right to attend and vote at general meetings of Stuart on your behalf, from the time of acceptance to the earlier of:

- the Offer becoming unconditional;
- the withdrawal of your acceptance in the manner described in Section 7.9 of this Target's Statement; and



- the end of the Offer Period.

In particular, if you accept the Offer prior to a general meeting, Senex will be entitled to vote in respect of your Stuart Shares on any proposal which competes with the Offer and requires the approval of Stuart Shareholders, prior to the earliest of the dates listed above.

It is therefore possible that Senex could vote against any competing proposal in respect of your Stuart Shares, possibly resulting in the competing proposal being rejected by Stuart Shareholders. If subsequently Senex is not successful in completing the acquisition of your Stuart Shares under the Offer, and Senex has voted down all competing proposals, you will remain a Stuart Shareholder.

The above attorney right is in addition to the usual attorney rights conferred on a bidder by a shareholder accepting an offer under a takeover bid, which apply from the time when an offer becomes wholly unconditional. You should be aware that these attorney rights will not be limited to resolutions relating to, or affecting, the Offer.

7.9. Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Senex varies the Offer in a way that postpones, for more than one month, the time when Senex needs to meet its obligations under the Offer. This will occur if Senex extends the Offer Period by more than one month and the Offer is still subject to conditions.

7.10. When you will receive your consideration if you accept the Offer

In the usual case, you will be issued your consideration on or before the later of:

- one month after the date the Offer becomes unconditional; and
- one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration which apply to Foreign Shareholders or where additional documents are required to be given with your acceptance (such as a power of attorney).

Section 5 of the terms of the Offer set out in Schedule 1 of the Bidder's Statement sets out full details of when you will be issued with your consideration.

7.11. Effect of an improvement in consideration on shareholders who have already accepted the Offer

If Senex improves the consideration offered under the Offer, all Stuart Shareholders, whether or not they have accepted the Offer before that improvement, will be entitled to the benefit of that improved consideration.

7.12. Lapse of Offer

The Offer will lapse if the Offer conditions are not satisfied or waived by Senex by the end of the Offer Period, in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Stuart Shares as you see fit.

7.13. Compulsory acquisition

Senex has indicated in Sections 7.2 and 7.3 of the Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Stuart Shares and Stuart Options. Stuart Shareholders should read these sections in full to understand the compulsory acquisition rights Senex may acquire under the Corporations Act and, if it acquires them, how Senex intends to exercise them.

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8. OTHER IMPORTANT MATTERS



8. Other Important Matters

8.1. Senex's intentions with respect to the Offer and Stuart

Senex has indicated its intentions in relation to the Offer and the business of Stuart generally in Section 7 of the Bidder's Statement.

8.2. Stuart Options and Stuart Performance Rights

The Offer extends to all Stuart Shares that are issued as a result of the exercise of Stuart Options or Stuart Performance Rights during the Offer Period.

As at the Announcement Date, Stuart had:

- 1,716,671 Stuart Options on issue; and
- 375,232 Stuart Performance Rights on issue.

Under the terms of the Director and Employee Share Option Plan pursuant to which the Stuart Options were issued, the Stuart Options became immediately exercisable in accordance with their terms of issue on the Announcement Date.

Senex has indicated in its Bidder's Statement that it will make a separate offer to holders of Stuart Options to acquire all Stuart Options that are 'out of the money', that is, Stuart Options which have an exercise price above the Implied Offer Price. Further information in relation to the offer is set out in Section 11.6 of the Bidder's Statement. Your directors have consented to the transfer of Stuart Options pursuant to the offer.

Under the Merger Implementation Agreement, Stuart agreed that 50% of Stuart Performance Rights on issue as at the Announcement Date would lapse and the remaining 50% would become exercisable on the Announcement Date during the Offer Period. In order to give effect to this agreement, your directors have made a determination to this effect under, and in accordance with, the Performance Rights Plan pursuant to which the Stuart Performance Rights were issued. You should note that the Stuart Performance Rights which have become exercisable during the Offer Period will lapse at the end of the Offer Period unless they are exercised before that date.

8.3. Minority ownership consequences

The Offer is presently subject to a 50.1% minimum acceptance condition. Senex has the right to waive the 50.1% minimum acceptance condition. If Senex acquires more than 50% but less than 90% of the Stuart Shares then, assuming all other conditions to the Offer are fulfilled or waived, Senex will acquire a majority shareholding in Stuart. In that situation Stuart Shareholders who do not accept the Offer will become minority shareholders in Stuart. This has a number of possible implications, including:

- Senex will be in a position to cast the majority of votes at a general meeting of Stuart. This will enable it to control the composition of the Board and senior management, determine Stuart's dividend policy and control the strategic direction of the businesses of Stuart and its subsidiaries;
- the Stuart Share price may fall immediately following the end of the Offer Period and it is unlikely that the Stuart Share price will contain any takeover premium;
- the liquidity of Stuart Shares may be lower than at present;
- if the number of Stuart Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then Senex may seek to have Stuart removed from the official list of the ASX. If this occurs, Stuart Shares will not be able to be bought or sold on the ASX;
- if Senex acquires 75% or more of the Stuart Shares it will be able to ensure that the passing of special resolution of Stuart at general meetings. This will enable Senex to, among other things, change Stuart's constitution; and



- transactions between Senex and Stuart will not fall within the exceptions for closely held or wholly owned subsidiaries under the related party provisions of Chapter 2E of the Corporations Act and ASX Listing Rule 10.1 and, as a consequence, shareholder approval may need to be obtained in respect of such transactions.

8.4. Stuart Share price absent the Offer

While there are many factors that influence the market price of Stuart Shares, your directors anticipate that, following the close of the Offer, the market price of Stuart Shares may fall if the Offer does not become unconditional or the Offer becomes unconditional but Senex acquires less than 90% of the Stuart Shares.

8.5. Other alternatives to the Offer

As at the date of this Target's Statement, your directors are not aware of any alternatives to the Offer. Your directors will keep Stuart Shareholders informed in a timely manner should any material developments occur in this regard.

8.6. Taxation consequences of a change in control in Stuart

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in Section 9 of the Bidder's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

8.7. Treatment of Foreign Shareholders

If you are a Foreign Shareholder, you will not be entitled to receive Senex Shares as consideration for your Stuart Shares, unless Senex determines that:

- it is lawful and not unduly onerous or impracticable to make the Offer to you and issue you with Senex Shares on acceptance of the Offer; and
- it is not unlawful for you to accept the Offer by the law of the relevant place outside Australia, its external territories or New Zealand.

Instead, the relevant Senex Shares (which would otherwise be issued to Foreign Shareholders) will be allotted to a nominee approved by ASIC who will sell the Senex Shares and will distribute to each of those Foreign Shareholders their proportion of the proceeds of sale net of expenses.

See Section 11.10 of the Bidder's Statement for further information.

8.8. Treatment of unmarketable parcels

Subject to the Corporations Act, ASX Listing Rules and ASX Settlement and Operating Rules, Senex may refuse to register a transfer where to do so would create a parcel of shares less than a marketable parcel and may also, at Senex's expense, invoke a procedure set out in the Senex Constitution for the sale of any parcels of shares that constitute less than a marketable parcel. See Section 11.4 of the Bidder's Statement for further information.



8.9. No brokerage payable

Unless you are a Foreign Shareholder (see Section 8.7 of this Target's Statement), you will not be required to pay brokerage or any other costs in relation to the sale of your Stuart Shares under the Offer. However, if your Stuart Shares are registered in a CHESS Holding, or if you are the beneficial owner whose Stuart Shares are registered in the name of a Broker, bank, custodian, or other nominee, you should ask your Controlling Participant (usually your Broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

8.10. Risk factors in investing in Senex Shares

If you accept the Offer, unless withdrawal rights are available and you exercise them (refer to Section 7.9 of this Target's Statement), you will become a shareholder in Senex if the Offer becomes unconditional. Section 8 of the Bidder's Statement outlines the risks that you may face when investing in Senex Shares. If you require further information regarding such risks in order to make a decision as to whether or not to accept the Offer, you should consult your legal, taxation, accounting or other professional advisers.

8.11. Risk factors in continuing to hold Stuart Shares

There are various risks associated with continuing to hold Stuart Shares that you should be aware of before deciding whether or not to accept the Offer. A summary of some of those risks is set out below. They are not exhaustive and are relevant to Stuart Shareholders as at the date of this Target's Statement and will continue to be relevant to Stuart Shareholders who remain Stuart Shareholders following completion of the takeover by Senex. However, you should note that many of these risks are similar to the risks you may face when investing in Senex Shares as outlined in Section 8.10 of this Target's Statement and Section 8 of the Bidder's Statement.

In addition, if you do not accept the Offer during the Offer Period (and the Offer becomes unconditional), you may end up being a minority Stuart Shareholder. Section 8.3 of this Target's Statement sets out a summary of some of the risks associated with being a minority shareholder in Stuart.

If the Offer is unsuccessful, there is a risk that the market price of Stuart Shares may fall (as noted in Section 8.4 of this Target's Statement).

You should have regard to your own personal investment objectives and financial circumstances, and should consult your professional advisers, before deciding whether or not to accept the Offer.

General risks

Stuart may be affected by general economic conditions locally, nationally and internationally. In particular, Stuart's performance may be adversely affected where its revenues are based on market pricing. Changes in economic factors affecting general business cycles, equity, bond and commodity markets, inflation, legislation, monetary and regulatory policies in Australia and overseas, as well as changes to accounting standards, may affect the value of Stuart Shares or the performance of Stuart.

Specific risks

Oil and gas price fluctuations – the price for oil and gas will depend upon available markets at acceptable prices and transmission and distribution costs. Any substantial decline in the prices of oil or gas or an increase in transmission or distribution costs could have a material adverse effect on Stuart and the value of Stuart Shares.

Reliance on successful exploration – the future profitability of Stuart and the value of Stuart Shares directly relates to the results of exploration. There are inherent risks in exploration activities. No assurances can be given that funds spent on exploration will result in discoveries that will eventually be viable.

Drilling – drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of rigs and/or other equipment. Drilling may result in wells that, while encountering oil and gas, may not achieve economically viable results.



Operating – industry operating risks include fire, adverse weather conditions, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharge of toxic gases. The occurrence of any of these risks could result in legal proceedings being instituted against Stuart and substantial losses to Stuart due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties or suspension of operations.

Environmental risks – oil and gas exploration, development and production can be potentially environmentally hazardous, giving rise to substantial costs for environmental rehabilitation, damage control and losses.

Commercialisation – if Stuart recovers commercial quantities of oil or gas, there is no guarantee that Stuart will be able to successfully transport the oil or gas to commercially viable markets or sell the oil or gas to customers to achieve a commercial return.

Insurance – insurance of all risks associated with oil and gas exploration and production is not always available and, where available, the cost can be high. Stuart will not be insured against all possible losses, whether because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue.

Native title and Aboriginal cultural heritage – the existence of native title, registered native title claims and sacred Aboriginal sites or objects on land the subject of Stuart's tenements is a potential risk and may result in increased legal and administrative costs, or a complete or partial prohibition on petroleum activities, which have a material adverse effect on Stuart's profitability.

Regulatory risk – Stuart will require government regulatory approvals for its operations and must comply with those approvals and other applicable laws, regulations and policies. This may from time to time affect timing and scope of work to be undertaken. Furthermore, changes to taxation rates or regimes, such as increases in taxation on resources produced by Stuart as envisaged in the Petroleum Resource Rent Tax regime or regimes designed to address climate change and greenhouse gas emissions, may have a material adverse effect on Stuart's profitability.

Reserves – resource estimates are based on knowledge, experience and industry practice. Estimates are a necessary practice, and though valid when originally calculated, may change significantly and cease to be accurate when new information becomes available through additional fieldwork or analysis. Resource estimates are by their nature imprecise and to an extent depend on interpretation, which may result in inaccuracies.



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9. YOUR CHOICES AS A STUART SHAREHOLDER



9. Your Choices as a Stuart Shareholder

The choices that are available to you as a Stuart Shareholders are set out below. Your directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Stuart Shares.

9.1. Accept the Offer

Your directors recommend, in the absence of a Superior Proposal, that all Stuart Shareholders accept the Senex Offer and note that they intend to accept the Offer in respect of the Stuart Shares they, or their associates, hold, which represent approximately 30% in aggregate of all Stuart Shares.

The consequences of accepting the Offer are described in Section 7.8 of this Target's Statement. In particular, if you accept the Offer:

- you will receive 2.5 Senex Shares for every 1 of your Stuart Shares;
- you will not incur any brokerage charges (except if you are a Foreign Shareholder - refer to Section 8.7 of this Target's Statement); and
- you will not be able to sell your Stuart Shares to anyone else, either on the ASX or by accepting any competing proposal (including a Superior Proposal) that might emerge, unless either the Offer does not become unconditional or you are able to withdraw your acceptance in the circumstances described in Section 7.9 of this Target's Statement.

The taxation implications of accepting the Offer depend on a number of factors and will vary according to your particular circumstances. A general outline of the Australian tax consequences of accepting the Offer is set out in Section 9 of the Bidder's Statement. You should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

Details of how to accept the Offer are set out in Section 1 of this Target's Statement.

9.2. Reject the Offer

If you do not wish to accept the Offer and wish to retain your Stuart Shares, no action is required.

However, if you do not accept the Offer and Senex becomes entitled to compulsorily acquire your Stuart Shares under the Corporations Act, you may be provided with your consideration later than Stuart Shareholders who chose to accept the Offer.

Senex has stated in its Bidder's Statement that if it becomes entitled to 90% of all Stuart Shares it intends to progress to compulsory acquisition. Further details on compulsory acquisition are provided in Section 7.13 of this Target's Statement, and Sections 7.2 and 7.3 of the Bidder's Statement.

If the Offer becomes unconditional, but Senex does not become entitled to compulsorily acquire your Stuart Shares, you will become a minority shareholder in Stuart. Some of the potentially adverse implications of becoming a minority Stuart Shareholder are described in Section 8.3 of this Target's Statement.

9.3. Sell your Stuart Shares on the ASX

You may decide to sell your Stuart Shares for cash on the ASX, provided you have not accepted the Offer. If you do sell your Stuart Shares on the ASX:

- you will receive cash payment based on the price at which you sell your Stuart Shares on the ASX and will not be able to accept the Offer or any other proposal that may emerge; and
- depending on the sale price achieved and brokerage charges incurred you may receive more or less for your Stuart Shares than the value of the 2.5 Senex Shares which are being offered under the Offer for each Stuart Share.



The taxation implications of selling your Stuart Shares on the ASX depend on a number of factors and will vary according to your particular circumstances.

You should seek your own specific professional advice regarding the taxation consequences for you of selling your Stuart Shares on the ASX relative to accepting the Offer.



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10. INFORMATION RELATING TO YOUR DIRECTORS



10. Information Relating to Your Directors

10.1. Interests of directors in Stuart Shares

Interests in Stuart Shares and Stuart Options

As at the date of this Target's Statement, your directors had relevant interests in the number of Stuart Shares and Stuart Options set out in the table below. Your directors do not have a relevant interest in any Stuart Performance Rights:

Director	Number of Stuart Shares	Number of Stuart Options
John Branson	1,000,000	250,000
David Clarke	14,585,110	166,667
Bruce Parncutt	4,560,000	Nil

Dealings by Directors in Stuart Shares

As at the date of this Target's Statement, none of your directors have acquired or disposed of a relevant interest in any Stuart Shares or Stuart Options in the 4 month period ending on the date immediately before the date of this Target's Statement.

10.2. Interest and dealings in Senex Shares

As at the date of this Target's Statement:

- neither Stuart, nor any of your directors, have a relevant interest in any Senex Shares or the shares of any related body corporate of Senex; and
- there have been no acquisitions or disposals of Senex Shares by any of your directors in the 4 months ending on the date of this Target's Statement,

other than as a result of the execution or performance of the Pre-Bid Acceptance Agreement or the acceptance of the Offer.

10.3. Pre-Bid Acceptance Agreement

On 21 February 2011, one of your directors, and Stuart's largest shareholder, Mr David Clarke entered into a Pre-Bid Acceptance Agreement with Senex under which Mr Clarke and an entity associated with Mr Clarke, Kabinige Nominees Pty Ltd, agreed to accept the Offer in respect of 13,216,484 Stuart Shares in aggregate, representing 19.9 per cent of all of the Stuart Shares on the Announcement Date. They accepted the Offer for that 19.9 per cent interest on 21 February 2011.

10.4. Benefits and agreements

Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Stuart or Related Body Corporate of Stuart.

**Agreements connected with or conditional on the Offer**

Other than as disclosed in Section 10.3 of this Target's Statement and as disclosed below, there are no agreements made between any of your directors and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a holder of Stuart Shares or Stuart Options.

If the Offer becomes unconditional, one of your directors, Mr Bruce Parncutt, or his nominee will be entitled to a payment from Stuart's financial advisers, Gresham, in connection with the Offer, of not more than \$250,000. This entitlement was confirmed in Gresham's engagement letter with Stuart dated 27 October 2009 and arose prior to Mr Parncutt's appointment to the Board on 31 August 2010. The payment is in consideration of various services Mr Parncutt and entities associated with Mr Parncutt provided to Gresham in connection with Gresham's engagement with Stuart.

Benefits from Senex

Other than as disclosed in this Section 10.3 of this Target's Statement, none of your directors have agreed to receive, or are entitled to receive, any benefit from Senex which is conditional on, or related to, the Offer, other than in their capacity as a holder of Stuart Shares or Stuart Options.

Interests of Directors in contracts with Senex

Other than as disclosed in Section 10.3 of this Target's Statement, none of your directors have any interest in any contract entered into by Senex.



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11. ADDITIONAL INFORMATION



11. Additional Information

11.1. Effect of the takeover on Stuart's material contracts

Except as disclosed below, to the best of Stuart's knowledge, none of the material contracts to which Stuart is a party contain change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

The change of control in Stuart which will occur if the Offer becomes unconditional will:

- trigger an event of default in Stuart's facility agreement with the Commonwealth Bank of Australia (CBA); and
- require Stuart to be removed as operator of the PEL 100 joint venture, unless unanimously resolved otherwise by the other joint venturers.

Stuart has notified the CBA of the Offer and is seeking all necessary waivers in respect of its facility agreement. If the Offer becomes unconditional, Stuart intends to seek a unanimous resolution from the other joint venturers in the PEL 100 joint venture to remain as operator of the joint venture.

11.2. Material litigation

Your directors do not believe that Stuart is involved in any ongoing litigation which is material in the context of Stuart and its subsidiaries taken as a whole. However, on 23 February 2011, one of Stuart's drilling services contractors threatened to issue a statutory demand notice against Stuart in respect of claimed debts of \$337,797.92 in aggregate. Stuart believes it has counterclaims in respect of those claimed debts and is disputing them accordingly.

11.3. Merger Implementation Agreement

On 21 February 2011, Stuart and Senex entered into the Merger Implementation Agreement in relation to the Offer by Senex for all of the Stuart Shares.

The terms of the Merger Implementation Agreement are summarised in Section 10.1 of the Bidder's Statement.

11.4. Issued capital

As at the date of this Target's Statement, Stuart's issued capital consisted of:

- 67,082,422 Stuart Shares;
- 1,716,671 Stuart Options; and
- 187,616 Stuart Performance Rights.

11.5. Due Diligence

Due diligence on Stuart was conducted on behalf of Senex prior to execution of the Merger Implementation Agreement. The due diligence was a formal process undertaken under obligations of confidentiality. As part of the due diligence process, Stuart established an electronic data-room, allowed site visits and Senex conducted interviews with Stuart management.

11.6. Consents

Johnson Winter & Slattery has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in the Target's Statement as Stuart's Australian legal advisers in the form and context in which it is so named. Johnson Winter & Slattery has not advised on the laws of any foreign jurisdiction, and has not provided tax advice in relation to any jurisdiction. Johnson Winter & Slattery has not



caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Gresham Advisory Partners Limited has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in the Target's Statement as Stuart's financial advisers in the form and context in which it is so named. Gresham Advisory Partners Limited has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Computershare Investor Services Pty Limited has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in the Target's Statement as Stuart's share registry in the form and context in which it is so named. Computershare Investor Services Pty Limited has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

Mr Mark Mussared has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, his written consent to being named in the Target's Statement and to the inclusion of statements attributable to him in the form and context in which he is named and those statements are included.

As permitted by ASIC Class Order 01/1543 this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by Senex. Pursuant to that Class Order, the consent of the person who made the statement is not required for the inclusion of such statements in this Target's Statement. Any Stuart Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting Stuart on +61 (0) 8 8410 0611 between 9:00am and 5:00pm (Adelaide time) Monday to Friday.

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from IRESS Market Technology Limited without its consent.

11.7. No other material information

This Target's Statement is required to include all the information that Stuart Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any director of Stuart.

Your directors are of the opinion that the information that Stuart Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in Stuart's releases to the ASX, and in the documents lodged by Stuart with ASIC before the date of this Target's Statement; and
- the information contained in this Target's Statement.



Your directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, your directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, your directors have had regard to:

- the nature of the Stuart Shares;
- the matters that Stuart Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Stuart Shareholders' professional advisers; and
- the time available to Stuart to prepare this Target's Statement.

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12. GLOSSARY

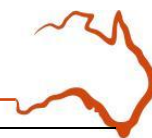


12. Glossary

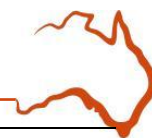
12.1. Glossary

The meanings of the terms used in this Target's Statement are set out below.

Term	Meaning
1P	Means certified to be 'Proved' (developed plus undeveloped) in accordance with SPE-PRMS.
2P	Means certified to be 'Proved' plus 'Probable' in accordance with SPE-PRMS.
3P	Means certified to be 'Proved', 'Probable' plus 'Possible' in accordance with SPE-PRMS.
\$, A\$ or AUD	Means Australian dollar.
Acceptance Form	Means the form of acceptance and transfer accompanying the Bidder's Statement.
Announcement Date	Means 21 February 2011, being the date of announcement of the Offer.
ASIC	Means Australian Securities and Investments Commission.
ASX	Means ASX Limited or the securities exchange operated by it, as the context requires.
ASX Listing Rules	Means the Listing Rules of the ASX.
ASX Settlement Operating Rules	Means the settlement rules of the ASX.
Bidder's Statement	Means the bidder's statement of Senex dated 21 February 2011.
Board	Means the board of directors of Stuart.
Broker	Means a person who is a share broker and participant in CHESS.
CHESS	Means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.
CHESS Holding	Means a number of shares which are registered on Stuart's share register being a register administered by ASX Settlement and Transfer Corporation Pty Limited and which records uncertificated holdings of shares.
Controlling Participant	Means the Broker or Non-Broker Participant who is designated as the controlling participant for shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules.
Corporations Act	Means the Corporations Act 2001 (Cth).



Encumbrance	Means: (a) any mortgage, charge, pledge or lien, and any security interest or a preferential or adverse interest of any kind; (b) a title retention arrangement; (c) a right of any person to purchase, occupy or use assets (including under a hire purchase agreement, option, licence, lease, or agreement to purchase); (d) a right to set-off or right to withhold payment of a deposit or other money; (e) an easement, restrictive covenant, caveat or similar restriction over property (except, in the case of land, a covenant noted on the certificate of title to the land concerned); (f) an agreement to create any of the items referred to in paragraphs (a) to (e) above or to allow any of those items to exist; or (g) a notice under section 255 Tax Act (1936), subdivision 260-A in schedule 1 Taxation Administration Act 1953 (Cth), or any similar legislation.
Financial Indebtedness	Means any debt or other monetary liability (whether actual or contingent) in respect of money borrowed or raised or any financial accommodation including under or in respect of any: (a) bill, bond, debenture, note or similar instrument; (b) acceptance, endorsement or discounting arrangement; (c) guarantee; (d) finance or capital lease; (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; or (f) obligation to deliver goods or provide services paid for in advance by any financier.
Foreign Shareholder	Means a Stuart Shareholder whose address on the Stuart Share register is in a jurisdiction other than Australia or its external territories or New Zealand.
Gresham	Means Gresham Advisory Partners Limited (ABN 88 093 611 413).
Implied Offer Price	As defined in Section 3.1 of this Target's Statement.
Issuer Sponsored Holding	Means a holding of Stuart Shares on Stuart's issuer sponsored subregister.
Material Adverse Change	Means: (a) any matter, event or circumstance which happens, is announced or becomes known to Senex after the date of the Merger Implementation Agreement which (individually or when aggregated with all those matters, events or circumstances) has resulted in or is reasonably likely to result in either: (i) the value of consolidated net assets of the Stuart Group being reduced by at least \$1,000,000 against what they would have been but for the matters, events or



circumstances; or

(ii) the net debt of the Stuart Group (being amounts owing under loans and overdraft facilities less cash and cash equivalents) being increased by at least \$1,000,000 against what it would have been but for the matters, events or circumstances;

(b) circumstances in respect of which each of the following conditions are satisfied:

(i) Senex becomes aware, prior to the end of the Offer Period, that Stuart has breached its continuous disclosure obligations under the ASX Listing Rules prior to the date of this document in a material respect;

(ii) the information giving rise to such breach (**Relevant Target Information**) was not:

(A) disclosed in writing by Stuart or its advisers to Senex or its advisers prior to the date of the Merger Implementation Agreement; or

(B) disclosed in any formal management presentation given by Stuart to Senex prior to the date of the Merger Implementation Agreement; and

(iii) had a reasonable bidder in similar circumstances to Senex known of the Relevant Target Information prior to the date of the Merger Implementation Agreement, it would have resulted in that reasonable bidder offering less Senex Shares as consideration under the Offer,

but does not include:

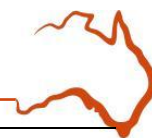
(c) any matter, event or circumstance arising from changes in economic or business conditions (including changes in oil prices or currency exchange rates) which impact on Stuart and its competitors in a similar manner;

(d) any change in taxation rates or taxation laws which impact on Stuart and its competitors in a similar manner;

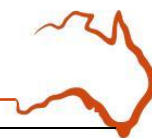
(e) any change in accounting policy required by law; or

(f) any change occurring directly or indirectly as a result of any matter, event or circumstance required by this document, the Offer or the transactions contemplated by them.

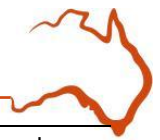
Merged Group	Means the Senex Group (including Stuart Group) which will exist as a result of the takeover bid as constituted by the Offer, should the takeover proceed to its conclusion and Senex acquires all of the Stuart Shares on issue.
Merger Implementation Agreement	Means the Merger Implementation Agreement dated 21 February 2011 between Senex and Stuart.
Non-Broker Participant	Means a non-broker participant under the ASX Settlement Operating Rules.
Notice of Status of Conditions	Means Senex's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.
Offer or Senex Offer	Means the offer by Senex for the Stuart Shares, which offer is contained in Schedule 1 of the Bidder's Statement.



Offer Period	Means the period during which the Offer will remain open for acceptance in accordance with section 3 of the terms of Offer set out in Schedule 1 of the Bidder's Statement.
Pre-Bid Acceptance Agreement	Means the Pre-Bid Acceptance Agreement dated 21 February 2011 between Mr David Clarke, Kabininge Nominees Pty Ltd as trustee for the Kabininge Super Fund and Senex.
Prescribed Occurrence	Means: (a) (conversion) Stuart converts all or any of the Stuart Shares into a larger or smaller number of shares; (b) (reduction of share capital) Stuart resolves to reduce its share capital in any way; (c) (buy-back) Stuart: (i) enters into a buy-back agreement; or (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act; (d) (distribution) Stuart makes or declares, or announces an intention to make or declare, any distribution (whether by dividend, capital reduction or otherwise and whether in cash or in specie); (e) (issuing shares or options) a member of the Stuart Group: (i) issues shares; (ii) grants an option over its shares; or (iii) agrees to make an issue of shares or grant an option over its shares, in each case to a person outside the Stuart Group; (f) (securities or other instruments) a member of the Stuart Group: (i) issues securities or other instruments convertible into shares or debt securities; or (ii) agrees to issue securities or other instruments convertible into shares or debt securities, in each case to a person outside Stuart Group; (g) (constitution) a member of the Stuart Group adopts a new constitution or modifies or repeals its constitution or a provision of it; or (h) (disposals) a member of the Stuart Group disposes, or agrees to dispose of, the whole or a substantial part of its business or property, but a Prescribed Occurrence does not include: (i) any occurrence disclosed in writing by Stuart or its advisers to Senex or its advisers prior to the date of the Merger Implementation Agreement; (j) any occurrence that was disclosed in any formal management presentation given by Stuart to Senex prior to the date of the Merger Implementation Agreement; (k) the issue of Stuart Shares on the exercise of Stuart Options or Stuart Performance Rights granted before the date of the Merger Implementation



	Agreement; (l) any matter required to be done or brought about by Stuart under the Merger Implementation Agreement or which is contemplated by the Offer; or (m) any other matter, the undertaking of which Senex has approved in writing.
Proposal	Means a transaction or arrangement which, if completed, would mean a person other than Senex (or its associates, or both) would acquire a relevant interest (as defined in the Corporations Act) in 20% or more of the Stuart Shares, acquire control (as defined in section 50AA of the Corporations Act) of Stuart, acquire all or a substantial part of Stuart's business, assets or undertaking or otherwise acquire or merge with Stuart.
Regulated Event	Means: (a) (acquisitions, disposals or tenders) a member of the Target Group: (i) acquires or disposes of; (ii) agrees to acquire or dispose of; or (iii) offers, proposes, announces a bid or tenders for, any business, asset, interest in a joint venture, entity or undertaking, the value of which exceeds \$200,000; (b) (Encumbrances) a member of Stuart Group creates any Encumbrance over the whole or a substantial part of its business or property (other than a lien which arises by operation of law or legislation securing an obligation not yet due and consistent with past practice); (c) (board) any person is appointed to the Board, other than those nominated by Senex; (d) (employment arrangements) a member of Stuart Group: (i) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees; or (ii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind, other than in accordance with the Merger Implementation Agreement or as a result of contracted arrangements that are consistent with past practice and in effect at the date of the Merger Implementation Agreement; (e) (termination or retention payment) a member of the Stuart Group pays any of its directors or employees a termination or retention payment (otherwise than as required by an existing contract which, at the date of this document, is in place and has been disclosed to Senex); (f) (commitments and settlements): a member of the Stuart Group: (i) enters into any contract or commitment involving revenue or expenditure by the Stuart Group of more than \$200,000 over the term of the contract or commitment; (ii) terminates or amends in a material manner any contract material to the conduct of the Stuart Group's business or which involves revenue or expenditure of more than \$200,000 over the term of the contract; (iii) waives any material third party default; or



(iv) accepts as a settlement or compromise of a material matter (relating to an amount in excess of \$200,000) less than what Stuart reasonably believes is the full compensation due to Stuart or a subsidiary of Stuart;

(g) (**financial arrangements**) a member of the Stuart Group amends (or agrees to amend) in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by the Merger Implementation Agreement;

(h) (**capital expenditure**) a member of the Stuart Group undertakes or agrees to undertake capital expenditure in excess of \$1,000,000 in aggregate;

(i) (**insolvency**) an Insolvency Event occurs in respect of any member of Stuart Group;

(j) (**financial indebtedness**) a member of the Stuart Group provides financial accommodation (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of \$200,000, other than financial accommodation in the form of Financial Indebtedness to another member of Stuart Group;

(k) (**breach of law**) a member of the Stuart Group takes or omits to take action which results in a breach of law material to a member of Stuart Group;

(l) (**accounting policy**) a member of the Stuart Group changes any accounting policy applied by them to report their financial position, except as required by law;

(m) (**related party**) a member of the Stuart Group enters into or resolves to enter into a transaction with any related party of Stuart as defined in section 228 Corporations Act, other than a transaction for the provision of financial accommodation in the form of Financial Indebtedness to another member of Stuart Group; or

(n) (**tax liability**) Stuart or any other member of the Stuart Group does anything that results in a taxable gain for the Stuart Group by either causing a subsidiary to cease being a member of Stuart Group or causing the Stuart Group to cease being a consolidated group,

but a Regulated Event does not include:

(o) any occurrence disclosed in writing by Stuart or its advisers to Senex or its advisers prior to the date of the Merger Implementation Agreement;

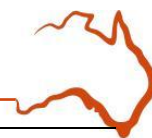
(p) any occurrence that was disclosed in any formal management presentation given by Stuart to Senex prior to the date of the Merger Implementation Agreement;

(q) the issue of Stuart Shares on the exercise of Stuart Options or Stuart Performance Rights granted before the date of the Merger Implementation Agreement;

(r) any matter required to be done or brought about by Stuart under the Merger Implementation Agreement or which is contemplated by the Offer; or

(s) any other matter, the undertaking of which Senex has approved in writing.

Reserve	Means a Reserve as defined in SPE-PRMS.
Senex	Means Senex Energy Limited (ABN 50 008 942 827).
Senex Constitution	Means the constitution of Senex.



Senex Group	Means Senex and each of its subsidiaries.
Senex Shares	Means fully paid ordinary shares of Senex.
SPE-PRMS	Means the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers.
Stuart	Means Stuart Petroleum Limited (ABN 58 059 146 226).
Stuart Group	Means Stuart and each of its subsidiaries.
Stuart Option	Means an option to acquire an unissued Stuart Share.
Stuart Performance Rights	Means a performance right to acquire an unissued Stuart Share granted under the Stuart Petroleum Limited Performance Rights Plan.
Stuart Shareholder	Means a registered holder of Stuart Shares.
Stuart Shares	Means fully paid ordinary shares of Stuart.
Superior Proposal	Means a Proposal that the directors of Stuart, acting in good faith, taking into account all aspects of the Proposal, have determined is reasonably capable of being completed and is more favourable to Stuart Shareholders than the Offer.
Target's Statement	Means this document (including the attachments), being the statement of Stuart under Part 6.5 of Division 3 of the Corporations Act.
Trading Day	Has the same meaning as in the ASX Listing Rules.
VWAP	Means volume weighted average price.

12.2. Interpretation

In this Target's Statement, unless the context otherwise requires:

- a) other words and phrases have the same meaning (if any) given to them in the Corporations Act;
- b) words of any gender include all genders;
- c) words indicating the singular include the plural and vice versa;
- d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant;
- f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;
- h) a reference to time is a reference to Adelaide time; and
- i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



Authorisation of Target's Statement

This Target's Statement is dated 28 February 2011 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a unanimous resolution of the directors of Stuart.

Signed for and on behalf of Stuart Petroleum Limited:

John G Branson AM., R.afD., LLB., C.Univ, FAICD

Chairman

Corporate Directory

Registered Office

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Level 3, 22 King William Street
ADELAIDE SA 5000

Financial Adviser

Gresham Advisory Partners Limited
Level 10, 1 Collins Street
MELBOURNE VIC 3000

Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Legal Adviser

Johnson Winter & Slattery
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