

HIGHLIGHTS

Senex Energy (Senex, the Company, ASX:SXY) made material progress on existing gas projects during the final quarter of FY17, and recently announced an oil discovery on the western flank:

- Senex drilled the first of 30 wells as part of the Phase 2 work program on the **Western Surat Gas Project**, a significant investment in the project expected to deliver material gas by mid-2018
- Senex commenced an infrastructure project to bring the **Vanessa gas field** online during FY18, which will connect the field to the Santos-operated Moomba processing plant. Senex is currently in discussions with potential domestic customers for these gas volumes
- Senex drilled the **high impact gas well Silver Star-1** to target depth of around 5,000 metres during the quarter, intersecting gas saturated sandstones. Mechanical issues were encountered while running casing through the Patchawarra coal measures, and the joint venture is evaluating the forward work program
- **Net production** for the June quarter was approximately 170,000 bbls, with a full quarter of contribution from the Spitfire-8 oil appraisal well and the impact of successful well workovers. **FY17 annual production** was 0.75 mmmboe, in line with guidance
- **Capital expenditure** for full year FY17 was \$62.3 million, in line with guidance. Capital investment accelerated in Q4 FY17 as Phase 2 works commenced on the Western Surat Gas Project
- Senex is in a **strong financial position** with \$135 million in cash at 30 June 2017, up from \$102 million at the commencement of the year

Senex Managing Director and CEO Ian Davies commented on the result: “*Senex exits FY17 strongly positioned to take advantage of opportunities in the east coast gas market.*”

During the final quarter of the year we commenced a capital investment program on the Western Surat Gas Project with several progress milestones already met. This project represents a near term opportunity to develop a major new revenue stream for Senex, delivering new molecules into the structurally short east coast gas market. We also moved forward our gas projects in the Cooper Basin, which represent material uncontracted volumes of gas that could flow to domestic customers on the east coast.

More recently, I was delighted to announce an oil discovery on the prolific western flank of the Cooper Basin. We continue to see substantial untapped potential on the western flank and this area will be the focus for much of the FY18 exploration, appraisal and development program in our oil business.”

KEY PERFORMANCE METRICS	June Quarter Q4 FY17	March Quarter Q3 FY17	Quarter on Quarter change	June Quarter Q4 FY16	Full year FY17
Net Production (mmboe)	0.17	0.17	-	0.22	0.75
Net Sales volumes (mmboe)	0.16	0.17	(6%)	0.21	0.72
Sales revenue (\$ million)	9.9	11.0	(10%)	15.7	43.6
Cash (\$ million)	134.8	156.9	(14%)	102.4	134.8
Average realised oil price (A\$ per barrel)	62	65	(5%)	75	61

Senex also released its Annual Reserves Statement to the ASX today, reporting:

- Increased **net proved (1P) reserves** driven by appraisal activity in the Surat Basin
- Stable **net proved plus probable (2P) reserves**, with reductions from oil production and revisions in the Cooper Basin more than offset by reserve increases in the Surat Basin

FINANCIAL SUMMARY

Sales revenue was \$9.9 million for the quarter, on 160,000 barrels of oil sold

- Sales volumes for the June quarter were 160,000 barrels, down marginally on the prior quarter and in line with production. The impact of several successful workovers combined with the first full quarter of contribution from the Spitfire-8 well largely offset the impact of natural field decline during the period
- The average realised oil price for the June quarter was A\$62 per barrel. Senex hedged the majority of its production for the second half of FY17, with swaps providing downside protection below US\$55 per barrel (A\$73 per barrel). The average price received for oil sales is a function of the hedged price, adjusted for the call premium and for the timing impacts of oil sales revenue recognition
- Sales revenue for the full year FY17 was \$43.6 million, down from \$69.3 million in full year FY16, reflecting lower sales volumes and a lower realised price of A\$61 per barrel on oil sales, compared to A\$71 per barrel in FY16

SALES	June Quarter Q4 FY17	March Quarter Q3 FY17	Quarter on Quarter change	June Quarter Q4 FY16	Full year FY17
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Capital expenditure of \$25.0 million was incurred in the quarter, with increased investment in the Surat Basin

- Capital expenditure for the quarter mainly related to the Phase 2 work campaign on the Western Surat Gas Project, which saw the first of 30 wells drilled along with the majority of spend on surface facilities (civil construction, well head facilities and gathering lines). In the Cooper Basin, the third oil exploration well in the PEL182 campaign was drilled, and workovers were completed on several wells
- Senex continued work on the plug and abandonment of wells on the Eos block during the quarter, expending \$3.1 million (not included in capital expenditure). During FY17, Senex spent \$12.3 million on these activities, for which it received \$20 million from QGC in 2014 to complete
- Full year FY17 capital expenditure was \$62.3 million, in line with guidance

CAPITAL EXPENDITURE	June Quarter Q4 FY17	March Quarter Q3 FY17	Quarter on Quarter change	June Quarter Q4 FY16	Full year FY17
Exploration and appraisal	22.6	11.5	97%	2.2	55.8
Development, plant and equipment	2.4	1.2	100%	2.8	6.5
Total	25.0	12.7	97%	5.0	62.3

PRODUCTION OPERATIONS

PRODUCTION	June Quarter Q4 FY17	March Quarter Q3 FY17	Quarter on Quarter change	June Quarter Q4 FY16	Full year FY17
Net Production (mmboe)	0.17	0.17	-	0.22	0.75
Oil	0.17	0.17	-	0.22	0.75
Gas and gas liquids	0.00	0.00	-	-	0.00

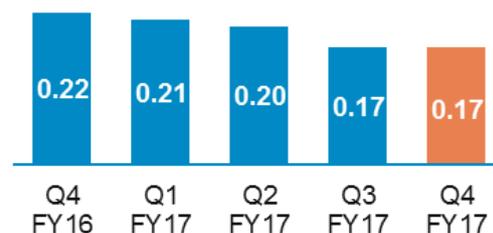
Senex delivered net oil production of approximately 170,000 barrels for the quarter

Production was in line with the prior quarter, with the impact of a full quarter’s contribution from Spitfire-8 and successful workovers on several wells largely offsetting natural field decline.

Total full year oil production was 0.75 mmboe compared to 1.01 mmboe delivered in FY16. Consistent with Senex’s strategy to minimise capital expenditure in a significantly lower oil price environment, a limited number of new wells have been brought online over the past two years.

Overall, Senex’s base oil portfolio continues to perform strongly, with production in line with expectations and operating efficiencies delivering strong cost control.

Quarterly Net Production (mmboe)



Drilling in the Cooper Basin

SURAT BASIN

GAS | *Western Surat Gas Project*

Phase 2 drilling and construction activities commenced during the quarter

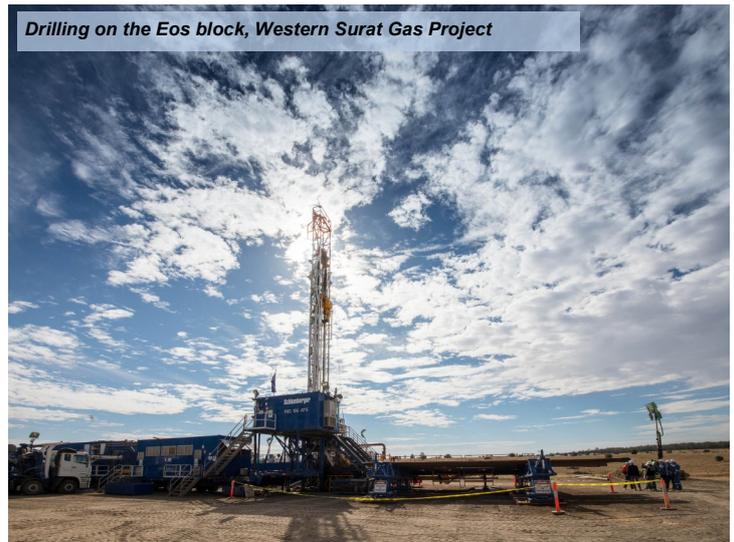
The Phase 2 work program was sanctioned in February 2017, and involves a 30 well drilling campaign across the Glenora and Eos blocks. The first of the wells were drilled during the quarter on the Eos block, with the campaign to continue throughout the remainder of calendar 2017.

In parallel, Senex made material progress on civils and gathering lines, and commenced construction of a production facility and flare on Eos, as well as the refurbishment of the existing dam. The Eos and Glenora wells will be brought online in pods of between five and ten wells throughout the remainder of calendar 2017.

Further east, production is continuing at the Glenora pilot, with raw gas being delivered and sold to GLNG. Gas produced is continuing to increase slowly as the reservoir pressure reduces towards levels of critical desorption.

The Company continued to make good progress in the plug and abandonment of legacy QGC wells on the Eos block during the quarter, with the majority of the work now complete. Excellent safety and cost performance has been achieved to date.

During the quarter, planning work continued on the staged development of the project acreage, including on the next phase of drilling. Senex also commenced a competitive tender process for sales gas compression infrastructure to enable the company to consider investment in further key infrastructure by the end of calendar 2017.



Drilling on the Eos block, Western Surat Gas Project



Gathering lines laid on the Eos block, Western Surat Gas Project

COOPER BASIN

OIL AND GAS | *Exploration and Development*

Drilling activity

The three well **PEL 182 oil exploration campaign** (Senex 57% and operator) was completed during the quarter. The Immortals-1 well encountered oil shows in the Birkhead Formation, however the reservoir qualities were considered non-commercial and the well was plugged and abandoned. The PEL 182 drilling campaign improved definition of the Namur and Birkhead play fairway boundaries within the western flank area and supports future exploration in the region.

Subsequent to the end of the quarter, Senex made a Birkhead oil discovery at **Marauder-1** in ex-PEL 104 (Senex 60% and operator). The Marauder-1 oil exploration well encountered good oil shows in the target reservoir with net pay of up to 8.6 metres. The well is in close proximity to existing infrastructure, approximately 2 kilometres from Senex's Spitfire and Growler oil fields, and the joint venture expects to place this well on production in the coming months.

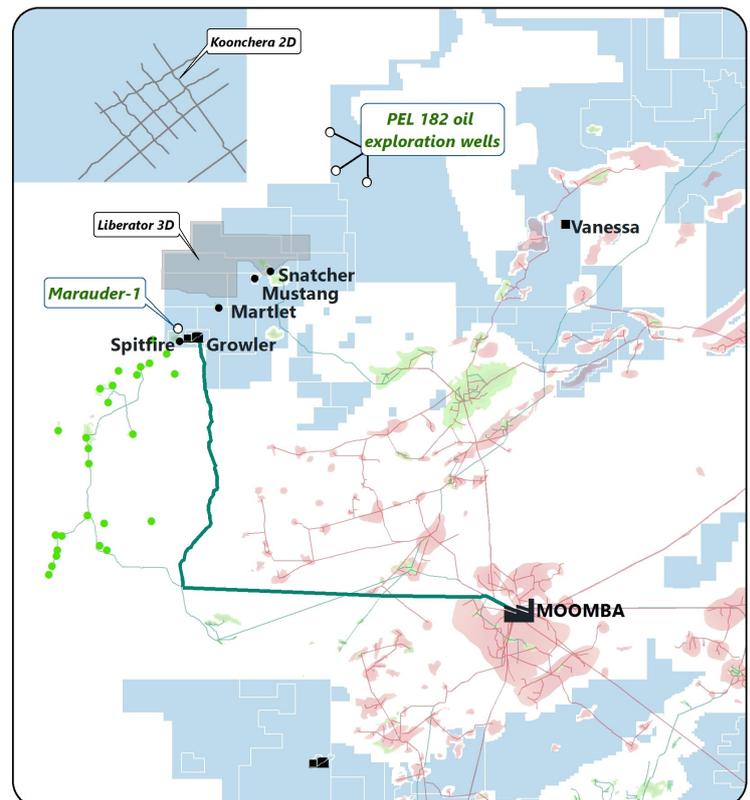
Seismic surveys

Processing of the **Liberator 3D seismic survey** (ex PEL 111: Senex 60% and operator) continued during the quarter. This survey covers an unmapped northern section of the western flank which is being merged with Senex's existing 3D seismic data on the western flank. Following detailed processing and interpretation of the Liberator survey drilling targets will be assessed and reviewed for the FY18 work program.

Processing and interpretation of the **Koonchera 2D seismic survey** (PEL 424: Senex 60% and operator) was completed during the quarter. The survey targets material structural highs that would justify further exploration activity and Senex is now in the process of building the evaluation results into its regional petroleum system model.

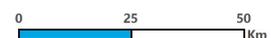
Field development

Field development planning continued throughout FY17 on Senex's major producing fields including Growler, Spitfire, Snatcher, Martlet and Martlet North (*all Senex 60% and operator*). High-value development drilling opportunities in the Growler and Martlet fields are under review for the FY18 work program.



18/07/2017
SENEX-CORP-GI-MAO-170

- Beach operated fields
- Senex oil field
- Proposed Senex wells
- Senex gas field
- Senex operational bases
- Moomba processing facility
- Gas pipeline
- Oil pipeline
- Gas field
- Oil field
- Senex permit interests



COOPER BASIN

GAS | *Vanessa gas field*

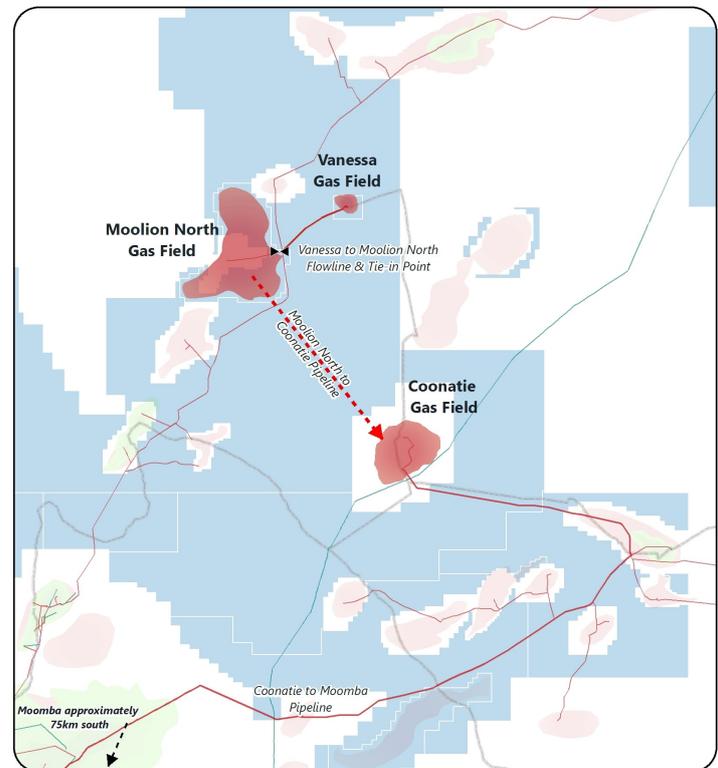
During the quarter, Senex progressed a work program to deliver gas from the Vanessa field during FY18

Subsequent to the end of the quarter, a Senex led project received \$5.82 million in funding from the South Australian Government through the PACE Gas Grant Program.

The PEL 182 joint venture (*Senex 57% and operator*) is working in cooperation with the Santos-operated Patchawarra East joint venture to bring stranded Cooper Basin gas assets to market, with the joint ventures to match the government funding received consistent with the terms of the PACE Gas Grant Program.

The work program to deliver the connecting infrastructure is being developed with the other participants, with Senex appointed project manager and pipeline constructor. The project involves the construction of two pipelines, commencing during H1 FY18. Gas from the Vanessa field will be transported down the existing flowline to connect with one of the new pipelines, to run approximately 18 kilometres between Moolion North and Coonatie.

During the quarter, Senex continued discussions with potential domestic customers for the gas from the Vanessa field.



18/07/2017
SENEX-CORP-GI-MAO-170

GAS | *Unconventional gas JVs with Origin Energy*

Deep gas exploration well Silver Star-1 drilled to total depth of around 5,000 metres

Silver Star-1 is a high impact gas exploration well targeting basin centred gas in the Permian sandstones of the Patchawarra Trough. The vertical section of the well was spudded in March and reached a total depth of 3,770 metres in late April. Gas shows were observed in the Patchawarra, Toolachee and Epsilon Formations.

During May the horizontal section of the well (Silver Star-1 DW1) was drilled to a distance of 1,180 metres within the Patchawarra Formation, with gas saturation levels in line with expectations. During casing of the well, unstable coals through the horizontal section collapsed and damaged the casing. The well has been suspended until finalisation of a forward plan.

As there is no precedent for the drilling of a horizontal well through the Patchawarra Formation in the Cooper Basin, the outcomes are considered within the bounds of possibilities for such pioneering deep gas exploration. The joint venture remains committed to evaluating material gas resources in the permit area, with Senex free carried by Origin for its share of expenditure on the agreed \$105 million work program under the Senex-Origin farm-in arrangement.

Conference Call

Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Graham Yerbury will hold a briefing to discuss the June quarterly results, as follows:

Date: Wednesday 26 July 2017

Time: 10 am AEST

The audio briefing will be streamed live and can be accessed via the Senex company page on the Open Briefing website: <http://www.openbriefing.com/OB/2542.aspx>

A recording of the teleconference will be available from 5pm AEST via the same link.

FURTHER INFORMATION

Investor Enquiries:

Ian Davies
Managing Director
Senex Energy Limited
Phone: +61 7 3335 9900

Tess Palmer
Investor Relations Manager
Senex Energy Limited
Phone: +61 7 3335 9719

Media Enquiries:

Rhianne Bell
Corporate Communications Manager
Senex Energy Limited
Phone: +61 7 3335 9859

SENEX ENERGY LIMITED

ABN 50 008 942 827

Securities Exchange

ASX: SXY

Share Registry

Link Market Services
Phone: 1300 554 474

Registered Office

Level 14, 144 Edward Street
Brisbane, Queensland 4000

Postal Address

GPO Box 2233
Brisbane, Queensland 4001

Phone +61 7 3335 9000

Facsimile +61 7 3335 9999

Web www.senexenergy.com.au

ABOUT SENEX

Senex is an ASX listed oil and gas exploration and production company focused on generating shareholder value by growing reserves and production. It holds extensive onshore oil and gas acreage in the Cooper and Surat Basins, two of Australia's most prolific onshore energy regions. Senex is well capitalised and has built strong operating credentials over its 30 year history. Senex operates the majority of its low cost oil producing assets, and is successfully developing a gas business including the 100% owned and operated Western Surat Gas Project in Queensland.

GLOSSARY

\$ means Australian dollars unless otherwise stated

1P means proved (developed plus undeveloped) reserves in accordance with the SPE PRMS

2P means proved plus probable reserves in accordance with the SPE PRMS

3P proved, probable plus possible reserves in accordance with the SPE PRMS

ASX means the Australian Securities Exchange operated by ASX Limited ACN 008 624 691

ATP means authority to prospect granted under the *Petroleum Act 1923 (Qld)* or the *Petroleum Gas (Production and Safety) Act 2004 (Qld)*

AVO means Amplitude Versus Offset; an enhanced seismic interpretation technique using the changes in seismic reflection amplitude to determine rock-type and fluid content

Barrel/bbl means the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons

boe means barrels of oil equivalent, the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy

bopd means barrels of oil per day

Bcf means billion cubic feet

Cooper Basin means the sedimentary basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland

Eromanga Basin means the Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales

ESP means electric submersible pump

Exploration means drilling, seismic or technical studies to identify and evaluate regions or prospects with the potential to contain hydrocarbons

FY means financial year

JV means joint venture

LPG means liquefied petroleum gas

mmbbls means a million barrels

mmboe means a million barrels of oil equivalent

mmscf/d means million standard cubic feet of gas per day

Net pay means the smaller portions of the gross pay that meet local criteria for pay, such as porosity, permeability and hydrocarbon saturation

OGIP means original gas in place

Patchawarra East Joint Venture parties are Santos, Delhi Petroleum and Origin Energy

PEL means petroleum exploration licence granted under the *Petroleum and Geothermal Energy Act 2000 (SA)*

PJ means petajoule

PL means a petroleum lease granted under the *Petroleum Act 1923 (Qld)* or the *Petroleum Gas (Production and Safety) Act 2004 (Qld)*

PPL means petroleum production licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)

PRL means petroleum retention licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)

Production is the volume of hydrocarbons produced in production operations (including extended production testing)

Reserve means commercially recoverable resources which have been justified for development, as defined in the SPE PRMS

SACB JV means South Australian Cooper Basin Joint Venture (between Santos, Beach Energy and Origin Energy)

Sales volumes are equal to production less volumes of hydrocarbons consumed in operations (fuel, flare, vent and other shrinkage) and inventory movements

Senex means Senex Energy Limited ABN 50 008 942 827

SPE PRMS means the Petroleum Resources Management System 2007, published by SPE

Surat Basin means the sedimentary basin of Jurassic to Cretaceous age in southern QLD and northern NSW

Tcf means trillion standard cubic feet