

HIGHLIGHTS

During the first quarter of FY18, Senex Energy (Senex, the Company, ASX:SXY) made significant progress in its long term strategy to build a material gas business, against the backdrop of stronger oil prices. Highlights of the quarter include:

- Senex was awarded tier one Surat Basin acreage for domestic gas supply by the Queensland Government, and is targeting first gas from the acreage (subsequently named **Project Atlas**) in 2019
- Senex completed the majority of the Phase 2 work program on the **Western Surat Gas Project**, a significant investment expected to deliver material gas by mid-2018, and has since brought the first pod of wells online
- Senex made an oil discovery on the western flank, and brought the **Marauder-1 exploration well** online to produce strongly from the Birkhead horizon in the final weeks of the quarter
- **Net production** of approximately 180,000 bbls, up 6% on the prior quarter given strong performance at the Growler field along with the initial contribution from Marauder-1
- **Revenue** up 29% on the prior quarter given a higher realised oil price, including the benefit of improved pricing related to new Crude Oil Sale and Purchase Agreements signed in late FY17
- **Capital expenditure** of \$28.1 million, mostly expended on Phase 2 of the Western Surat Gas Project which the Company expects to complete on budget, delivering installed wells at \$1.2 million each
- Senex is in a **strong financial position** with \$110 million in cash at 30 September 2017, and is making good progress on a whole of company financing solution to fund the development of the Western Surat Gas Project in parallel with Project Atlas

Senex Managing Director and CEO Ian Davies commented on the result: *“We have started the financial year very strongly with the award of prime coal seam gas acreage from the Queensland Government. We are delighted with the outcome of this process and are committed to delivering this valuable resource to domestic customers in 2019. In parallel, we are making great progress on the Western Surat Gas Project, and can report near-flawless execution and strong cost performance on the Phase 2 investment program. We look forward to bringing all 30 of these wells online and reporting on their performance as we progress through FY18.*

The oil business has also produced a solid quarterly result, converting the discovery of the Marauder oil field into a strongly producing asset in less than 60 days. The business also reports good performance from the base portfolio and improved pricing achieved on barrels sold.”

KEY PERFORMANCE METRICS	September Quarter Q1 FY18	June Quarter Q4 FY17	Quarter on Quarter change	September Quarter Q1 FY17	Quarter on Quarter change
Net Production (mmboe)	0.18	0.17	6%	0.21	(14%)
Net Sales volumes (mmboe)	0.16	0.16	-	0.19	(16%)
Sales revenue (\$ million)	12.8	9.9	29%	10.0	28%
Cash (\$ million)	109.8	134.8	(19%)	93.5	17%
Average realised oil price (A\$ per barrel)	80	62	29%	53	51%

CORPORATE DEVELOPMENTS

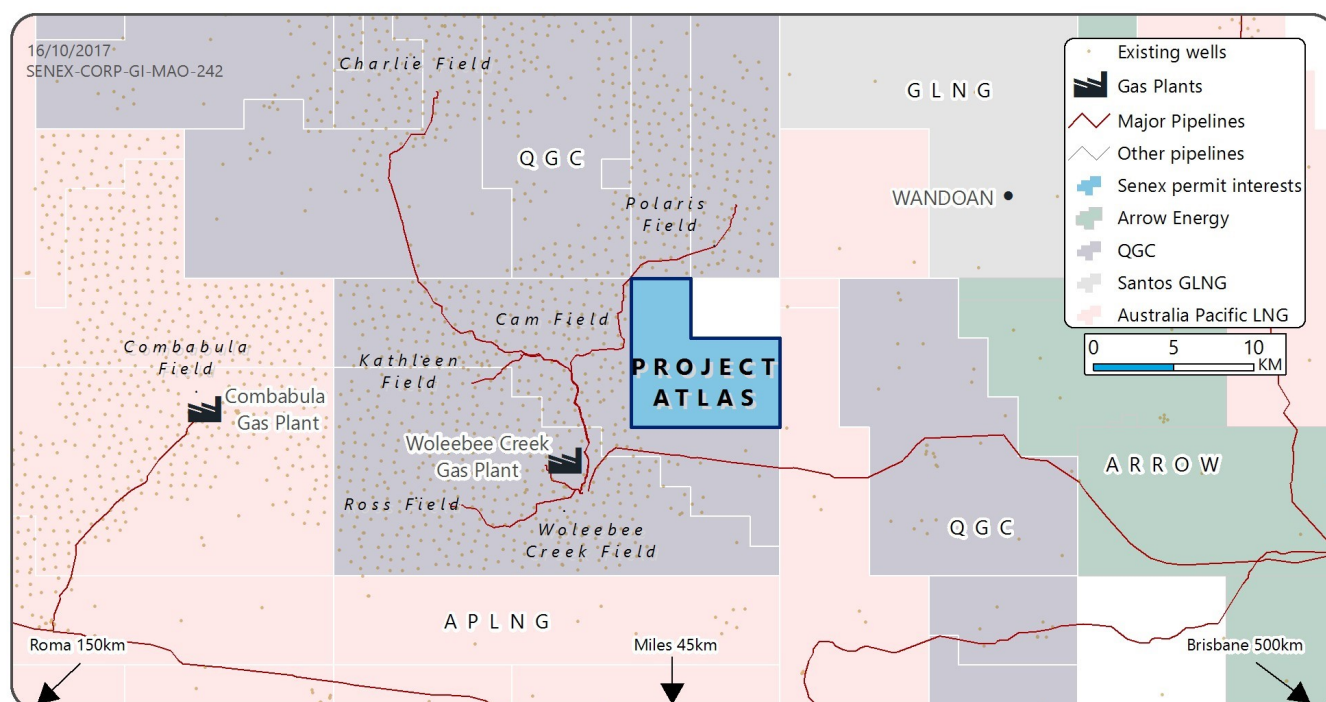
Senex awarded Surat Basin coal seam gas acreage by the Queensland Government for Australian domestic gas supply

In September 2017 Senex announced it had been awarded 58 square kilometres of coal seam gas acreage for nil consideration following a competitive tender process run by the Queensland Government. Senex has named this Project Atlas, and will target first gas from the acreage in 2019, to be sold to domestic customers on the east coast of Australia.

The acreage contains P50 recoverable gas volumes of 201 PJ, with estimates provided by SRK Consulting Pty Ltd as part of the tender process. Open file well data surrounding the block on all sides (see map below) was utilised in estimating gas in place and recoverable volumes. Senex is utilising this open file well data to commence field development planning activities, and currently expects to drill around 100 wells on the acreage to sustain gas production of over 30 terajoules per day at plateau.

After refining its field development plan, Senex will engage with domestic gas customers in early 2018 with a view to signing gas contracts. During the tender process the Company received expressions of interest from domestic customers totalling over 150 terajoules per day of combined demand.

Senex expects to obtain regulatory approvals over the acreage in mid-2018. Until that time Senex will work to progress reservoir characterisation, land access, cultural heritage clearance and environmental impact assessments, commencing these activities during the quarter.



FINANCIAL SUMMARY

Sales revenue increased 29% to \$12.8 million for the quarter, reflecting a higher realised oil price

- The average realised oil price for the September quarter was A\$80 per barrel, reflecting higher Brent crude oil prices and improved pricing achieved through new Crude Oil Sale and Purchase Agreements signed in late FY17. The average price received for oil sales is a function of the hedged price, adjusted for the hedge premium and for the timing impacts of oil sales revenue recognition
- Senex has hedged the majority of its production for FY18 through a number of put instruments providing downside protection below US\$50 per barrel
- Sales volume for the September quarter was 160,000 barrels, in line with the prior quarter, with a strong performance on the Growler field as well as the initial contribution from Marauder-1 more than offsetting natural field decline

SALES	September Quarter Q1 FY18	June Quarter Q4 FY17	Quarter on Quarter change	September Quarter Q1 FY17	Quarter on Quarter change
Net sales volume (mmboe)	0.16	0.16	-	0.19	(16%)
Sales revenue (\$ million)	12.8	9.9	29%	10.0	28%
Average realised oil price (A\$ per barrel)	80	62	29%	53	51%

Capital expenditure of \$28.1 million was incurred in the quarter, predominantly 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 21 of 30 wells drilled along with the remaining spend on surface facilities (civil construction, well head facilities, gathering lines and refurbishment of the Eos dam). Senex is confident of completing the Phase 2 work program on budget, delivering installed wells at the target rate of \$1.2 million per well
- In the Cooper Basin, capital expenditure was mostly incurred on drilling three wells, with facilities also constructed on the Marauder field to bring the oil exploration well online in September

CAPITAL EXPENDITURE	September Quarter Q1 FY18	June Quarter Q4 FY17	Quarter on Quarter change	September Quarter Q1 FY17	Quarter on Quarter change
Exploration and appraisal	25.1	22.6	11%	6.5	286%
Development, plant and equipment	3.0	2.4	25%	0.3	900%
Total (\$ million)	28.1	25.0	12%	6.8	313%

PRODUCTION OPERATIONS

PRODUCTION	September Quarter Q1 FY18	June Quarter Q4 FY17	Quarter on Quarter change	September Quarter Q1 FY17	Quarter on Quarter change
Net Production (mmboe)	0.18	0.17	6%	0.21	(14%)
Oil	0.18	0.17	6%	0.21	(14%)
Gas and gas liquids	0.00	0.00	-	-	N/A

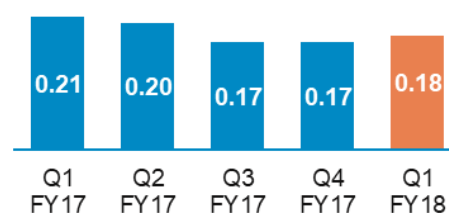
Senex delivered net oil production of approximately 180,000 barrels for the quarter

Production was 6% ahead of the previous quarter given the strong contribution from Marauder-1, which was discovered in July and brought online in September. Senex’s base oil portfolio continues to perform in line with, or ahead of expectations, with particularly good performance from the Growler field.

Annual net production guidance of 0.75 - 0.90 mmboe will be primarily generated from the Cooper Basin western flank, as well as from the Vanessa gas field (expected online in H2 FY18).

Gas volumes from the Western Surat Gas Project will ramp up throughout FY18, with 35 wells expected online by end calendar year 2017 (five Phase 1 pilot wells and 30 Phase 2 wells). See page 7 for further discussion on the performance of the Glenora pilot wells.

Quarterly Net Production (mmboe)



Drilling Marauder-1 in the Cooper Basin



SURAT BASIN

GAS | *Western Surat Gas Project*

Senex has completed the majority of the Phase 2 program and brought the first pod of wells online

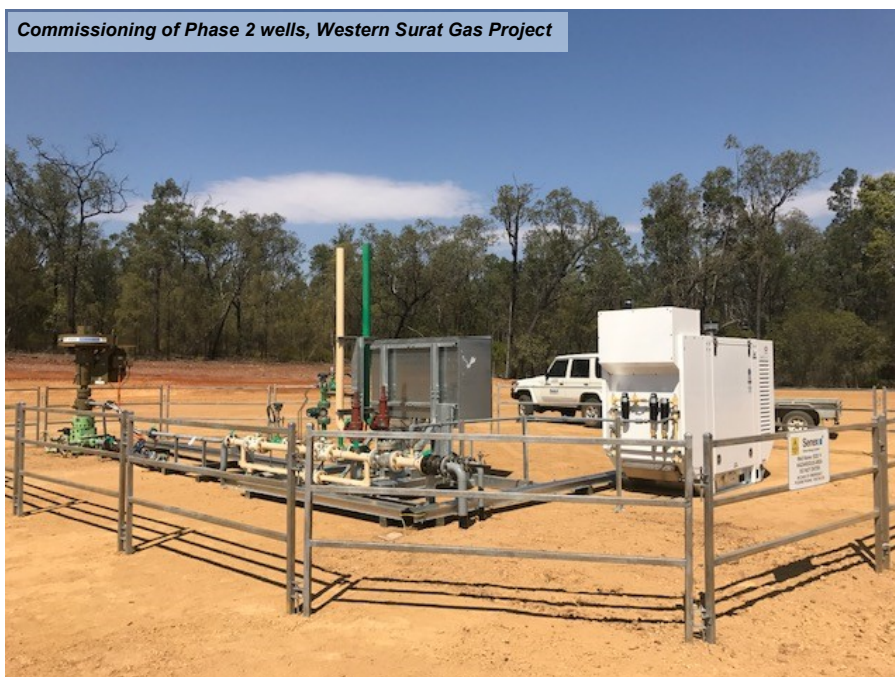
The Phase 2 work program was sanctioned in February 2017, and involves a 30 well drilling campaign across the Glenora and Eos blocks. Senex commenced drilling the wells in June, and has recently completed well 25 of the campaign.

Drilling results from the Phase 2 wells completed thus far in the campaign demonstrate net coal measurements slightly ahead of P50 estimates.

During the quarter, Senex completed the bulk of surface facilities for the Phase 2 program, delivering the civil construction works, gathering system, production facility and flare on Eos, and refurbishing the existing dam, expanding its capacity from 60 to 160 megalitres. Over half the well site skids have been installed on the Phase 2 wells.

During the quarter, the first pod of Phase 2 wells were commissioned and have since been brought online. Senex is on track to bring all 30 wells online by the end of 2017, and continues to work with GLNG to progress a raw gas sales agreement for delivery of Phase 2 gas into their existing Roma field infrastructure. Senex expects production from the Phase 2 wells to conform to the typical profile of coal seam gas wells, with dewatering to precede a steady increase in gas production rates.

Senex awarded a detailed engineering contract on gas processing infrastructure in readiness for investment sanction. In parallel, work continues on the whole of company financing solution as well as the next phase of drilling. The Company is on track to achieve all key project milestones summarised in the table below.



KEY MILESTONES FOR FY18

Phase 2 wells online

Decision on gas processing infrastructure

Deliver whole of company financing solution

Regulatory and environmental approvals secured

Decision on next phase of drilling

Bring two additional pilots online

Expected timing

October - December 2017

November - December 2017

March 2018

April - May 2018

June 2018

June - September 2018

SURAT BASIN

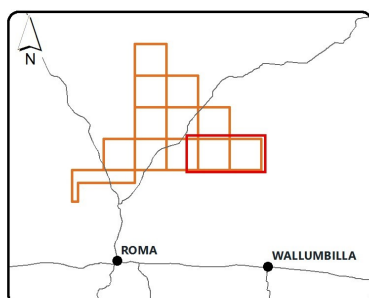
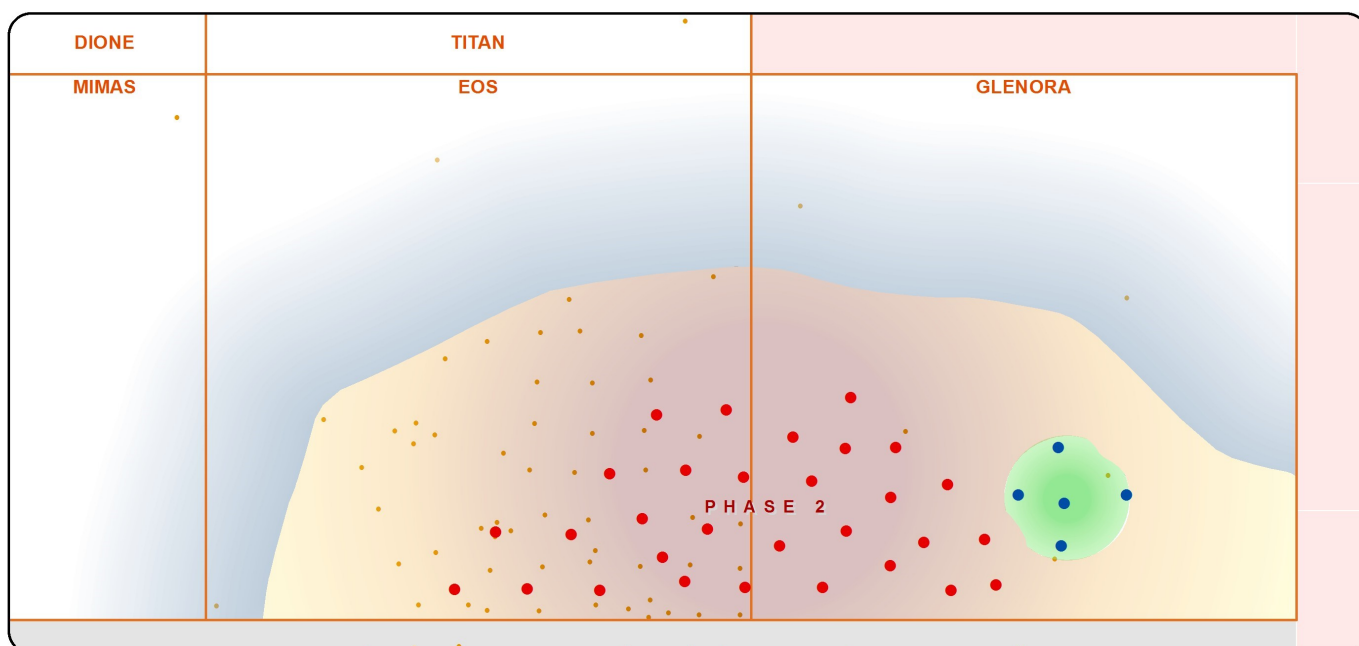
GAS | Western Surat Gas Project (continued)

Production is continuing at the Glenora pilot, with raw gas being delivered and sold to GLNG.

During the quarter the fifth well in the pilot (Glenora-2) was brought online, having previously been utilised to monitor communication between the adjacent pilot wells. Gas produced from the pilot is in line with expectations, increasing as the reservoir pressure reduces with dewatering.

The Company's P50 type curve for the Glenora and Eos wells plateaus at approximately 400 mscf per day between 12 and 18 months of bringing wells online.

During the quarter testing was completed to confirm the impact of downstream back-pressure on the Glenora pilot, resulting in a production increase of around 35% over a three week period. The results demonstrate the importance of managing pressure across the Western Surat Gas Project acreage and the learnings are being incorporated into field development planning.



- Phase 1 wells
- Phase 2 wells
- Existing wells
- Pilot Production
- Drill ready acreage
- Future development acreage
- WSGP blocks



COOPER BASIN

OIL AND GAS | *Exploration and Development*

Drilling activity

During FY18 Senex is running a focused capital investment program, prioritising spend on a small number of western flank drilling targets.

In July, Senex made a Birkhead oil discovery at **Marauder-1** in ex-PEL 104 (*Senex 60% and operator*). The well was brought online in September, 53 days after the decision to case and suspend, and is performing strongly.

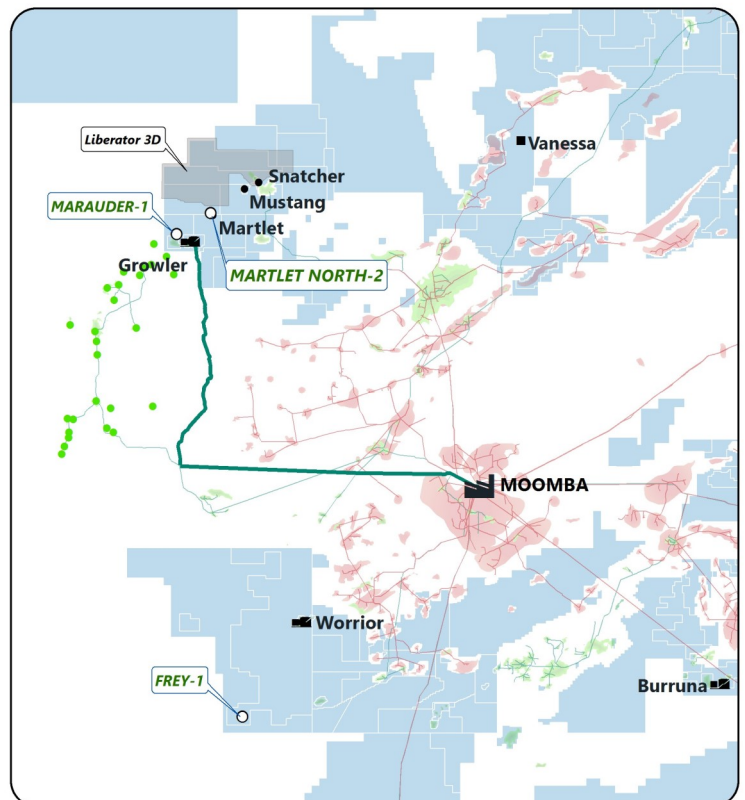
Martlet North-2 (*ex-PEL 111: Senex 60% and operator*) was drilled in August to appraise the north-eastern extent of the field, targeting the Namur Sandstone. The well was plugged and abandoned due to lack of commercial pay.

The **Frey-1** exploration well (*PEL 93: Senex 70% and operator*) was drilled to test the hydrocarbon potential of the Namur Sandstone and Murta Formation, satisfying the existing well commitment on the permit. Frey-1 failed to encounter significant hydrocarbons and was plugged and abandoned. In line with Senex's active strategy to promote farm-in opportunities in the Cooper Basin, the well was partially funded by two new parties (Metgasco and Dunns Earthmoving), with Senex contributing approximately 30% of the total cost.

Senex is progressing plans with its joint venture party to drill a horizontal well on the **Growler field** (*ex-PEL 104: Senex 60% and operator*) later in FY18, to accelerate production and increase overall recovery from the field.

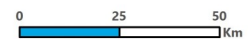
Seismic surveys

Processing of the **Liberator 3D seismic survey** (*ex-PEL 111: Senex 60% and operator*) was completed during the quarter. This survey covers an unmapped northern section of the western flank which has been merged with Senex's existing 3D seismic data on the western flank. Interpretation of the Liberator survey will assist Senex to delineate the Birkhead and Namur fairways on the western flank, with the immediate focus on progressing near field exploration and development targets on the Marauder field for drilling later in FY18.



16/10/2017
SENEX-CORP-GI-MAO-170

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



COOPER BASIN

GAS | *Vanessa gas field*

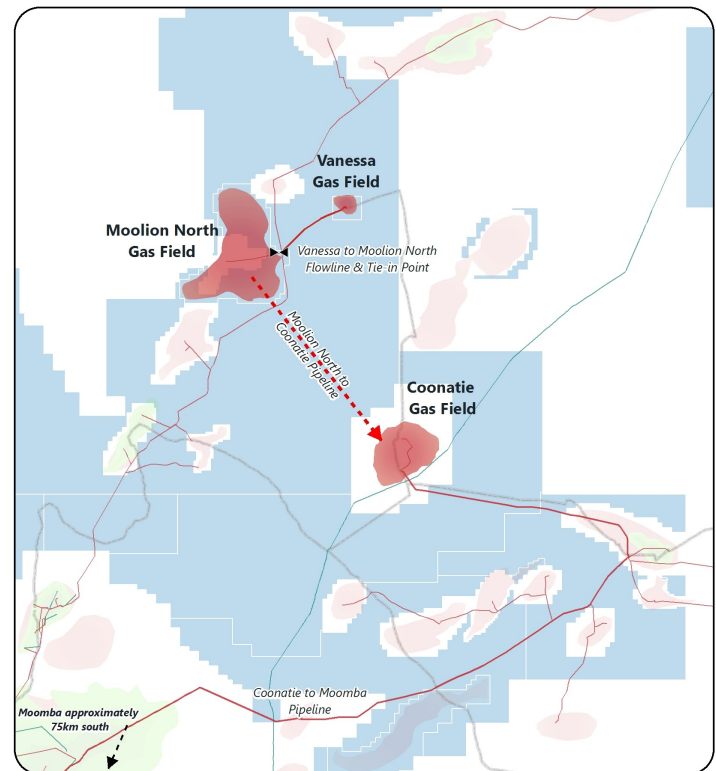
During the quarter, Senex completed engineering work to deliver gas from the Vanessa field during FY18

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.

The Senex led project received \$5.82 million in funding from the South Australian Government in July through the PACE Gas Grant Program, with the joint ventures to match the government funding received.

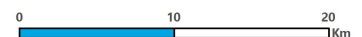
The project involves the construction of two pipelines, likely to commence late in calendar year 2017. Gas from the Vanessa field will be transported down the existing flowline to connect with one of the new pipelines, to run approximately 18 kilometres between Moolion North and Coonatie.

During the quarter, long lead items were ordered, engineering work completed, and the construction tender process commenced. Senex also continued discussions with potential domestic customers for the gas from the Vanessa field.



- Senex operational bases
- Moolion processing facility
- Gas pipeline
- Oil pipeline
- Major Routes
- Senex permit interests
- Gas field
- Oil field

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



GAS | *Unconventional gas exploration project*

Senex evaluates forward work program with joint venture parties, Lattice Energy and Planet Gas

Three wells have been drilled thus far as part of the unconventional gas exploration project in PEL 637 (Senex and Lattice) and PEL 638 (Senex, Lattice and Planet), all intersecting gas saturations in the target zones. In the Patchawarra Trough (PEL 638), the Silver Star-1 exploration well is suspended until the joint venture comprising Senex, Lattice and Planet Gas have finalised a forward plan.

Senex is working with Lattice on the remaining stage 1 farm-in work program, with Senex free carried by Lattice Energy (pending its acquisition by Beach Energy) for its share of expenditure under the Senex-Origin farm-in arrangement.

Conference Call

Senex Chief Financial Officer Graham Yerbury will hold a briefing to discuss the September quarterly results, as follows:

Date: Wednesday 25 October 2017

Time: 9am AEST (9am Brisbane time, 10am Sydney and Melbourne time)

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/2672.aspx>

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

FURTHER INFORMATION

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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 progressing a portfolio of gas projects including the Western Surat Gas Project and Project Atlas 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

mscf/d means thousand 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