

## HIGHLIGHTS

During the third quarter of FY18, Senex Energy (Senex, the Company, ASX:SXY) completed a comprehensive asset portfolio review and passed several critical milestones on its Surat Basin projects. Highlights include:

- **Project Atlas:** Senex was granted a Petroleum Lease and preliminary environmental approvals, passing a key milestone for the project, and allowing Senex to access the site to progress environmental surveys and scouting activities
- **Western Surat Gas Project:** Production from Phase 2 wells continued to increase in line with expectations and is currently averaging above two terajoules per day. Senex determined its path to market and ordered long lead items on the sales gas compression facility
- **Cooper Basin western flank:** Senex successfully drilled and brought online the Growler-15 horizontal oil development well at initial rates of around 1,850 barrels of oil per day. The well continues to produce ahead of expectations
- **Transfer of free-carry to western flank:** Senex agreed with Beach Energy to transfer the free-carry commitment from the joint venture's unconventional gas project of up to \$43 million to the Senex operated Cooper Basin western flank oil assets
- **Net production:** Senex produced approximately 190,000 boe, down 5% for the quarter, with the base oil portfolio performing in line with expectations and increasing production from the Western Surat Gas Project
- **Financing:** Senex remains in a strong financial position with \$83 million in cash at 31 March 2018, and is on-track to achieve financial close of corporate and development financing by mid-2018
- Senex is on-track to achieve both production and capital expenditure guidance in the 2018 financial year

**Senex Managing Director and CEO Ian Davies** commented on the result: *"We made significant progress across the business this quarter. In our gas business we were awarded a Petroleum Lease for Project Atlas, providing tenure and allowing access to commence environmental studies. We continue to see Western Surat Gas Project Phase 2 production increase in line with expectations and are progressing towards our next set of investment decisions. Both of these gas projects are important not only for Senex, but for increasing gas supply to the east coast market."*

*"In the Cooper Basin western flank oil business we have brought online the first horizontal well on the Growler field which is delivering strong production ahead of expectations. In addition, our strategy to refocus on our core assets was further progressed by agreeing with Beach Energy to transfer the legacy Lattice free-carry commitment of up to \$43 million to the western flank oil assets."*

KEY PERFORMANCE METRICS	March Quarter Q3 FY18	December Quarter Q2 FY18	Quarter on Quarter change	March Quarter Q3 FY17	Quarter on Quarter change
Net production (mmboe)	0.19	0.20	(5%)	0.17	12%
Net sales volumes (mmboe)	0.17	0.19	(11%)	0.17	-
Sales revenue (\$ million)	14.0	17.0	(18%)	11.0	27%
Cash (\$ million)	83.3	81.9	2%	156.9	(47%)
Average realised oil price (A\$ per barrel)	87	95	(8%)	65	34%

### FINANCIAL SUMMARY

#### Sales revenue decreased 18% for the quarter, reflecting a lower realised oil price and lower volume of oil sold

- The average realised oil price for the quarter was A\$87 per barrel, with the timing impacts of oil sales revenue recognition and marginally unfavourable foreign exchange movements offsetting higher Brent prices
- Senex has hedged the majority of its forecast production for FY18 with put options, providing downside protection below US\$50 per barrel. In January the Company took advantage of strong crude oil pricing and hedged the majority of forecast oil volumes for FY19, with put options providing downside protection below US\$56 per barrel (on average across the year)
- Sales volume for the quarter was 170,000 barrels of oil equivalent, down by 11% on the prior quarter, in line with production volumes

SALES	March Quarter Q3 FY18	December Quarter Q2 FY18	Quarter on Quarter change	March Quarter Q3 FY17	Quarter on Quarter change
Net sales volume (mmboe)	0.17	0.19	(11%)	0.17	-
Sales revenue (\$ million)	14.0	17.0	(18%)	11.0	27%
Average realised oil price (A\$ per barrel)	87	95	(8%)	65	34%

#### Capital expenditure of \$11.1 million was incurred, down 38% in the quarter

- Capital expenditure for the quarter related mainly to continued progress on the Western Surat Gas Project and spend on the Growler-15 and Marauder-2 wells. More information on the wells can be found on page 7
- Senex continues to prioritise allocation of capital to its core assets and optimise spend ahead of delivering the corporate and development financing

CAPITAL EXPENDITURE	March Quarter Q3 FY18	December Quarter Q2 FY18	Quarter on Quarter change	March Quarter Q3 FY17	Quarter on Quarter change
Exploration and appraisal	7.8	15.0	(48%)	11.5	(32%)
Development, plant and equipment	3.3	2.8	18%	1.2	175%
Total (\$ million)	11.1	17.8	(38%)	12.7	(13%)

#### Cash at end of quarter was \$83.3 million

- Cash from operations and receipt of the PACE grant for the Gemba well (see page 6), more than covered capex spend for the quarter, resulting in an increased cash balance

## PRODUCTION OPERATIONS

PRODUCTION	March Quarter Q3 FY18	December Quarter Q2 FY18	Quarter on Quarter change	March Quarter Q3 FY17	Quarter on Quarter change
Net production (mmboe)	0.19	0.20	(5%)	0.17	12%
Oil	0.17	0.18	(6%)	0.17	-
Gas and gas liquids	0.03	0.01	200%	-	N/A

*Numbers may not add due to rounding*

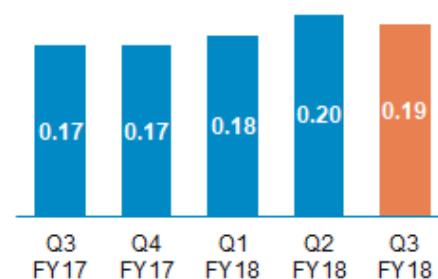
### Senex delivered net production of approximately 190,000 barrels of oil equivalent for the quarter

**Oil production** was marginally down compared to the prior quarter largely on natural field decline. Fields within Senex's base oil portfolio continue to perform in line with expectations.

**Gas volumes from the Western Surat Gas Project** increased compared to Q2 FY18 given the full quarter of contribution from the Phase 2 wells. Senex expects the upward trend to continue throughout 2018. See page 5 for further discussion on the performance of the Phase 2 wells.

Senex expects the Vanessa gas field to be online and delivering sales gas in Q4 FY18.

Quarterly Net Production (mmboe)



Drilling the Growler-15 well on the western flank

## EAST COAST GAS BUSINESS

### SURAT BASIN | *Project Atlas*

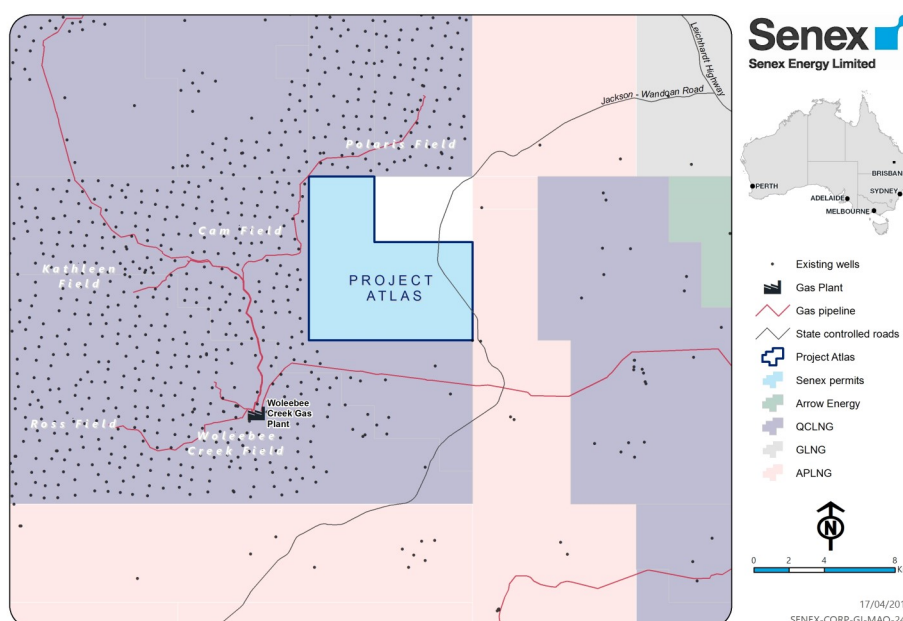
**During the quarter, Senex was granted a Petroleum Lease and preliminary environmental approvals from the Queensland Government to develop Project Atlas for domestic gas supply**

The grant of the Petroleum Lease is a key milestone for the project, giving Senex tenure and allowing on-ground access to progress environmental surveys and scouting activities to develop approximately 100 wells and associated infrastructure.

Senex expects to receive all remaining State and Commonwealth approvals by mid-2019, with delivery of first gas to the domestic market targeted for late 2019.

During the quarter Senex continued to progress discussions with neighbouring operators and with independent infrastructure providers as it moves towards a decision on gas processing and transmission. Following the decision on path to market, Senex expects to engage with domestic gas customers.

The company is on track to achieve all the key milestones on the project as summarised below.



Key Milestones	Expected timing
Commence regulatory approvals processes	<b>Achieved December 2017</b>
Secure Petroleum Lease	<b>Achieved March 2018</b>
Decision on path to market	Mid 2018
Engage with domestic gas customers	Mid 2018
Finalise corporate and development financing	Mid 2018
Secure all remaining regulatory approvals	Mid 2019
First gas to the domestic market	Late 2019



## EAST COAST GAS BUSINESS

### SURAT BASIN | *Western Surat Gas Project*

#### Production and reservoir performance are in line with expectations

The Phase 2 wells continue to increase in line with expectations with production above two terajoules per day, trending up as dewatering continues. Since commissioning Senex has worked to resolve a surface facility issue relating to gathering system pressure which has required a rolling program of well site and flow line modifications, now largely complete.

During the quarter, Senex ordered long lead items for a sales gas compression facility on the project.

Senex expects to receive all remaining State and Commonwealth regulatory approvals for the development of the project by mid-2018 and continues to prepare for investment decisions on future phases of the project, in parallel to finalising corporate and development funding.



At the same time, a targeted exploration and appraisal program west of Eos is being progressed, with planning under way on the next series of core and pilot wells.

The company is on track to achieve all the key milestones on the project as summarised below.

Key milestones	Expected timing
Phase 2 wells online	Achieved December 2017
Decision on path to market	Achieved February 2018
Order long lead items for gas processing infrastructure	Achieved March 2018
Finalise corporate and development financing	Mid 2018
Secure regulatory and environmental approvals	Mid 2018
Investment decisions on next phase of drilling and gas processing facility	Mid 2018
Expanding appraisal across the acreage	2018+

## EAST COAST GAS BUSINESS

### COOPER BASIN | *Exploration and Development*

#### *Vanessa gas field*

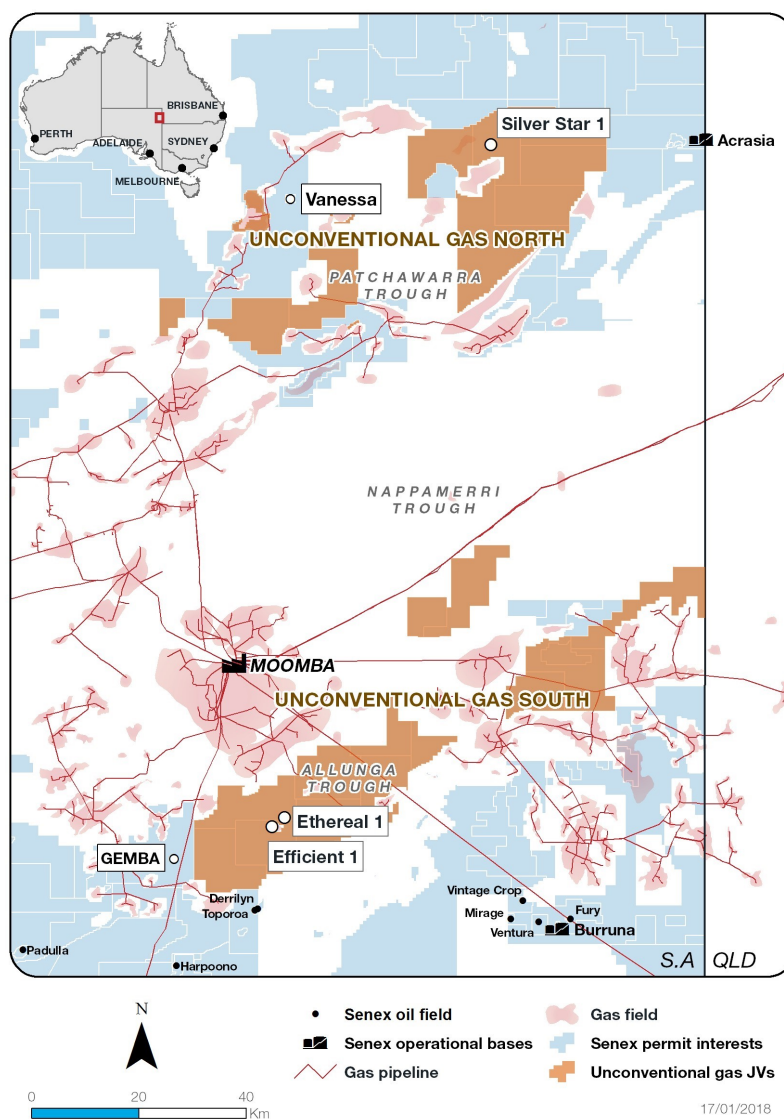
Senex is on track to bring the Vanessa gas field (PEL 182: Senex 57% and operator) online in Q4 FY18, having constructed a new pipeline to connect this asset to the market.

The Senex led project received \$5.82 million in funding from the South Australian Government in July 2017 through the PACE Gas Grant Program, with the joint ventures to match the government funding received.

#### *Gemba gas opportunity*

Senex expects to spud the Gemba-1 well (PEL 516: Senex 100% and operator) in Q4 FY18. Gemba-1 is located on the south west margin of the Allunga Trough, approximately 37 kilometers southwest of the Moomba Oil and Gas Processing Facility. The well is designed to evaluate the gas potential of the low-permeability intra-Patchawarra sandstones. Gemba-1 will be drilled to a proposed total depth of 2600m.

Senex was granted \$5.26 million in funding from the South Australian Government through the second round of the PACE Gas Grant Program to progress the Gemba project.



17/01/2018  
SENEX-CORP-GI-MAO-176

#### *Unconventional gas exploration*

Following the announcement that Senex and Beach Energy have agreed to transfer the Lattice Energy unconventional gas free-carry to western flank oil assets, Senex will hold 100% of the Unconventional Gas South acreage and up to 87.5% of the Unconventional Gas North acreage (dependent on the exercise of Planet Gas pre-emptive rights). This position will give Senex maximum flexibility to progress the longer-dated unconventional gas opportunity in the future.

Senex continues to see significant gas prospectivity in its Cooper Basin unconventional gas acreage given the opportunities that exist for new long-term supply in the east coast gas market.

## OIL BUSINESS

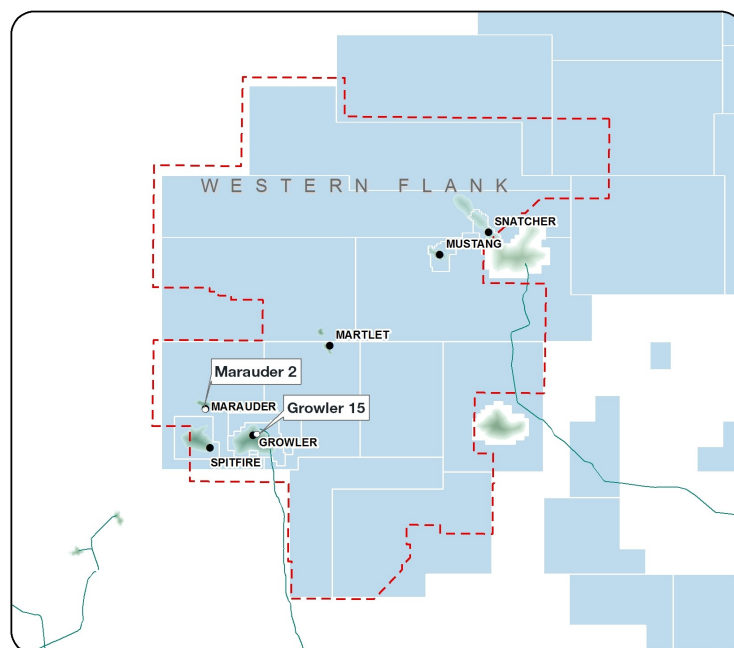
### COOPER BASIN | *Exploration and Development*

#### *Growler-15 well*

During the quarter Senex successfully drilled, completed and brought online the first horizontal well on the Growler field. The Growler-15 well (*ex-PEL 104: Senex 60% and operator*) was drilled to increase overall recovery from the Growler field and accelerate production from the mid-Birkhead reservoir. The well was spudded on 18 February, successfully drilling a lateral section of 1,037m with 578m of net oil pay. The well was brought online on 17 March at initial rates of around 1,850 barrels of oil per day and continues to produce ahead of expectations.

#### *Marauder-2 well*

During the quarter Senex also drilled the Marauder-2 oil exploration well (*ex-PEL 104: Senex 60% and operator*). The well was designed to achieve both exploration and development objectives, reducing overall cost and risk. The exploration objective was to test a near field opportunity between the Marauder and Growler fields which showed a lack of commercial pay and was subsequently plugged back. The well was side-tracked to the development target, successfully intersecting Birkhead reservoir sands and was cased and suspended as a future producer.



16/04/2018  
SENEX-CORP-GI-MAO-189

#### *Future western flank oil program*

During the month Senex also announced that it and Beach Energy had reached agreement to transfer the free-carry commitment from the joint venture's unconventional gas project of up to \$43 million to the Senex operated Cooper Basin western flank oil assets. This agreement will transfer the commitment to lower-risk, high-return oil opportunities on western flank permits ex-PEL104 and ex-PEL111 (*Senex 60% and operator, Beach 40%*).

The joint venture will commence an agreed work program in early FY19, with drilling targets identified from an extensive 3D seismic data set. The program includes at least three horizontal development and seven exploration wells and associated infrastructure, over approximately 18 months.



### Conference Call

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

Date: Thursday 26 April 2018

Time: 9am AEST (9am Brisbane, 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/2890.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 Lattice 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 Lattice 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