ASX Announcement



To: Company Announcement Office

Company: Senex Energy Limited

Date: 2 May 2018

Subject: Presentation to Macquarie Australia Conference 2018:

Senex Managing Director and CEO Ian Davies will present an overview of Senex's business and strategic priorities to the Macquarie Australia Conference today in Sydney.

The presentation – **Driving a step-change with gas** – is attached.

FURTHER INFORMATION

Investor and Media Enquiries:

Ian Davies

Managing Director Senex Energy Limited Phone: (07) 3335 9000 Tess Palmer

Head of Investor Relations Senex Energy Limited Phone: (07) 3335 9719

ABOUT SENEX ENERGY

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 low cost oil producing assets in the Cooper Basin and is progressing a portfolio of gas projects including the Western Surat Gas Project and Project Atlas in Queensland.





Driving a step-change with gas

Macquarie Australia Conference May 2018





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Senex strategic priorities

Making material progress



Realising the near-term potential in the Australian east coast gas market

- Awarded Project Atlas, with first gas to be delivered to domestic customers in 2019
- Delivered major investment and determined path to market on Western Surat Gas Project
- Awarded grants by the South Australian government to progress Cooper Basin gas projects
- Corporate and development financing discussions with lenders progressing positively



Focusing our material exploration and production position in Cooper Basin oil

- Completed asset portfolio review, to prioritise capital allocation on core assets
- Agreement with Beach to transfer unconventional gas free-carry of up to \$43 million to western flank oil
- Successful FY18 drilling program on the western flank
- Continued focus on low operating costs and maximising production from base oil portfolio





Senex long-term outlook

Driving a step-change with gas

Now (FY18):

Asset portfolio review

- Prioritisation of capital allocation to core assets
- Production guidance:
 0.75 0.9 mmboe,
 predominantly oil
- Preparing to enter development phase on east coast gas projects

1-2 years:

Material growth from east coast gas

- Significant capital allocation to core assets
- East coast gas projects have entered development phase and are driving significant growth in production, cashflow and earnings
- Disciplined exploration, appraisal and development of western flank oil assets

3+ years:

Significant cashgeneration

- Core assets are generating significant cash
- East coast gas projects have provided step-change in production, cashflow and earnings
- Disciplined exploration, appraisal and development of western flank oil assets





Senex FY18 outlook

On track to meet production and capex guidance

Production

- Solid production from Cooper Basin oil portfolio, with new western flank wells performing strongly
- Surat Basin gas volumes ramping up, and the Vanessa gas field coming online in Q4 FY18

Capex

- Surat Basin capex deployed to the Phase 2 investment program, sales gas compression long-lead items, and early spend on Atlas
- Cooper Basin capex deployed on the western flank, and to the connection of the Vanessa gas field

Production mmboe	FY18
Production minboe	guidance
Total production	0.75 - 0.90

Capital spend A\$ million	FY18 guidance
Surat Basin	45 – 55
Cooper Basin	30 - 40
Corporate	5
Total equity capex	80 – 100

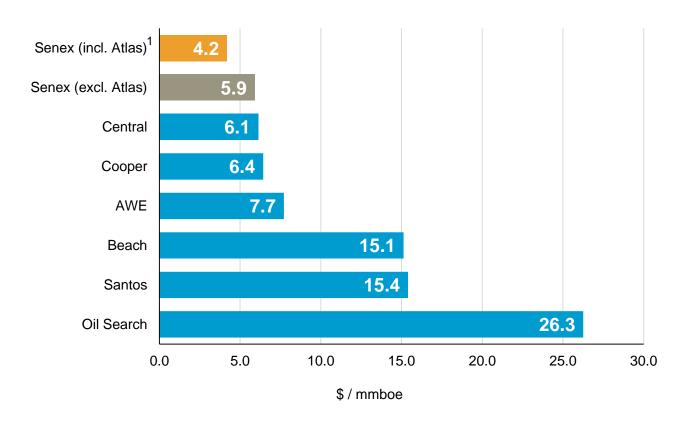




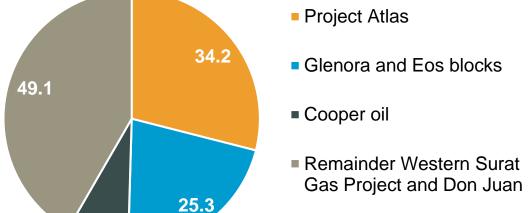
Senex resource position

Opportunity for revaluation as Senex delivers major east coast gas development projects

Enterprise Value / 2P Reserves



Senex 2P reserve and recoverable resource position (mmboe)¹



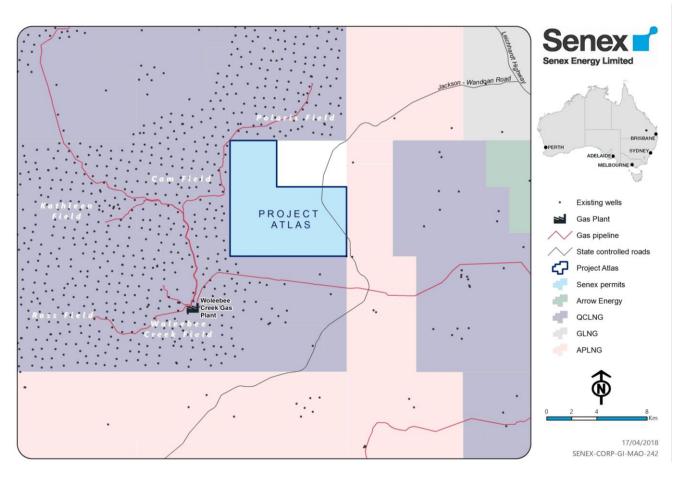




East coast gas business

Portfolio of quality development projects

- Development projects (Project Atlas and the Western Surat Gas Project) to drive step-change in production, earnings and cash flow from 2019
- Longer-dated gas supply opportunity from Don Juan and Cooper Basin permits
- Senex expects to sign gas sales agreements with domestic customers in 2018 for Project Atlas
 - Prices have increased over the last decade from \$3/GJ to current offers for near term supply of \$8 to \$16/GJ¹
- 20-year GSA with GLNG at JCC oil-linked pricing in place for the Western Surat Gas Project
 - Senex positioned to benefit from upside in oil pricing, with Brent crude trading above US\$70/bbl







Project Atlas

Prioritising accelerated development of top tier asset

Key milestones	Expected timing	
Commence regulatory approvals processes	Achieved December 2017	
Secure Petroleum Lease	Achieved March 2018	
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	





Western Surat Gas Project

Progressing staged development

Key milestones	Expected timing	
Phase 2 wells online on-time and on-budget	Achieved December 2017	
Decision on path to market Achieved February 2018		
Order long lead items for gas processing infrastructure	Achieved March 2018	
Secure Petroleum Lease over initial development area	Achieved April 2018	
Finalise corporate and development financing	Mid 2018	
Secure all remaining 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+	

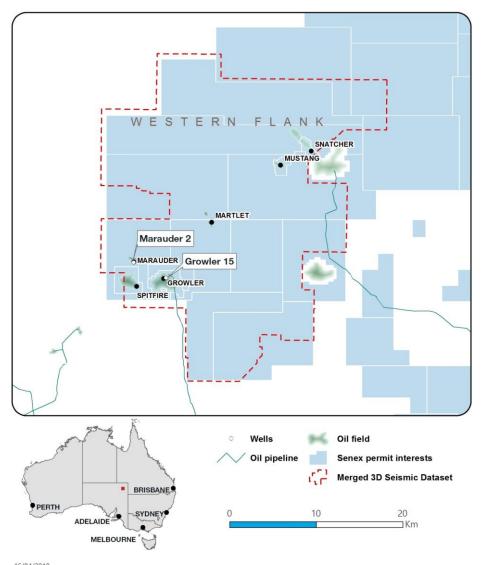




Cooper Basin oil assets

Western flank focus

- Rationalising an extensive acreage position to focus spend on disciplined exploration, appraisal and development of western flank oil assets
- Successful FY18 drilling program:
 - Discovery of the Marauder field
 - First horizontal well in the Birkhead (the Growler-15 well, brought online at 1,850 bopd)
- Agreement with Beach Energy in April 2018 to transfer unconventional gas free-carry of up to \$43 million to western flank oil assets:
 - Material FY19 western flank free-carried work program will target reserve and production adds
 - Drilling targets identified from extensive 3D seismic data-set





Investment highlights

Independent oil and gas company with a significant growth trajectory



Supportive market dynamics

- Structurally short Australian east coast gas market with strong demand and pricing
- Strengthened oil pricing
- Strengthening global LNG demand



Strong balance sheet

A\$83 million cash, with development financing for growth projects well progressed



High margin oil business

 Disciplined exploration, appraisal and development of oil assets in the Cooper Basin western flank, focused on free cash flow and high value growth opportunities



East coast gas business to drive step-change in production and earnings growth

- Immediate focus on delivering east coast gas development projects
- Transformational impact on reserves, production, cash flows and earnings



Appendix

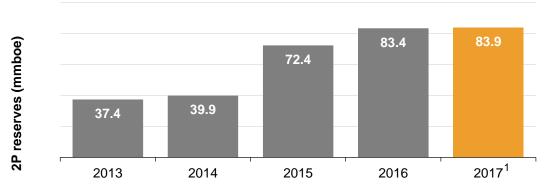
Corporate information
Financial information
Project Atlas reference information
WSGP reference information





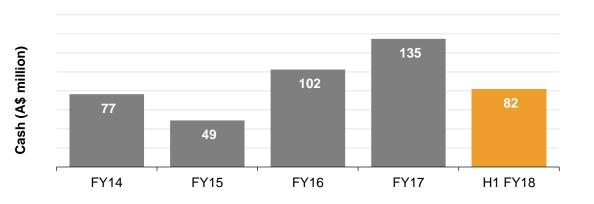
Company snapshot

Material 2P reserves position

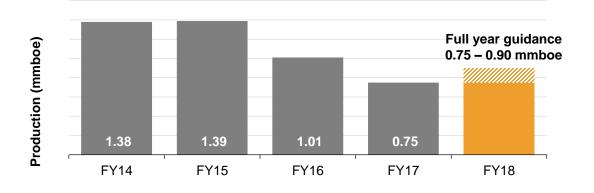


1 Excludes any reserves for Project Atlas, awarded to Senex in September 2017

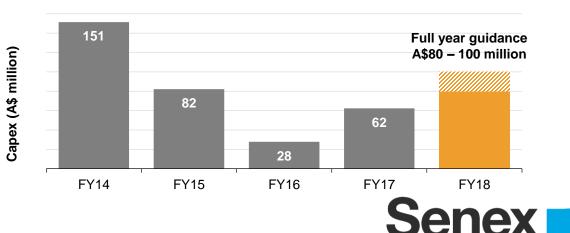
Strong financial position



Rebuilding production after a period of low capex



Reinvesting in growth capital





Key financial headlines

	H1 FY18	H1 FY17	Change
Production (mmboe)	0.37	0.41	(10%)
Sales volumes (mmboe)	0.35	0.39	(10%)
Average realised oil price (A\$ per bbl)	88	59	49%
Capital spend (A\$ million)	45.9	24.7	86%
Sales revenue (A\$ million)	29.8	22.8	31%
Operating cost ex royalties (A\$ per bbl produced)	31.5	29.1	8%
EBITDAX (A\$ million)	10.0	3.0	233%
Underlying NPAT (A\$ million)	(2.8)	(8.8)	68%
Statutory NPAT (A\$ million)	(82.3)	(8.8)	(838%)
Net cash (A\$ million)	81.9	82.8	(1%)
Drawn debt (A\$ million)	4.4	3.1	42%

- Asset portfolio review resulting in prioritisation of capital to core assets and a non-cash impairment charge of A\$80 million relating to non-core Cooper Basin assets
- Progressing a process to rationalise noncore assets to focus on delivering highvalue opportunities for Senex





Net profit after tax and EBITDAX

A\$ million	H1 FY18	H1 FY17
Revenue	29.8	22.8
Operating costs	(12.9)	(13.2)
Gain on sale of assets	0.4	-
Other revenue/costs ¹	(7.3)	(6.6)
EBITDAX	10.0	3.0
Exploration expense	(3.2)	-
Amortisation & depreciation	(9.1)	(11.4)
Impairment	(79.9)	-
Net Finance Costs	(0.1)	(0.4)
Statutory NPAT	(82.3)	(8.8)
Impairment	79.9	-
Gain on sale of assets	(0.4)	-
Underlying NPAT	(2.8)	(8.8)

A\$ million	H1 FY18	H1 FY17
Statutory net profit (loss) after tax	(82.3)	(8.8)
Add/(less):		
Net interest	0.1	0.4
Tax	-	-
Amortisation & depreciation	9.1	11.4
Impairment	79.9	-
EBITDA	6.8	3.0
Add/(less):		
Oil and gas exploration		
expense	3.2	-
EBITDAX	10.0	3.0



^{1.} Other revenues/costs includes flowline revenue, other income, other operating expenses, general and administrative expenses Numbers may not add due to rounding



Project Atlas: reference data

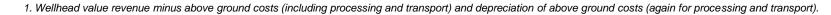
Resource	
Recoverable gas volumes	 201 PJ of P50 recoverable gas volumes estimated by SRK Consulting Pty Ltd as part of tender process
Infrastructure	
Gas processing and transmission	 Acreage is strategically located near several transmission/transportation infrastructure hubs (potential to share infrastructure with neighbouring operators) In parallel, Senex advancing concept studies on an independent path to market
Government take	
QLD royalty regime	• 10% of wellhead value ¹
Market	
Domestic customers	 Gas will be sold to domestic customers on the east coast of Australia Senex received expressions of interest from domestic customers of >150 TJ/day of combined demand during tender process

^{1.} Wellhead value revenue minus above ground costs (including processing and transport) and depreciation of above ground costs (again for processing and transport).



Western Surat Gas Project: reference data

Resource	
Surat Basin reserves	 81 PJ of net proved (1P) reserves 438 PJ of net proved and probable (2P) reserves
Infrastructure	
Appraisal Gas	 Pipelines connect the Glenora and Eos pilot to the GLNG low pressure gathering network Minimal compression and water handling facilities required
Sales Gas	 Long-lead items for Senex-constructed sales gas processing facility sanctioned in February 2018 Delivery of sales gas into the GLNG Comet Ridge to Wallumbilla Pipeline at a point on Senex's permits
Government take	
QLD royalty regime	• 10% of wellhead value ¹
PRRT	Shield of A\$917 million as at 30 June 2017







Western Surat Gas Project: reference data

Market	
Pilot Gas	 Sales to GLNG from the Phase 1 wells commenced in April 2017, and from the Phase 2 wells in December 2017 (Senex receives a USD JCC oil-linked price for raw, unprocessed gas to be supplied on an as-available basis)
Gas Sales Agreement with GLNG	 GSA for gas from the Western Surat Gas Project area over a 20-year contract term (right of termination for both parties at September 2020 if 'first FID' not reached) GSA provides for, at Senex's election, the staged ramp up in sales volumes to a maximum of 50 TJ/day following 'first FID' USD market pricing based on a JCC oil-linked formula Ability to sell up to 15% of gas volumes to domestic gas customers, subject to certain conditions





Supporting information for estimates

Qualified reserves and resources evaluator statement: Information about Senex's reserves and resources estimates has been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. This reserves and resources statement is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator, Mr David Spring BSc (Hons). Mr Spring is a member of the *Society of Petroleum Engineers* and is Executive General Manager of Exploration. He is a full time employee of Senex. Mr Spring has approved this statement as a whole and has provided written consent to the form and context in which the estimated reserves, resources and supporting information are presented.

Aggregation method: The method of aggregation used in calculating estimated reserves and resources was the arithmetic summation by category of reserves. As a result of the arithmetic aggregation of the field totals, the aggregate 1P estimate may be very conservative and the aggregate 3P estimate very optimistic, as the arithmetic method does not account for 'portfolio effects'.

Conversion factor: In converting petajoules to mmboe, the following conversion factors have been applied:

- Surat Basin gas: 1 mmboe = 5.880 PJ
- Cooper Basin gas: 1 mmboe = 5.815 PJ

Evaluation dates:

- Cooper-Eromanga Basin: 30 June 2017
- Surat Basin gas reserves and resources (Western Surat Gas Project): 30 June 2017
- Surat Basin gas reserves and resources (Don Juan): 19 July 2014

External consultants: Senex engages the services of Degolyer and MacNaughton, MHA Petroleum Consultants LLC and Netherland, Sewell and/or Associates, Inc. (all with qualified reserves and resources evaluators) to independently assess data and estimates of reserves prior to Senex reporting estimates.

Method: The deterministic method was used to prepare the estimates of reserves, and the probabilistic method was used to prepare the estimates of reserves.

Ownership: Unless otherwise stated, all references to reserves and resources in this statement relate to Senex's economic interest in those reserves and resources.

Reference points: The following reference points have been used for measuring and assessing the estimated reserves in this presentation:

- Cooper-Eromanga Basin: Central processing plant at Moomba, South Australia. Fuel, flare and vent consumed to the reference point are included in reserves estimates (c. 5% of 2P oil reserves estimates may be consumed as fuel in operations depending on operational requirements).
- Surat Basin: Wallumbilla gas hub, approximately 45 kilometres south east of Roma, Queensland. Fuel, flare and vent consumed to the reference point are excluded from reserves estimates (c. 7% of 2P gas reserves estimates have been assumed to be consumed as fuel in operations).

Reserves replacement ratio: The reserves replacement ratio is calculated as the sum of estimated reserves additions and revisions divided by estimated production for the period, before acquisitions and divestments.



