

For the period ended 30 September 2018

HIGHLIGHTS

Senex Energy Ltd (Senex, ASX: SXY) has continued its strong momentum from FY18 into the new financial year with success in the field and delivery of key project milestones. Highlights include:

- **\$150 million debt facility agreed:** Senior secured reserve-based lending facility to fund Surat and Cooper Basin development programs; conditions precedent for financial close near complete
- **Oil exploration success:** Two Cooper Basin oil discoveries from the first three wells of the FY19 drilling campaign; Breguet-1 and Snatcher North-1 to be brought online in Q2 FY19
- **Free-carried Cooper Basin drilling campaign:** Ten-well drilling campaign commenced with program free-carried for up to \$43 million (gross)
- **Production growth:** Production up 4% from the prior quarter to 281 kboe, with continuing ramp-up of Roma North gas volumes and first gas from the Vanessa Field
- **Ramp-up of Roma North gas volumes:** Production rates in excess of 4 TJ/day achieved with well optimisation activity ongoing
- **WSGP milestone achievements:** EPBC approval secured, with all regulatory approvals now received; separation of gas sales arrangements agreed to accelerate development of Roma North
- **Project Atlas approvals:** Environmental assessment work nearing completion to support environmental approval submissions
- **Robust liquidity position:** Cash reserves of \$57.6 million at quarter-end

Comments from Managing Director and CEO Ian Davies: “Senex has made a great start to the financial year, across all aspects of the business. In the field, our free-carried Cooper Basin drilling campaign delivered two commercial oil discoveries from the first three wells. These discoveries will be brought online in Q2 FY19, providing incremental production and potential for follow-on appraisal activity. We also recorded another quarter of production growth, benefiting from first gas from the Vanessa Field and continuing ramp-up of Roma North volumes.

“We continue to achieve milestones for our Surat Basin natural gas development projects. With receipt of final WSGP regulatory approvals, separation of gas sales arrangements for WSGP, and the previously announced agreement with Jemena to construct Project Atlas infrastructure, we are close to taking Final Investment Decisions for both projects.

“As we accelerate our capital programs across the Surat and Cooper basins, our financial position remains robust. With \$58 million of cash reserves at the end of the quarter, a funding solution for our Project Atlas gas processing infrastructure, and financial close of our \$150 million debt facility near complete, Senex is ready to execute its multi-year work programs.”

Key Performance Metrics	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Net production (kboe)	180	270	281	4%
Net sales volumes (kboe)	160	270	270	0%
Sales revenue (\$ million)	12.8	26.8	25.6	(4%)
Average realised oil price (\$/bbl)	80	115	114	(1%)
Net cash / (debt) (\$ million)	109.8	66.5	57.6	(13%)

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FINANCIAL

Sales volumes and revenue

Sales volumes of 270 kboe were in line with the prior quarter. Sales revenue of \$25.6 million was marginally lower than the prior quarter, mainly due to relatively more gas in the sales mix. The average realised Australian dollar oil price of \$114/bbl was in line with the prior quarter.

	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Net oil sales volumes (kbbbl)	160	220	190	(14%)
Net gas and gas liquids sales volumes (kboe)	-	50	80	60%
Total sales volumes (kboe)	160	270	270	0%
Oil sales revenue (\$ million)	12.8	25.2	21.7	(14%)
Gas and gas liquids sales revenue (\$ million)	-	1.6	3.9	144%
Total sales revenue (\$ million)	12.8	26.8	25.6	(4%)
Average realised oil price (\$/bbl)	80	115	114	(1%)
Average realised sales price (\$/boe)	80	99	95	(4%)

Capital expenditure

Capital expenditure of \$23.8 million was incurred, which primarily related to drilling activity in the Cooper and Surat basins, procurement of long-lead items for the WSGP gas processing facility, finalisation of WSGP water handling facilities and development planning for Project Atlas. Net capital expenditure incurred by Senex was \$18.8 million, which recognises \$5.0 million of free-carry associated with the FY19 Cooper Basin drilling campaign.

\$ million	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Exploration and appraisal	25.1	3.9	10.5	169%
Development, plant and equipment	3.0	19.2	13.2	(31%)
Capital expenditure incurred¹	28.1	23.1	23.8	3%
Less: Cooper Basin free-carry ²	-	-	(5.0)	-
Capital expenditure (net to Senex)	28.1	23.1	18.8	(19%)

1. Totals may not add due to rounding

2. As announced on 16 April 2018, Senex and Beach agreed the transfer of up to \$43 million (gross) of free-carry commitment from the joint venture's unconventional gas project to the Cooper Basin western flank oil assets. No additional interest in the Cooper Basin western flank oil assets will be earned by Beach through this free-carry arrangement.

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Liquidity

Senex maintains a robust liquidity position, with cash reserves of \$57.6 million at quarter-end (Q4 FY18: \$66.5 million). Material cash flows included net operating cash flow of \$12 million, capital expenditure of \$23.8 million and movements in working capital.

OPERATIONS

Production

Production of 281 kboe was 4% higher than the prior quarter, with increased gas volumes offsetting natural oil field decline. Gas production increased 68% to 84 kboe, due to first production from the Vanessa Field and continuing ramp-up from Roma North.

	September Q1 FY18	June Q4 FY18	September Q1 FY19	Qtr on Qtr Change
Oil (kbbl)	180	220	196	(11%)
Gas and gas liquids (kboe)	-	50	84	68%
Total net production (kboe)¹	180	270	281	4%

1. Totals may not add due to rounding

Drilling

Senex spudded three Cooper Basin exploration and appraisal wells and three Surat Basin appraisal wells. Two commercial oil discoveries were achieved, with Breguet-1 results in line with pre-drill estimates and Snatcher North-1 (drilling completed subsequent to quarter-end) ahead of pre-drill estimates. Growler Northeast-1 achieved its appraisal objectives, successfully testing an extension of the Growler field for future drilling. More details can be found on page 7.

In the north of WSGP, Senex drilled the Dione-10 appraisal well to collect data for reservoir characterisation and future pilot production. The well was cased and suspended. Senex also drilled two appraisal wells in the Don Juan acreage to collect data for reservoir characterisation to inform potential further appraisal activity in the future. Results were in line with expectations and will support ongoing studies in the region. Well locations can be found on page 5.

Well	Type	Tenement	Senex %	Result
Cooper Basin				
Breguet-1	Oil exploration	Ex-PEL 104	60%	Success: C&S
Growler Northeast-1	Oil appraisal	Ex-PEL 104	60%	Met objectives: P&A
Snatcher North-1	Oil exploration	Ex-PEL 111	60%	Success: C&S
Surat Basin				
Dione-10 (WSGP)	Gas appraisal	ATP 767	100%	Success C&S
Indy East-1 (Don Juan)	Gas appraisal	ATP 771	100%	P&A as planned
Carnarvon-5 (Don Juan)	Gas appraisal	ATP 771	100%	P&A as planned

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EXPLORATION AND DEVELOPMENT

Surat Basin: Project Atlas

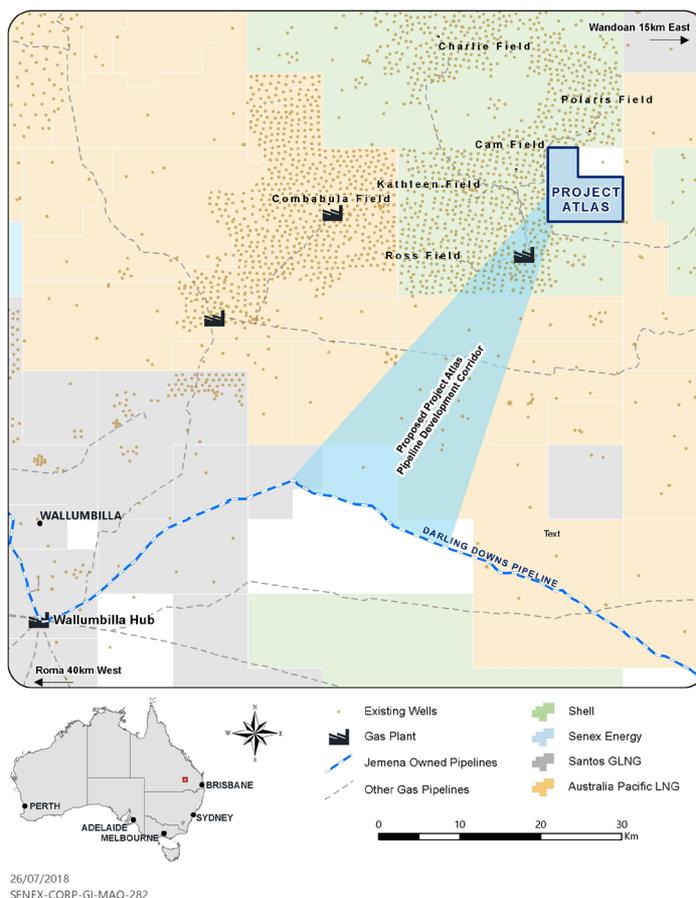
Senex completed field work for environmental impact assessments covering multiple areas, including noise, air, ecology and groundwater baseline surveys.

Field development planning activities are progressing across multiple workstreams. Detailed planning, design and land access commenced for the initial wells that will supply commissioning gas to the downstream processing facility. These wells will be drilled under the existing environmental authority.

Senex continues to work closely with Jemena on the development of gas export facilities. Long-lead item procurement has commenced, and all works remain within expected timing.

Senex is applying experience gained from the recent EPBC grant for WSGP for the Project Atlas approval process. Receipt of all remaining State and Commonwealth approvals around mid-2019 is targeted, with delivery of first gas to the domestic market by late 2019.

Senex is on schedule to achieve the milestones noted below.



Key milestones

Expected timing

Decision on path to market and delivery of funding component	Achieved June 2018
Agree corporate and development debt facility	Achieved July 2018
Engage with domestic gas customers	H1 FY19
Commence 15-well drilling campaign	Q4 FY19
Secure all remaining regulatory approvals	Mid-2019
Gas processing facility commissioning and first gas to domestic market	H1 FY20
Future drilling campaigns to reach and sustain plateau production	FY20+

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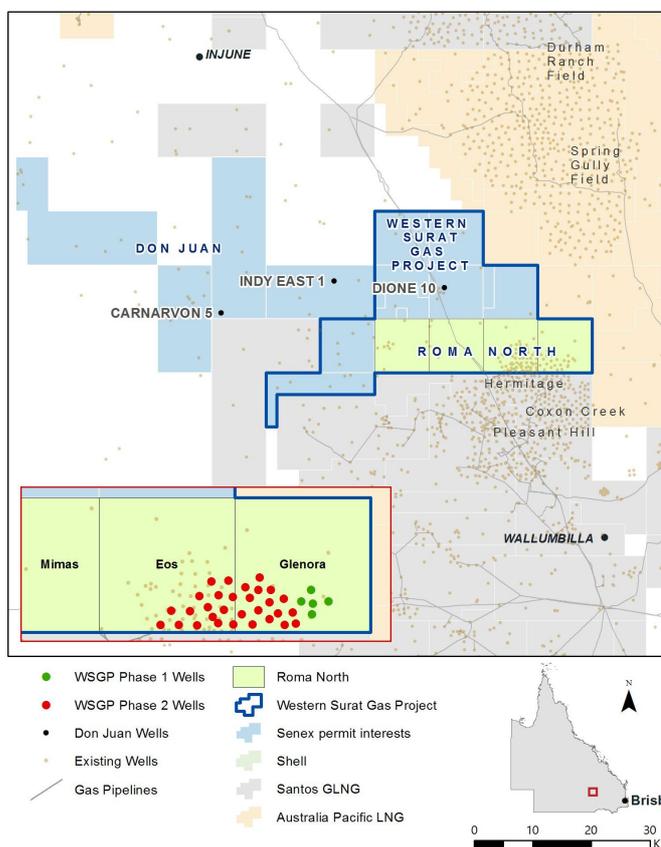
Surat Basin: Western Surat Gas Project

Senex was granted approval to develop WSGP under the Commonwealth EPBC Act in August 2018. Senex has now received all approvals required to commence development.

Senex and GLNG agreed separate gas sales arrangements, paving the way for a Final Investment Decision for an initial 16 TJ/day gas development with expansion potential. This initial development will focus on the Glenora and Eos blocks, with expansion potential into the neighbouring Mimas and Tethys blocks, now collectively referred to as Roma North. The gas sales arrangements provide flexibility and optionality for initial development of Roma North, with development of the remaining WSGP acreage subject to a future Final Investment Decision.

Production from Phase 2 wells contributed approximately 57 kboe in Q1 FY19, an increase of 14% from the prior quarter, and rates in excess of 4 TJ/day were reached.

Senex is on schedule to achieve the milestones noted below:



Key milestones

Agree corporate and development debt facility	Achieved July 2018
Secure all remaining regulatory and environmental approvals	Achieved August 2018
Continued appraisal across the acreage	Ongoing
Final Investment Decision on drilling and gas processing facility	Q2 FY19
Gas processing facility commissioning and first sales gas to GLNG	Q4 FY19
Commence next phase of drilling	Q4 FY19
Future drilling campaigns to reach and sustain plateau production	FY20+

Expected timing

Achieved July 2018
Achieved August 2018
Ongoing
Q2 FY19
Q4 FY19
Q4 FY19
FY20+

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Cooper Basin: Gas

Vanessa Field

Senex brought the Vanessa Field online (*PEL 182: Senex 57% and operator, Beach 43%*), with gas being sold to Pelican Point Power Ltd under a GSA, and liquids being sold to the SACB JV under a Gas Processing Agreement. The field produced approximately 27 kboe in the quarter.

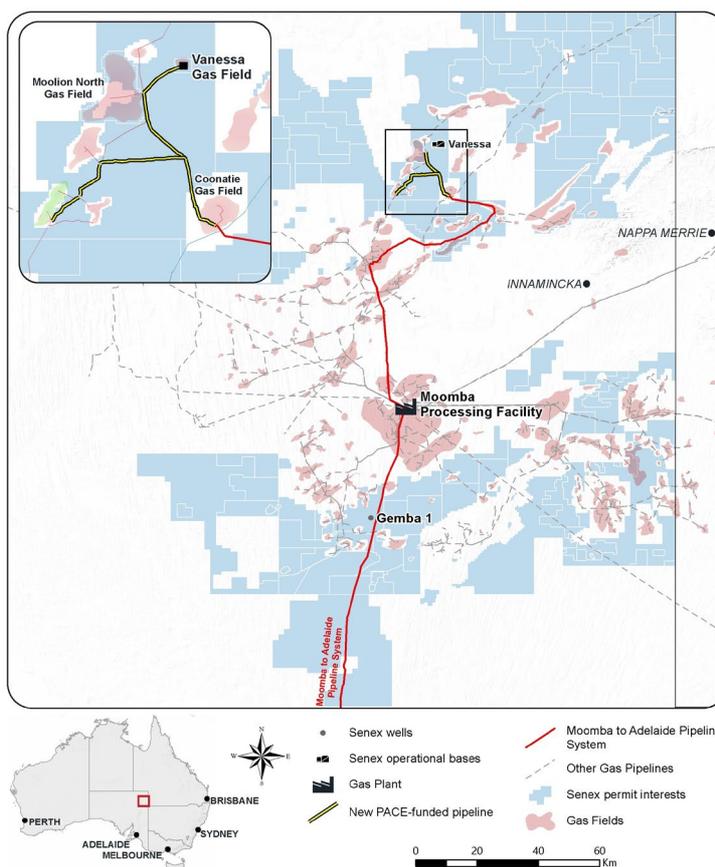
The Senex-led gas pipeline project received \$5.82 million in funding from the South Australian Government through the PACE Gas Grant Program, with the joint venture to match the government funding received.

Gemba gas discovery

Gemba-1 (*PEL 516: Senex 100% and operator*) was drilled, cased and suspended in Q4 FY18. The well is located on the southwest margin of the Allunga Trough, approximately 37 kilometres south west of the Moomba oil and gas processing facility.

Designed to evaluate the gas potential of the low-permeability intra-Patchawarra sandstones, the well successfully intersected gas in the target zones with volumes ahead of pre-drill estimates. The well was extended to a total depth of 2,795 metres (from 2,685 metres) given encouraging gas shows in the Dullingari group, representing a potential new gas play. Senex has developed a fracture stimulation and testing program which will take place during Q2 FY19, with initial results expected in Q3 FY19.

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.



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Cooper Basin: Oil

Western flank FY19 drilling program

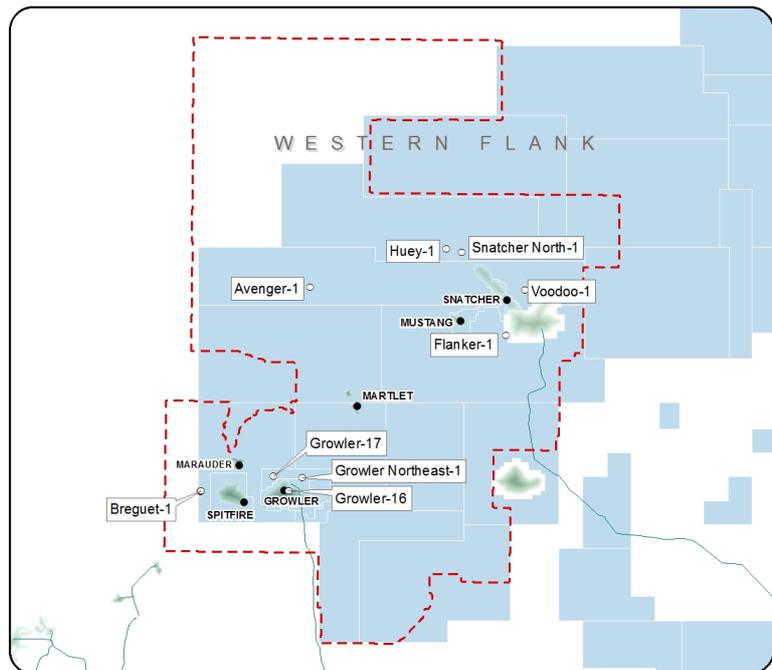
Senex made two oil discoveries from the first three wells of its FY19 drilling campaign, Breguet-1 and Snatcher North-1.

The first well of the drilling campaign, Breguet-1 (*ex PEL 104, Senex 60% and operator, Beach 40%*), is located approximately 1.6 kilometres west of the producing Spitfire oil field and encountered elevated gas readings and oil shows within the target formation. Preliminary evaluation of logs indicated net pay of up to 5.7 metres within an 18.5 metre gross oil column. The well was cased and suspended and will be placed on production in Q2 FY19 via a flowline to existing infrastructure. Preliminary evaluation of results has provided encouragement for potential follow-on appraisal drilling between the Breguet and Spitfire fields.

The second well of the campaign, Growler Northeast-1, (*ex PEL 104, Senex 60% and operator, Beach 40%*), successfully tested the Greater Growler area outside of defined field limits. The well achieved pre-drill aims to (a) prove an extension of the Growler Field to the northeast, (b) prove moveable hydrocarbons in the overbank area, and (c) acquire valuable data to support horizontal development. The well was plugged and abandoned in line with pre-drill plans.

The third well in the campaign, Snatcher North-1 (*ex PEL 111, Senex 60% and operator, Beach 40%*), was spudded during the quarter and discovered oil subsequent to quarter-end. The well is located approximately three kilometres to the northwest of the producing Snatcher Field and was drilled to test an extension of the field along the interpreted Birkhead channel system. Preliminary evaluation of logs indicated results ahead of pre-drill estimates, with net pay of up to 13 metres within a 36 metre gross oil column. The well was cased and suspended and will be placed on production in Q2 FY19 via a flowline to existing infrastructure.

Breguet-1 and Snatcher North-1 are being reviewed by the joint venture parties to identify follow-on contingent wells, with timing and locations to be agreed.



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FURTHER INFORMATION

Conference call

Senex Managing Director and CEO Ian Davies and Chief Financial Officer Gary Mallett will hold a conference call to discuss these quarterly results.

Date: Wednesday, 24 October 2018

Time: 11.00am AEDT (Sydney, Melbourne) / 10.00am AEST, Brisbane)

The conference call will be streamed live and can be accessed via the Senex company page on the Open Briefing website: <http://www.openbriefing.com/OB/3089.aspx>

A recording of the conference call will be available from 5.00pm AEST via the same link.

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ABOUT SENEX

Senex is an ASX-listed, growing and independent Australian oil and gas company with a 30-year history. We manage a strategically positioned portfolio of onshore oil and gas assets in Queensland and South Australia, with access to Australia's east coast energy market. Senex is focused on creating sustainable value for shareholders by leveraging our capability as a low cost, efficient and safe explorer and producer.

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GLOSSARY

\$	Australian dollars
1P	Proved (developed plus undeveloped) reserves in accordance with the SPE PRMS
2P	Proved plus probable reserves in accordance with the SPE PRMS
3P	Proved, probable plus possible reserves in accordance with the SPE PRMS
ASX	Australian Securities Exchange operated by ASX Ltd
ATP	Authority to Prospect - granted under the Petroleum Act 1923 (Qld) or the Petroleum Gas (Production and Safety) Act 2004 (Qld)
bbl	Barrels - the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons
Bcf	Billion cubic feet
Beach	Beach Energy Ltd
boe	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	Barrels of oil per day
C&S	Cased and suspended
Cooper Basin	The sedimentary basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland
DW	Deviated well
DST	Drill stem test
EPBC	Environment Protection and Biodiversity Conservation Act
Eromanga Basin	The Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales
FY	Financial year
GJ	Gigajoule
GLNG	Gladstone Liquefied Natural Gas, a JV between Santos, PETRONAS, Total and KOGAS
GSA	Gas sales agreement
JV	Joint venture

kbbl	Thousand barrels of oil
kboe	Thousand barrels of oil equivalent
MD	Measured depth
mboe	Million barrels of oil equivalent
mmbbl	Million barrels of oil
mscf/d	Thousand standard cubic feet of gas per day
P&A	Plugged and abandoned
PACE	Plan for Accelerating Production
PEL	Petroleum Exploration Licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
PJ	Petajoule
PL	Petroleum Lease granted under the Petroleum Act 1923 (Qld) or the Petroleum Gas (Production and Safety) Act 2004 (Qld)
PPL	Petroleum production licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
PRL	Petroleum retention licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
Q, Qtr	Quarter
Roma North	Initial development area of the Western Surat Gas Project comprising the Glenora, Eos, Mimas and Tethys blocks
SACB JV	South Australia Cooper Basin JV, which involves Santos (as operator), Beach and Origin Energy Ltd
Senex	Senex Energy Ltd
SPE PRMS	The Petroleum Resources Management System published by the Society of Petroleum Engineers
ST	Side track
Surat Basin	The sedimentary basin of Jurassic to Cretaceous age in southern QLD and northern NSW
TJ	Terajoule
WSGP	Western Surat Gas Project
YTD	Year to date