

# FY19 Half year results

*Ian Davies, Managing Director and CEO*  
*Gary Mallett, Chief Financial Officer*

19 February 2019





# Highlights



# Growth trajectory accelerating

## Production growing

- 49% increase in total production to 557 kboe
- Gas production of 183 kboe (+165 kboe) with Roma North still ramping
- Successful test of the Gemba gas discovery well
- New oil fields online
- Horizontal wells accelerating production at Growler



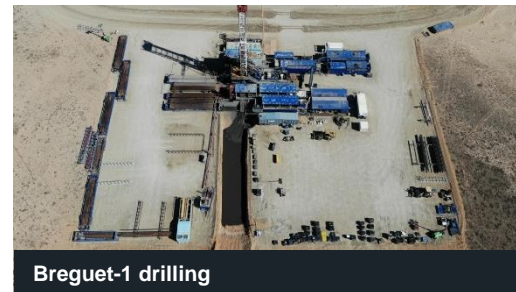
Roma North pipeline construction



Surat Basin environmental approvals

## Project milestones achieved

- FIDs achieved for Surat Basin gas projects
- Financial close of \$150 million debt facility
- Roma North facility construction underway
- Key environmental approvals secured for Roma North and Project Atlas



Breguet-1 drilling



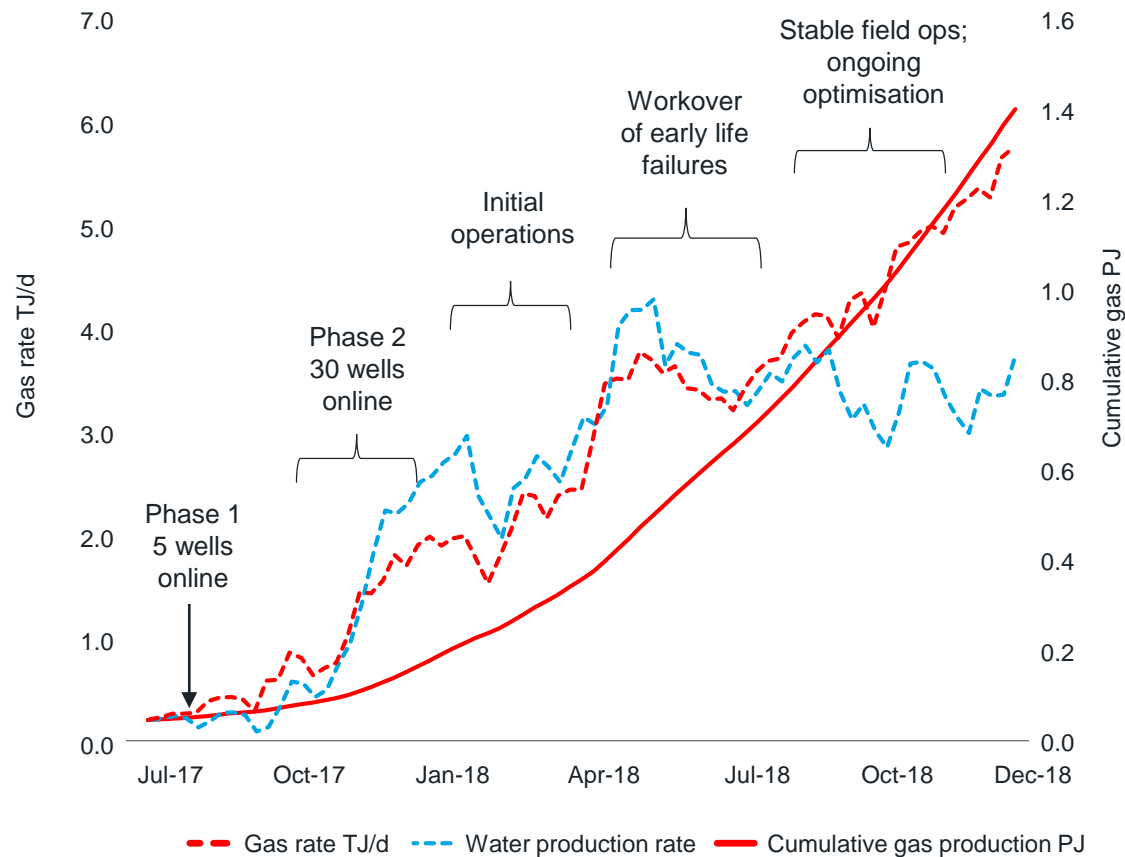
Growler horizontal drilling

## Robust financial position

- 44% increase in sales revenue to \$43 million
- 74% increase in EBITDAX to \$17 million
- \$20 million turnaround in operating cash flow



# Roma North performing strongly...



- Field ramp-up out-performing expectations
  - 1.4 PJ cumulative production to 31 December 2018
  - 6 TJ/d peak rate achieved post half-year
- Well availability >90% in Q2 FY19, targeting 95% and better
- Desorption underway across the field with gas rates increasing
- Water production plateauing and showing signs of decline
- Raw gas sold to GLNG under attractive gas sales agreement, contributing strongly to revenue
- Disciplined approach to capture learnings and apply to benefit 2019 development

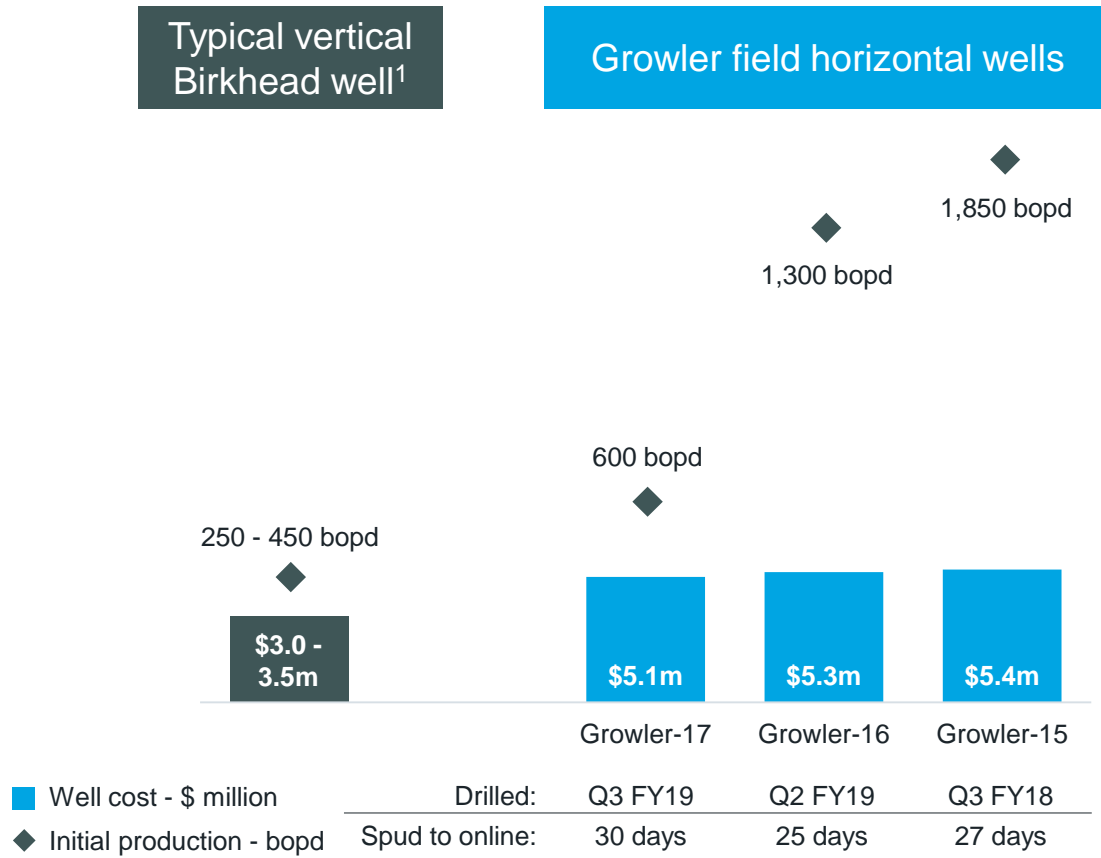
# ...with gas facility construction underway

*Roma North gas processing facility on track for commissioning mid-2019*



[Click here for video of latest construction activity](#)

# Cooper Basin horizontal drilling success



- Three horizontal oil wells now producing in the Growler field
  - Total lateral section of ~3,400 metres drilled
  - Total net oil pay of ~1,500 metres intersected
- High production rates provide rapid investment payback
- Significant uplift in production rates relative to vertical wells
- Growler-16 and -17 brought online in January 2019; will support H2 FY19 production outlook
- Opportunities for future horizontal wells in other fields under review

NB. Well cost includes all lease, drill, complete, connect and other costs (gross); initial production represents average production for first 30 days online, where available

1. Typical vertical Birkhead well cost and initial production an illustrative approximation of Birkhead formation drilling across the Cooper basin western flank

# Senex continues to achieve milestones

*Key growth projects being delivered*

## Surat Basin



Final Investment Decisions for first material east coast gas projects - Roma North and Project Atlas



Roma North gas facility construction commenced  
Roma North pipeline laid



Tendering underway for rig and well site services for ~110-well development campaign



Gas contracting underway



All WSGP environmental approvals secured  
Project Atlas EPBC requirements satisfied  
All Project Atlas Queensland approvals submitted

## Cooper Basin



Two oil discoveries and appraisal success  
More horizontal drilling success



Gemba new gas field discovery and flow test success  
Planning for extended production test

## Corporate



Financial close of \$150 million debt facility



High quality project delivery teams in place

# Building momentum for a transformational 2019

## Growing gas production

- Ramping towards 48 TJ/d target in the Surat Basin
- Roma North gas facility commissioning mid-2019
- Project Atlas first gas mid-2019; gas facility commissioning on track for late 2019
- Gemba testing and development planning

## Surat Basin drilling

- Development campaigns to continue production ramp-up to 48 TJ/d across Roma North and Atlas
- ~110-well drilling campaign to commence H2 FY19

## Project Atlas

- Execute gas sales agreements
- Final regulatory approvals expected H2 FY19
- Gas facility and pipeline construction

## Cooper Basin

- Three wells to complete free-carry program
- Westeros 3D seismic to open up a new exploration front in the basin



Gemba-1 testing



Roma North gas facility pad



Welding during Roma North construction

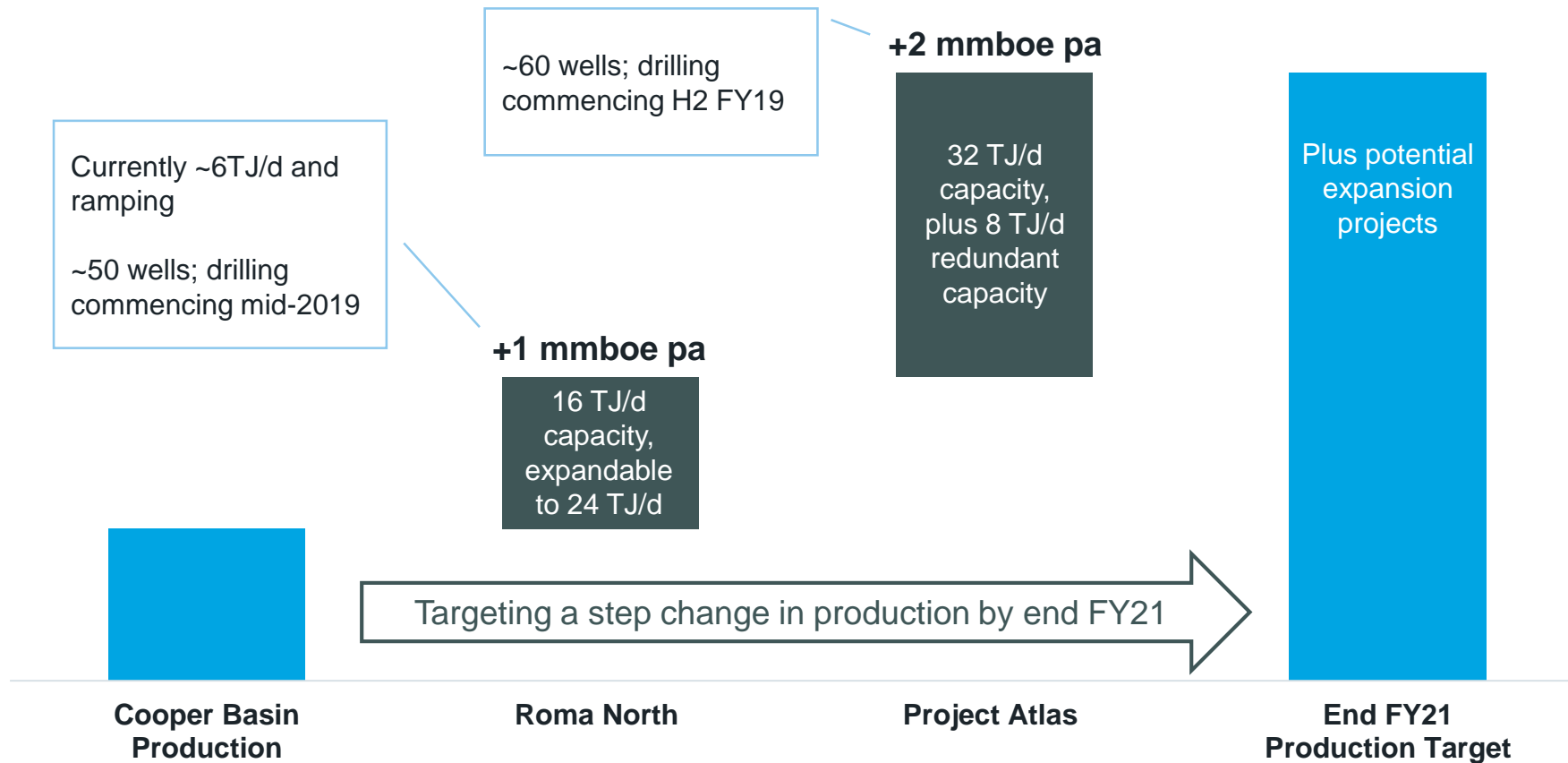


Drilling in the Surat Basin



# Transformation of Senex underway

*An important east coast gas supplier*



- Key advances to greater supply**
- ✓ Phase 2 Roma North wells currently producing at ~6 TJ/d
  - ✓ Roma North gas facility construction underway
    - Commissioning mid-2019
  - ✓ Project Atlas gas facility licence received; construction targeted to commence H2 FY19
    - Commissioning end 2019
  - ✓ On track for 3 mmboe annual Surat Basin gas production by end FY21



# Operational results





# People, environment and community

*A cornerstone of Senex Values*



## Improving our safety performance

- LTI performance improved to one (H1 FY18: three)
- TRIFR reduced to 9.7 (H1 FY18:11.5), with no high severity injuries
- No high potential safety incidents
- Digitalised incident management system to streamline reporting and action item tracking
- New personal risk assessment tools to support our people
- Evolving a new HSE culture framework



## Continuing strong environmental performance

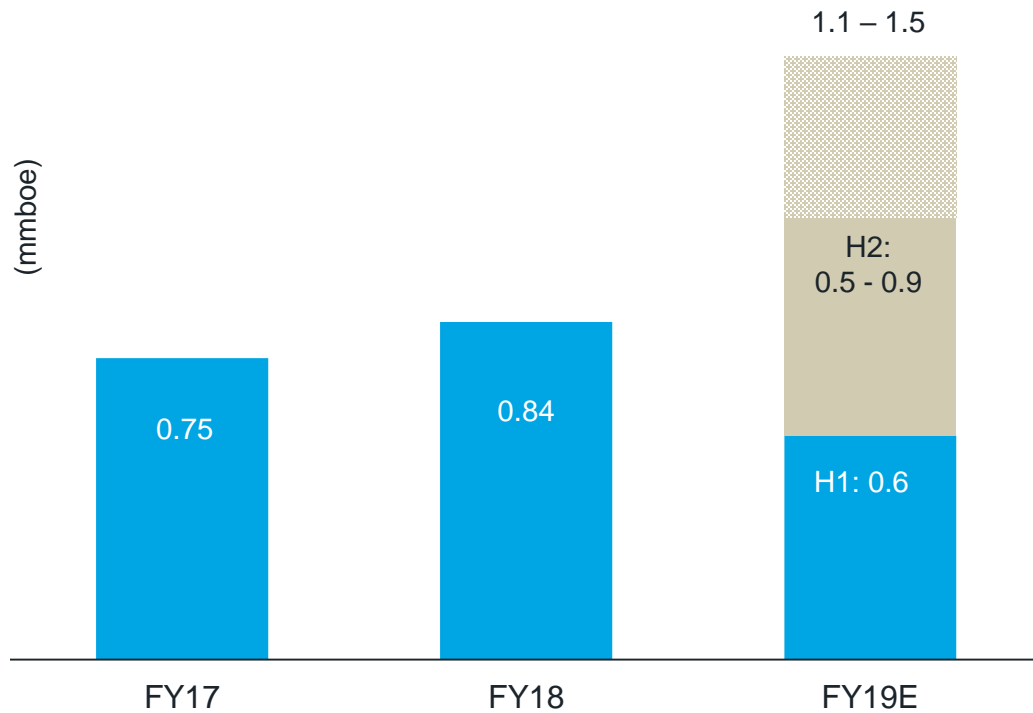
- Strong environmental management framework for Surat Basin projects
- High caliber, dedicated environment team supporting project delivery and operations
- Contributed funding to major conservation project in South Australia
- Continued supply of treated water to drought affected graziers



## Building positive and enduring relationships with our local communities, landholders, businesses and traditional owners

- Supporting community initiatives where we operate, including the RFDS and Wandoan School's Greener Ovals Project
- Employing local staff and contractors through strong local content policies
- Regular community drop-in sessions to facilitate collaboration
- Funding Indigenous Participation Manager in South Australia

# 49% production growth, driven by gas



- Roma North gas ramp-up to 134 kboe (H1 FY18: 18 kboe)
  - Production ramp ahead of project expectations; continues to grow
  - Strong reservoir performance supported by increasing well and field availability
- Cooper Basin Vanessa gas field brought online
- New oil field discoveries and continuing strong production from Growler field deliver production growth ahead of field decline
- Full year production guidance unchanged at 1.1 – 1.5 mmboe
  - Horizontal oil wells and continued gas ramp-up to support H2 FY19 production

	H1 FY18	H1 FY19	Change
Oil (kbbbl)	356	374	5%
Gas and gas liquids (kboe)	18	183	10x
<b>Total net production (kboe)</b>	<b>374</b>	<b>557</b>	<b>49%</b>



# Active and successful drilling campaigns

Well	Qtr	Type	Tenement	Result
<b>Cooper Basin (Senex 60% and operator) – All wells part of free-carried campaign</b>				
Breguet-1	Q1	Oil Exploration	Ex-PEL 104	<b>On production</b>
Growler Northeast-1	Q1	Oil appraisal	Ex-PEL 104	<b>Met all appraisal objectives</b>
Snatcher North-1	Q1	Oil Exploration	Ex-PEL 111	<b>On production</b>
Growler-16	Q2	Oil Development - Hz	Ex-PEL 104	<b>On production</b>
Huey-1	Q2	Oil exploration	Ex-PEL 111	P&A
Avenger-1	Q2	Oil exploration	Ex-PEL 111	P&A
Flanker-1	Q2	Oil exploration	Ex-PEL 111	P&A
Voodoo-1	Q2	Oil exploration	Ex-PEL 111	P&A
<b>Surat Basin (Senex 100% and operator)</b>				
Dione-10 (WSGP)	Q1	Gas appraisal	ATP 767	<b>Successful appraisal; future producer</b>
Indy East-1 (Don Juan)	Q1	Gas appraisal	ATP 771	<b>Successful appraisal</b>
Carnarvon-5 (Don Juan)	Q1	Gas appraisal	ATP 771	<b>Successful appraisal</b>
Indy West-1 (Don Juan)	Q2	Gas appraisal	ATP 771	<b>Successful appraisal</b>
Orallo South-3 (Don Juan)	Q2	Gas appraisal	ATP 771	<b>Successful appraisal</b>

- Free-carried Cooper Basin drilling campaign delivered exploration and appraisal success
  - Breguet-1 and Snatcher North-1 oil discoveries now on production
  - Northeast extension of Growler field confirmed
  - Growler-16 horizontal oil development well brought online in January 2019 at 1,300 bopd (gross)
- Dione-10 commitment well in WSGP cased and suspended as a future producer
- Commitment wells drilled in Don Juan; plugged as per objectives



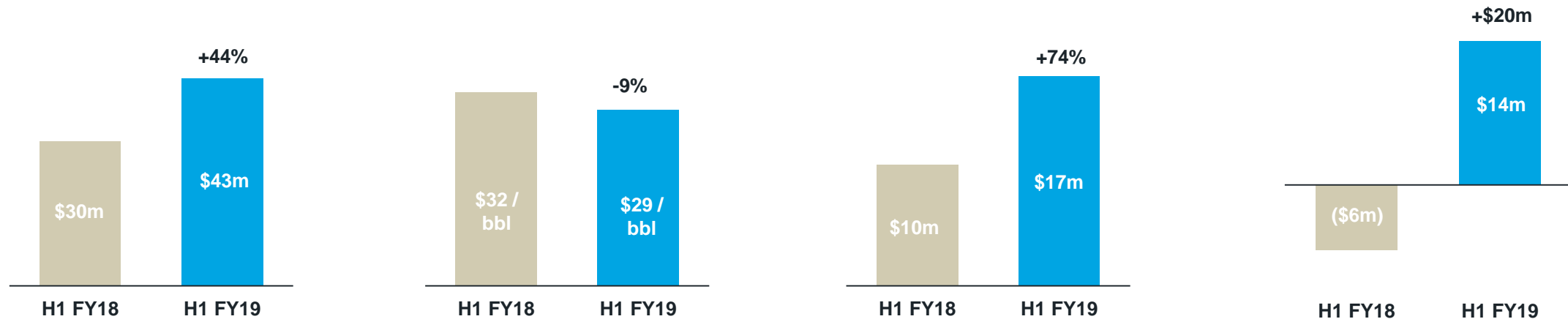
# Financial results





# Financial highlights

*Strong cash generation from production growth and low-cost operations*



## Sales revenue up 44%

- Production up 49% to 557 kboe
- Average realised oil price up 10% to A\$97
- Growing gas contribution to the sales mix

## Oil operating costs down 9%

- Continuing focus on strict cost control
- Proven low cost operator

## EBITDAX up 74%

- Strong production and prices supported by continuing cost discipline

## Operating cash flow up \$20m

- Improved earnings translating to operating cash flow
- Funding support for growth projects

# Robust financial position to fund growth

## \$150 million debt facility

- Financial close achieved October 2018
- Fully underwritten by ANZ
- \$125 million senior secured reserve-base limit (Facility A)
- \$25 million working capital / bank guarantee limit (Facility B)
- Seven year tenor; flexibility to refinance
- Low cost; below 6% per annum

## Multiple funding sources for growth projects

- \$74 million cash reserves as at 31 December 2018
- \$125 million Facility A limit; \$35 million drawn
- \$25 million Facility B limit; \$21 million utilised as bank guarantees
- \$140 million Jemena infrastructure agreement for Project Atlas
- \$13 million activity remaining in the \$43 million Cooper Basin free-carry program (gross)
- Strong Cooper Basin free cash flow generation

## Proactive hedging protects cash flows

- Additional oil and FX hedging undertaken in November 2018
  - Oil volumes hedged between A\$93 and A\$98/bbl
  - Further downside protection through existing oil puts
- Variable BBSY swapped to fixed rate for 60% of forecast drawn debt

Oil hedges in place	Dec-18 to Jun-19	FY20	FY21
<b>Swaps</b>			
Volume (kbbl)	310	350	150
Average swap price (A\$/bbl)	98	96	93
<b>Existing puts</b>			
Volume (kbbl)	214	-	-
Average exercise price (US\$/bbl)	55	-	-
<b>Total hedged volumes (kbbl)</b>	<b>524</b>	<b>350</b>	<b>150</b>



# Strong earning fundamentals

*Strength of underlying business evident in operating cash flow turnaround*

	H1 FY18	H1 FY19	Change
Production (kboe)	374	557	49%
Sales volumes (kboe)	345	534	55%
Average realised oil price (\$ per bbl)	88	97	10%
Sales revenue (\$ million)	29.8	42.8	44%
Oil operating cost ex royalties (\$/bbl produced)	31.5	28.8	(9%)
EBITDAX (\$ million)	10.0	17.4	74%
<i>Margin</i>	34%	41%	+7%
Statutory NPAT (\$ million)	(82.3)	(4.5)	95%
Underlying NPAT (\$ million)	(2.8)	1.4	+4.2m
Operating cash flow (\$ million)	(6.3)	13.9	+\$20.2m
Capital expenditure (gross, \$million)	45.9	62.5	36%
Capital expenditure (net to Senex, \$ million)	45.9	44.5	(3%)
Net cash (\$ million)	81.9	39.0	(52%)

- Improved results underpinned by higher production, sales volumes and pricing, leading to improved Underlying NPAT
- EBITDAX margin expansion from ongoing cost control
- Statutory NPAT significantly improved; no impairments recorded (H1 FY18: \$79.9m)
- Cooper Basin capital expenditure funded from free-carry program with Beach
- Delivery of Surat Basin projects represents majority of capital expenditure
- Full year FY19 capital expenditure guidance unchanged at \$110 – 130 million (net to Senex)

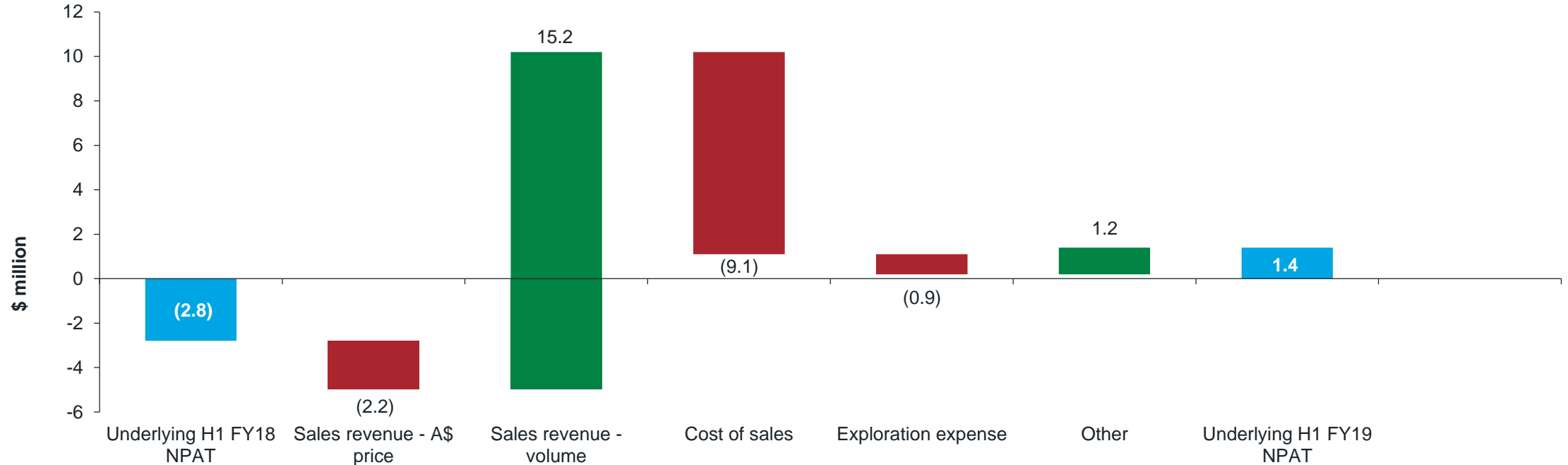
# Reconciliation of statutory NPAT

\$ million	H1 FY18	H1 FY19
<b>EBITDAX</b>	<b>10.0</b>	<b>17.4</b>
Exploration expense	(3.2)	(10.1)
<b>EBITDA</b>	<b>6.8</b>	<b>7.3</b>
Depreciation and amortisation	(9.1)	(11.5)
Non-cash impairment	(79.9)	-
Net finance costs	(0.1)	(0.3)
<b>Statutory NPAT</b>	<b>(82.3)</b>	<b>(4.5)</b>
Non-cash impairment	79.9	-
Loss/(gain) on sale of exploration assets	(0.4)	-
Net impact of Beach transaction	-	5.9
<b>Underlying NPAT</b>	<b>(2.8)</b>	<b>1.4</b>

- Increased exploration expense due to greater Cooper Basin drilling activity
  - Exploration treated for accounting purposes on a Successful Efforts basis
- Higher depreciation and amortisation due to higher production
- Improved Statutory NPAT due to no impairment charge
- Underlying NPAT higher than Statutory NPAT due to current period impacts of the Beach transaction (\$5.9 million expense)
  - A gain of \$16.9 million was recorded in H2 FY18 on termination and transfer of the Beach free-carry commitment to the western flank oil assets; gain was excluded from Underlying NPAT



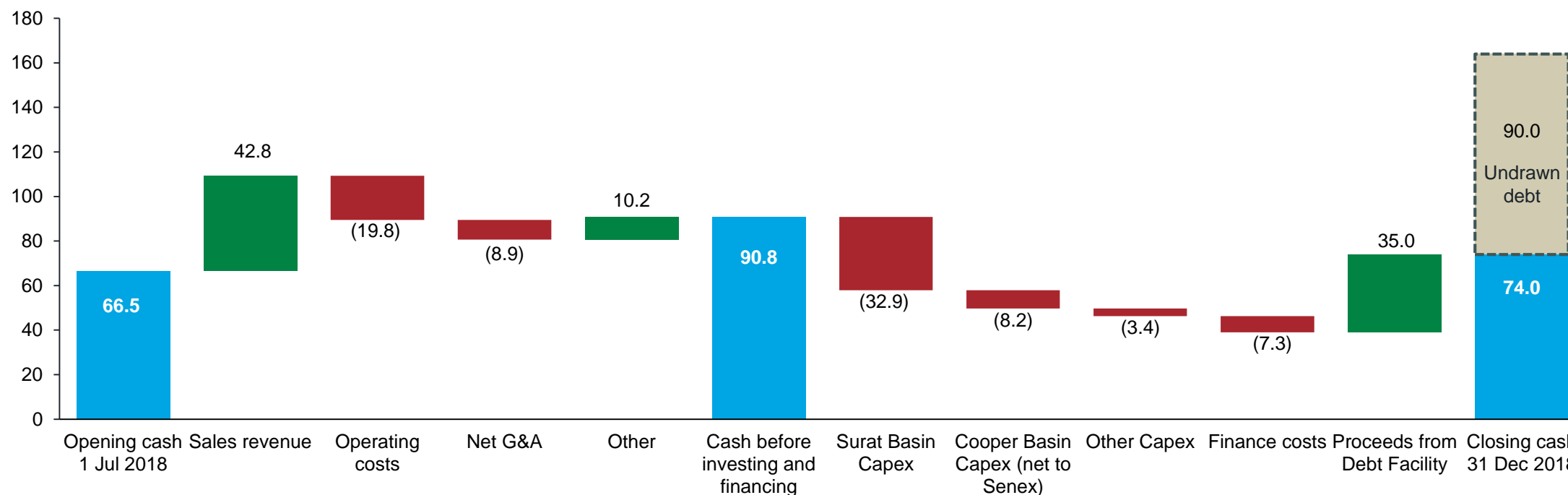
# Reconciliation of underlying NPAT



- Sales revenue unit price down on lower average realised price due to more gas in the sales mix
- Sales revenue unit production up on higher sales volumes due to additional Cooper Basin oil production and gas production ramp-up
- Higher cost of sales largely attributable to higher production and associated costs (including royalties and D&A)
- Underlying exploration expense net of free-carried Cooper Basin exploration expense (\$6.0 million)

# Reconciliation of cash

\$ million



- Significant increase in sales revenue and strong cost control deliver operating cash for investment
- “Other” includes other income and expenses and changes in working capital
- Substantial progress on Roma North processing and initial activities on Project Atlas
- Cooper Basin net Senex spend on existing fields, Gemba testing and Westeros seismic
- Robust liquidity comprising \$74 million cash reserves and \$90 million undrawn under \$125 million Facility A limit<sup>1</sup>

1. Total debt facility of \$150 million, comprising \$125 million Facility A limit and \$25 million Facility B limit; refer announcement of 29 October 2018 for further information



# Highlights and upcoming catalysts





# Many catalysts ahead in 2019

*A game-changing year for Senex*

## Growth trajectory accelerating ...

- ✓ Production up 49% to 557 kboe
- ✓ Gas production ramp-up to 183 kboe (+165 kboe)
- ✓ Sales revenue up 44% to \$43 million
- ✓ EBITDAX up 74% to \$17 million
- ✓ \$20 million turnaround in operating cash flow to \$14 million
- ✓ Financial close of \$150 million debt facility
- ✓ Final Investment Decisions achieved for Surat Basin projects
- ✓ Surat Basin project execution milestones
- ✓ Oil discoveries and horizontal well success
- ✓ Potential new gas resource at Gemba

## ...building momentum for a transformational 2019

- ❑ Contracting for Surat Basin Roma North and Project Atlas development campaigns
- ❑ Final Project Atlas Queensland regulatory approvals
- ❑ Construction of Roma North and Project Atlas gas facilities
- ❑ Initial gas from Roma North and Project Atlas gas facilities
- ❑ Execute Project Atlas gas agreements
- ❑ Continue gas production ramp-up to 48 TJ/d
- ❑ Complete free-carried Cooper Basin drilling campaign
- ❑ Acquire Cooper Basin Westeros 3D seismic survey
- ❑ Complete Gemba testing and development plan



# Appendix



# Project overviews

	Project Atlas	Roma North	Western Surat Gas Project (excluding Roma North)
<b>Ownership</b>	100% Senex	100% Senex	100% Senex
<b>Resource</b>	~58 km <sup>2</sup> 2P Reserves: Refer announcement of 31 July 2018: 144 PJ, targeting 278 PJ	~307 km <sup>2</sup> 2P Reserves: 260 PJ	~533 km <sup>2</sup> 2P Reserves: 135 PJ
<b>Market</b>	Domestic market Likely multiple customers with varied terms Likely fixed price CPI-linked	20-year GSA with GLNG (up to 50 TJ/d) Exclusive to GLNG JCC oil-linked	20 year GSA with GLNG Exclusive to GLNG, assuming a future Senex FID taken by September 2022
<b>Infrastructure</b>	Initial 32 TJ/d facility (~2 mmboe p.a.) 8 TJ/d installed redundant capacity Jemena to build, own and operate Capital investment (Jemena) ~\$140 million 60 km pipeline to Wallumbilla hub	Initial 16 TJ/d facility (~1 mmboe p.a.) Low-cost rapid expansion to 24 TJ/d Senex to build; own and operate in negotiation Capital investment (Senex) ~\$45 million 5.2 km pipeline to GLNG infrastructure	Opportunity to expand Roma North facility or build new facility; dependent on future appraisal of acreage and further investment decisions
<b>Wells</b>	~60 initial development wells Over 100 wells in total	~50 upcoming development wells Over 200 wells in total	Regulatory approval for over 200 wells



# Project Atlas

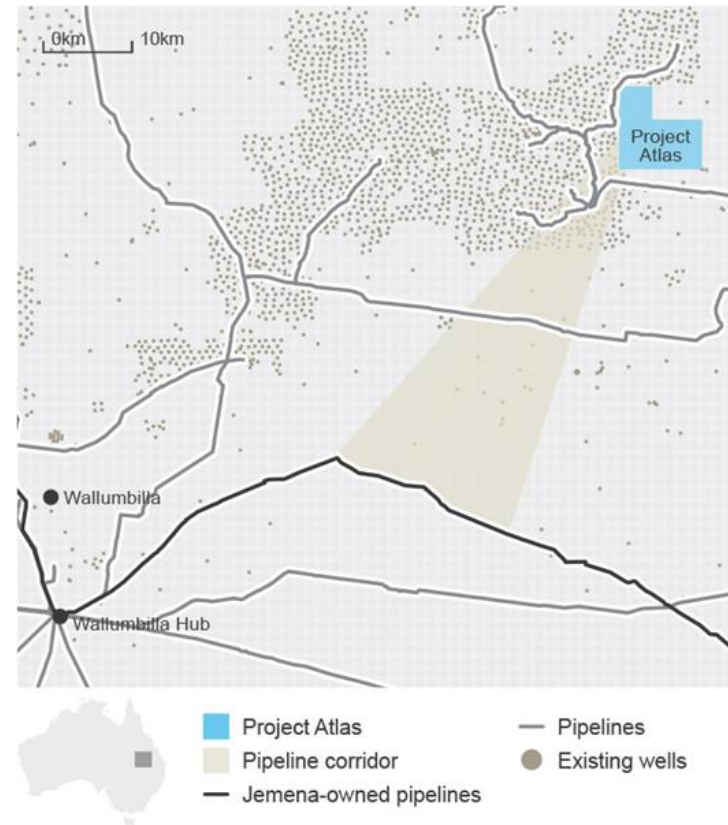
*On schedule for first sales gas by end 2019*

## H1 FY19 progress

- Final Investment Decision taken; work program sanctioned
- Federal EPBC referral submitted; all requirements satisfied
- Queensland environmental applications submitted
- Field development activity progressing on schedule
- Jemena gas processing facility progressing on schedule
- Gas contracting discussions underway

## 2019 catalysts

- Significant progress on ~60-well drilling campaign
- Execute domestic gas sales agreements
- Secure remaining Queensland environmental approvals
- Construct and commission gas processing facility
- Commence gas production ramp-up to 32 TJ/day



## Project Snapshot

- 58 km<sup>2</sup> acreage
- 144 PJ of 2P reserves (targeting 278 PJ)
- Uncontracted gas
- ~60-well initial drilling campaign
- 32 TJ/d gas facility (~2 mmboe p.a.), plus 8 TJ/d redundant capacity
- 60 km pipeline to Wallumbilla hub
- 100% Senex ownership

# Roma North

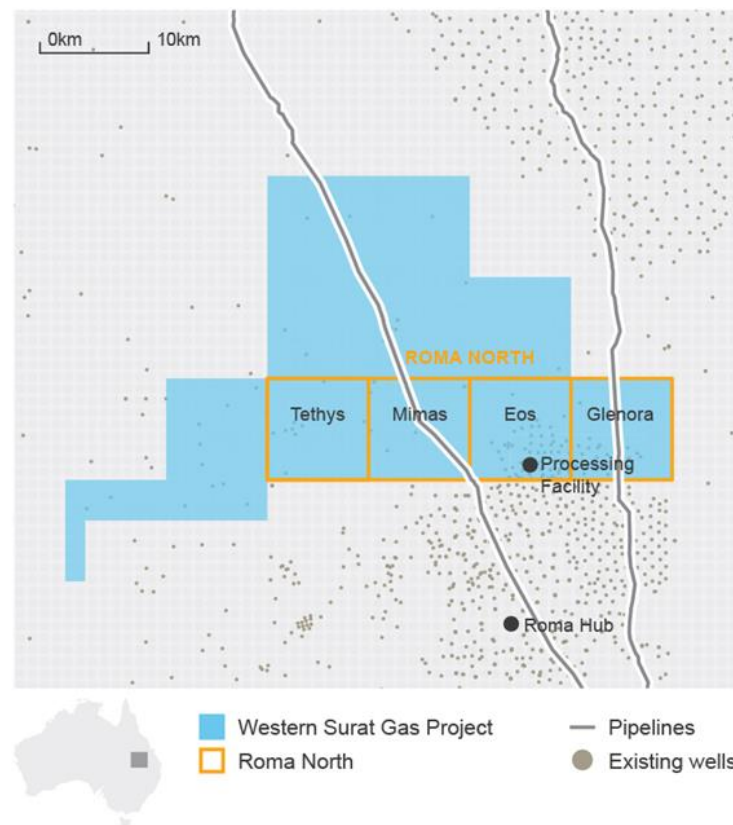
*On schedule for commissioning of gas facility by mid-2019*

## H1 FY19 progress

- Final Investment Decision taken; work program sanctioned
- All regulatory approvals received for full WSGP acreage
- GSA amended with GLNG allowing optimal field development
- Construction of gas processing facility commenced
- Gas production reached 6 TJ/day post half year end and continues to ramp
- Well availability exceeded 90% in Q2 FY19

## 2019 catalysts

- Significant progress on ~50-well drilling campaign
- Construct and commission gas processing facility
- Continue gas production ramp-up to 16 TJ/day



## Project Snapshot (Western Surat Gas Project)

- 840 km<sup>2</sup> acreage
- 395 PJ of 2P reserves
- 20-year GSA with GLNG
- ~50-well upcoming drilling campaign (Roma North)
- 16 TJ/d gas facility (~1 mmboe p.a.), expandable to 24 TJ/d
- 5 km pipeline to existing GLNG infrastructure
- 100% Senex ownership

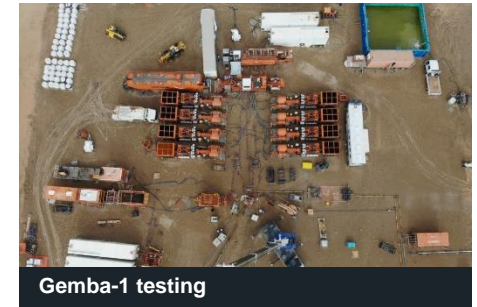
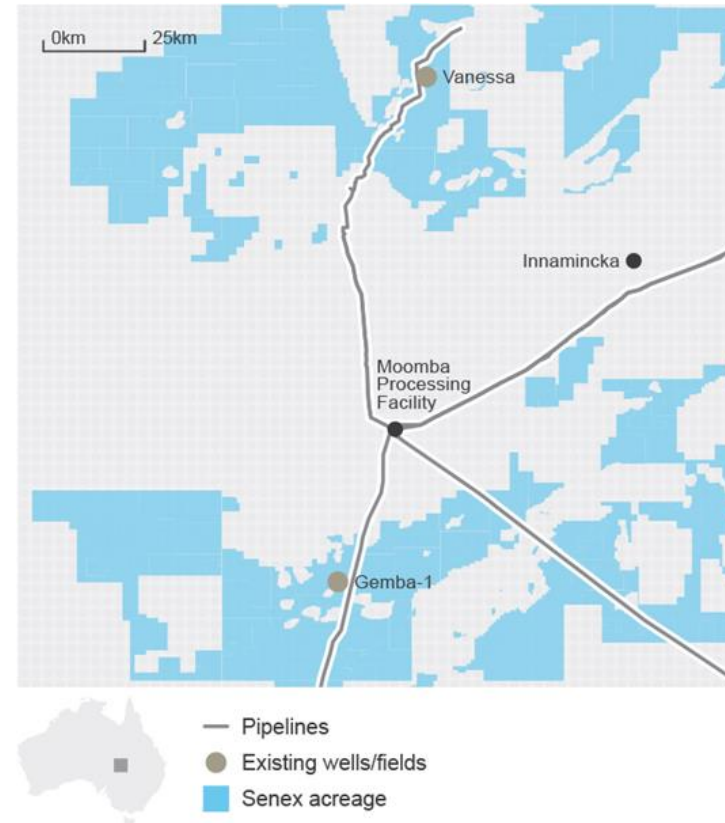
# Cooper Basin gas

## H1 FY19 progress

- Vanessa gas field brought online
- Extended Vanessa GSA with increased gas and liquids pricing
- Flow tested the Gemba-1 gas exploration well
  - Flow rates of ~8 mmscfd
  - Recovered 44 mscf of gas and 88 barrels of oil

## 2019 catalysts

- Complete Gemba extended production test and prepare development plan
  - Target first production by end of 2019
  - Potential new gas play to further diversify gas portfolio





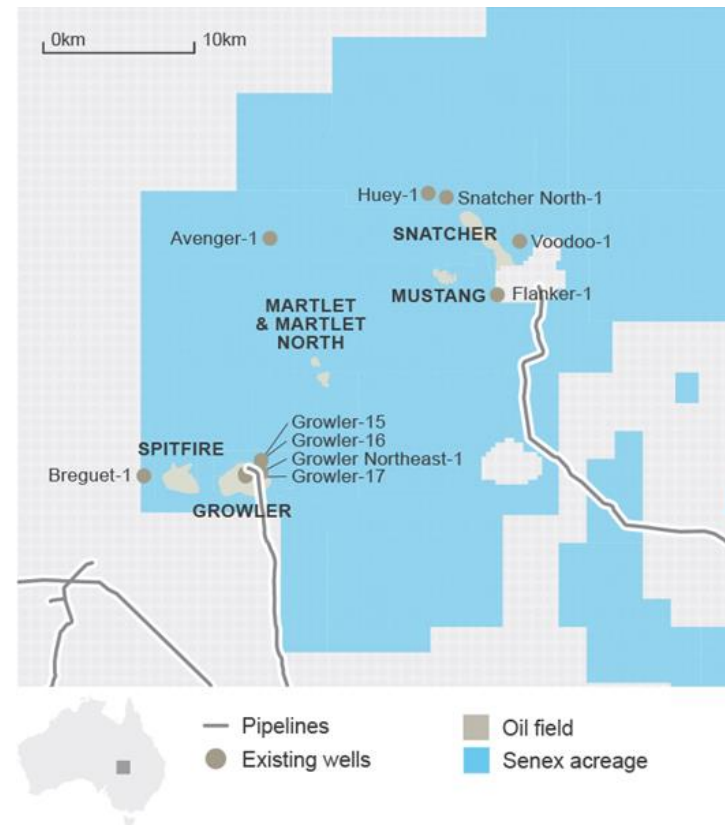
# Cooper Basin oil

## H1 FY19 progress

- Successful exploration, appraisal and development outcomes
- Growler-16 horizontal drilling success
- Breguet-1 and Snatcher North-1 discoveries
- Initial production from new wells online
- Further calibration of subsurface reservoir models
- Planning for Westeros 3D seismic survey

## 2019 catalysts

- Continue free-carried work program with Beach
- Acquire and process Westeros 3D seismic survey
- Continue cost focus and portfolio optimisation



# Glossary

<b>\$</b>	Australian dollars	<b>mscfd</b>	Thousand standard cubic feet of gas per day
<b>ATP</b>	Authority to Prospect - granted under the Petroleum Act 1923 (Qld) or the Petroleum Gas (Production and Safety) Act 2004 (Qld)	<b>mmscfd</b>	Million standard cubic feet of gas per day
<b>bbbl</b>	Barrels - the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons	<b>P&amp;A</b>	Plugged and abandoned
<b>Bcf</b>	Billion cubic feet	<b>PEL</b>	Petroleum Exploration Licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
<b>Beach</b>	Beach Energy Ltd	<b>PJ</b>	Petajoule
<b>boe</b>	Barrels of oil equivalent - the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy	<b>PL</b>	Petroleum Lease granted under the Petroleum Act 1923 (Qld) or the Petroleum Gas (Production and Safety) Act 2004 (Qld)
<b>bopd</b>	Barrels of oil per day	<b>PPL</b>	Petroleum production licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
<b>C&amp;S</b>	Cased and suspended	<b>PRL</b>	Petroleum retention licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
<b>EPBC</b>	Environment Protection and Biodiversity Conservation Act	<b>Q, Qtr</b>	Quarter
<b>FID</b>	Final investment decision	<b>RFDS</b>	Royal Flying Doctor Service
<b>FY</b>	Financial year	<b>SACB JV</b>	South Australia Cooper Basin JV, which involves Santos (as operator) and Beach
<b>GJ</b>	Gigajoule	<b>Senex</b>	Senex Energy Ltd
<b>GLNG</b>	Gladstone Liquefied Natural Gas, a JV between Santos, PETRONAS, Total and KOGAS	<b>TJ</b>	Terajoule
<b>GSA</b>	Gas sales agreement	<b>TJ/d</b>	Terajoules per day
<b>JV</b>	Joint venture	<b>TRIFR</b>	Total recordable injury frequency rate (per million hours worked)
<b>H1 / H2</b>	First / second half of financial year	<b>WSGP</b>	Western Surat Gas Project
<b>kbbl</b>	Thousand barrels of oil	<b>YTD</b>	Year to date
<b>kboe</b>	Thousand barrels of oil equivalent		
<b>LTI</b>	Lost time injury		
<b>mmboc</b>	Million barrels of oil equivalent		
<b>mmbbl</b>	Million barrels of oil		

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# Supporting information for reserves 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 mmbœ, the following conversion factors have been applied:

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

**Evaluation dates:**

- Cooper-Eromanga Basin: 30 June 2018
- Surat Basin gas reserves and resources: 30 June 2018

**External consultants:** Senex engages the services of Degolyer and MacNaughton (D&M) and Netherland Sewell Associates (NSAI) 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 resources in this presentation.

**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. 6% 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. 10% 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.



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