

Investor Presentation

Macquarie Mining & Energy Roundtable

27 June 2019



Investment highlights



A transformational near-term growth trajectory

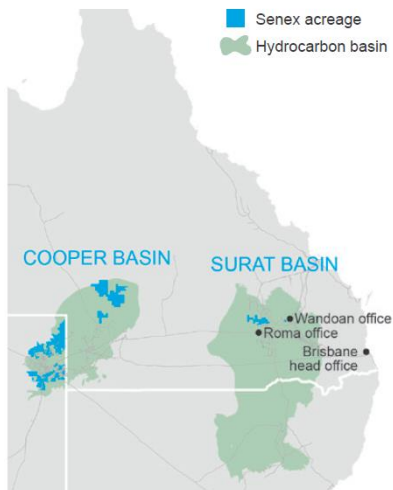
- **Material de-risking** of Surat Basin gas development projects now achieved
- **~110 well drilling campaign** commenced early June 2019
- **56 TJ/day gas processing capacity** (20 PJ / 3.5 mmboe p.a.) commissioning in 2019
- **Production, earnings and cash flow step change** coming in FY21
- **Upstream focus** - Jemena to own and operate gas processing facilities for both Atlas and Roma North
- Potential for **rapid expansion** beyond initial gas processing capacity
- **\$50m proceeds** from Roma North processing facility sale to **fund ongoing developments and other growth projects**
- **Cash generating Cooper Basin** operations with longer-term growth potential

A growing and independent oil and gas operator

Senex is a growing, independent and Queensland-based oil and gas company with a 30-year history.

We manage a strategically positioned portfolio of onshore oil and gas assets with access to Australia's east coast energy market.

Senex has significant acreage in Australia's most prolific onshore energy regions: the Surat and Cooper basins. Our committed workforce of about 180 employees delivers every day – from our Brisbane, Roma, Wandoan and Adelaide offices, and our field operations.



Solid foundations

- FY18 production: **0.84 mmboe**
- FY18 sales revenue: **\$70 million**
- FY19 production guidance: **1.1 - 1.5 mmboe**
- Market capitalisation: **~\$430 million**
- 2P oil and gas reserves: **113 mmboe**

Capable people across all disciplines

- Geologists
- Reservoir engineers
- Geophysicists
- Project engineers (civil, mechanical and piping, electrical and instrumentation)
- Land access professionals
- Field supervision personnel
- Project controls, operations and production engineers
- Field supervisors
- Health, safety and environment professionals
- Approvals and cultural heritage managers
- Commercial, legal, contracting and procurement and finance professionals

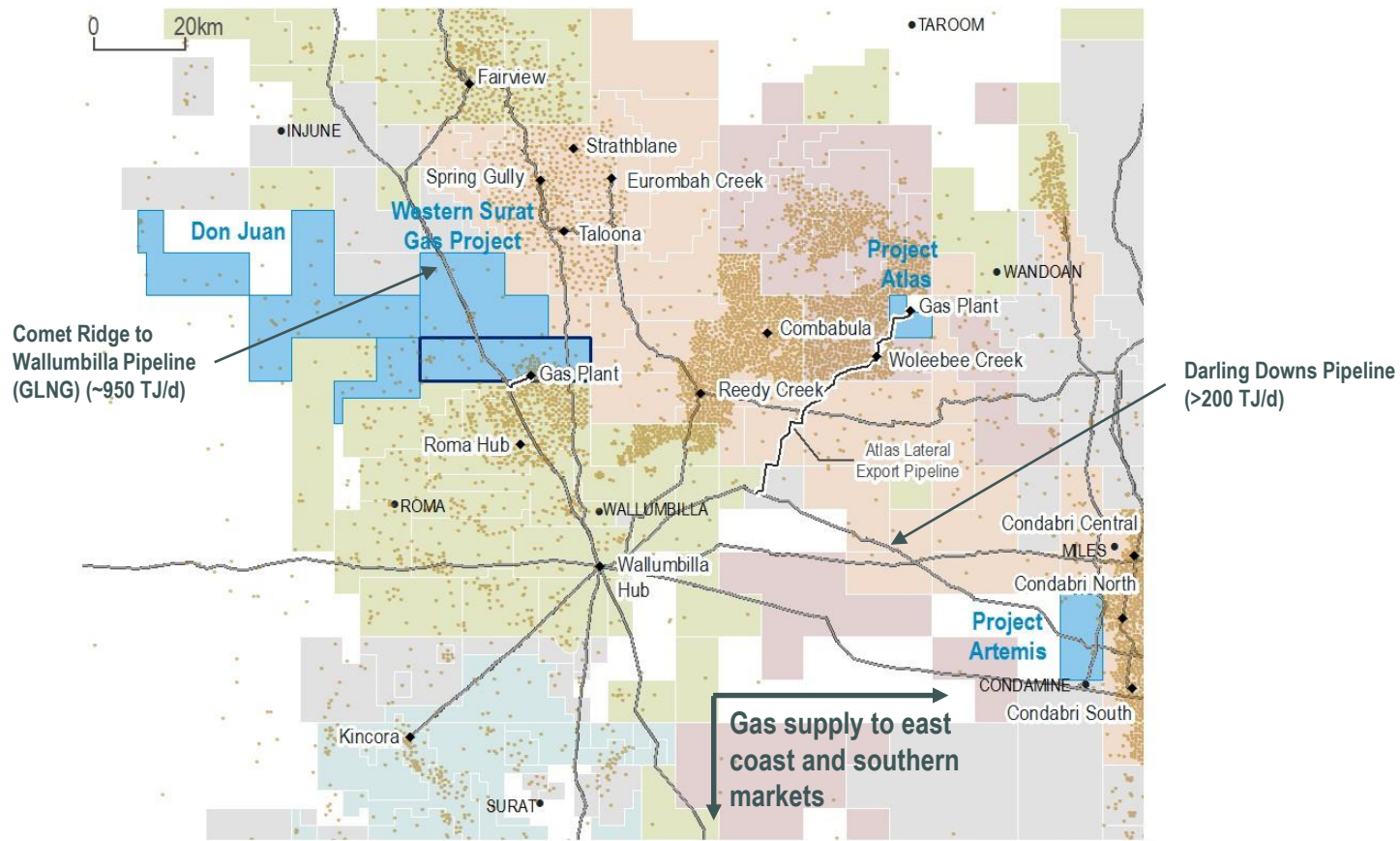
Delivering growth projects

- \$150 million** debt facility secured to develop **Roma North and Project Atlas**
- Roma North** gas facility commissioning underway and \$50 million infrastructure agreement with Jemena signed
- Project Atlas** gas facility commissioning end-2019
- Drilling commenced** on ~110 well Surat Basin campaign
- Gas production ramping up to ~18 PJ p.a.**
- All project **environmental approvals** received
- Domestic gas** contracting in progress with three major contracts signed with large C&I customers

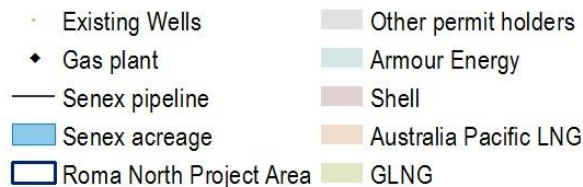
Community partner

- Maranoa Regional Council:** partnership doubling small community grants to **\$30,000**
- Commitment to employ and buy locally** where possible
- Queensland Minerals and Energy Academy:** STEM program in Roma's secondary schools
- Wandoan State School:** installing an irrigation system and turf for greening its ovals
- Regular **community drop-in sessions** in Roma, Wandoan and Miles

Valuable Surat Basin gas acreage



- ✓ A prolific gas producing region with over 4,000 wells drilled
- ✓ Infrastructure connections to east coast and southern markets
- ✓ Project Atlas and Roma North development projects provide a near-term solution to increase east coast gas supply
- ✓ Material reserves¹
 - Roma North – 260PJ 2P
 - Atlas – 144PJ 2P
 - Remaining WSGP – 211PJ 2P
- ✓ Future developments in the WSGP and Don Juan acreage, and Senex’s new block, “Project Artemis”, provide longer-term supply options



Note 1: As at 30 June 2018

Construction in the field progressing rapidly

Roma North



Project Atlas



1	Roma North gas processing facility
2, 3	Separation and compression equipment
4	Separation and compression equipment, with piles for expansion
5	Well lease pad and pipeline route
6	Typical Surat Basin well lease pad and access road
7	Commencement of Project Atlas civil works
8	Site for Project Atlas gas processing facility
9	Delivery of gas export pipeline

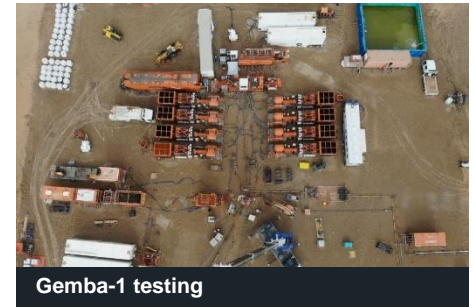
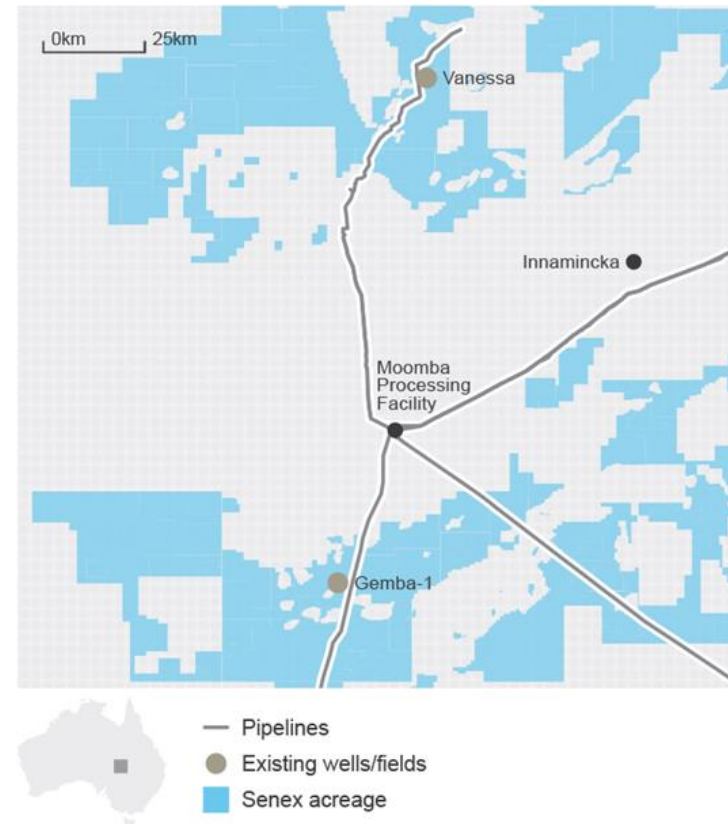
Significant Cooper Basin gas discovery

Gemba-1 gas discovery

- Seven-stage hydraulic fracturing undertaken in Q2 FY19
- Stabilised flow rates of ~8 mmscfd recorded on test; 44 mscf of gas and 88 barrels of oil recovered
- Preliminary interpretation of results indicated 15 Bcf pre-drill estimate may be exceeded
- Gas flow from the Dulingari group indicates potential for this new play
- Planning underway for extended production test
- Potential for first production by end-2019

Vanessa gas field online

- Vanessa gas field brought online in H1 FY19
- Gas being sold to Pelican Point Power Ltd
- Gas Sales Agreement extended in H1 FY19 with increased gas and liquids pricing



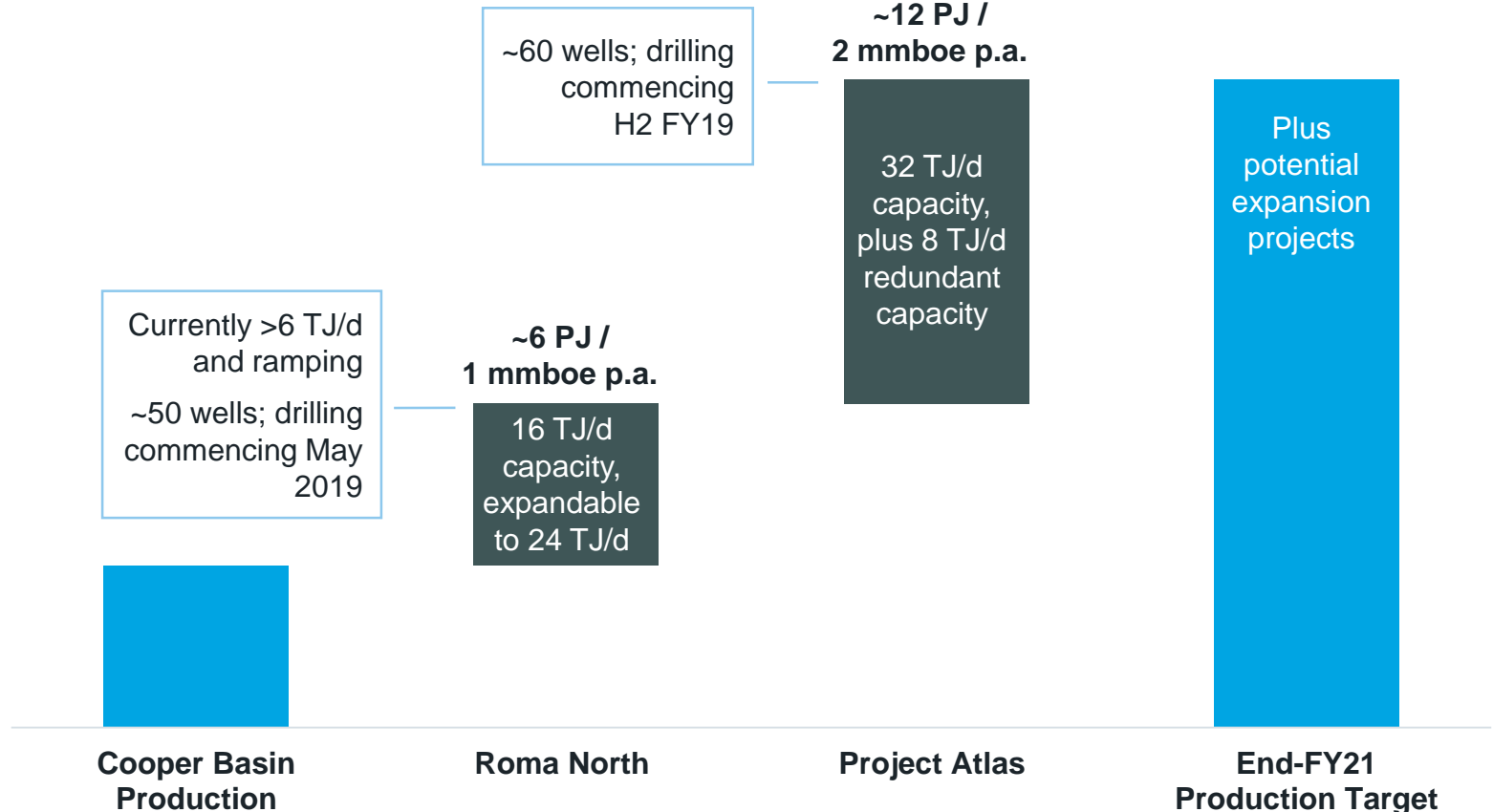
Developing reserves for transformational growth

Developing 2P reserves¹... → ...for a targeted step change in production by end-FY21

Undeveloped 2P reserves: 104 mmboe



Developed 2P reserves: 9 mmboe

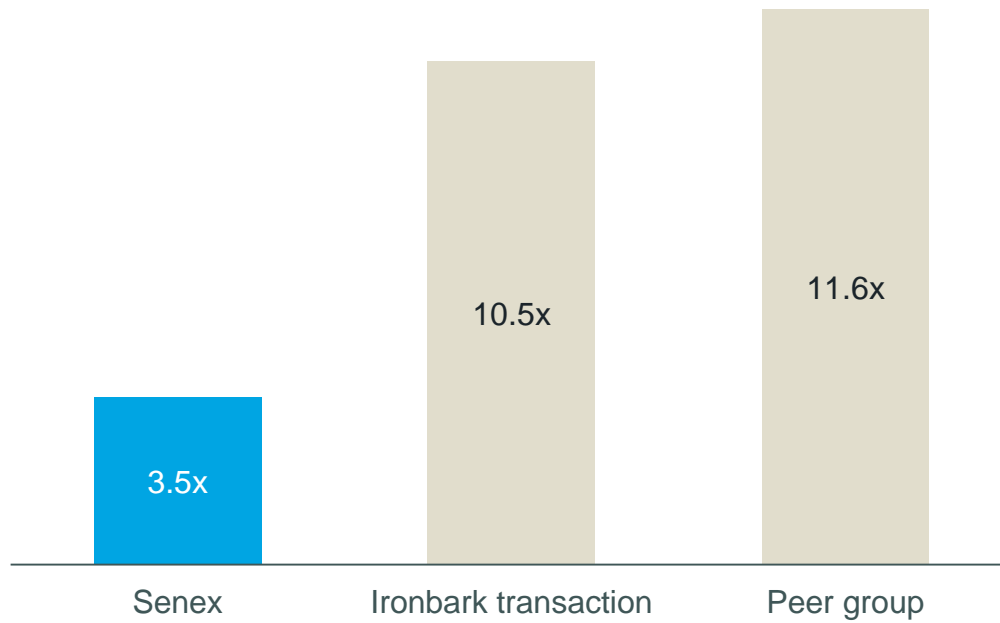


1. As at 30 June 2018

Developing reserves to unlock value

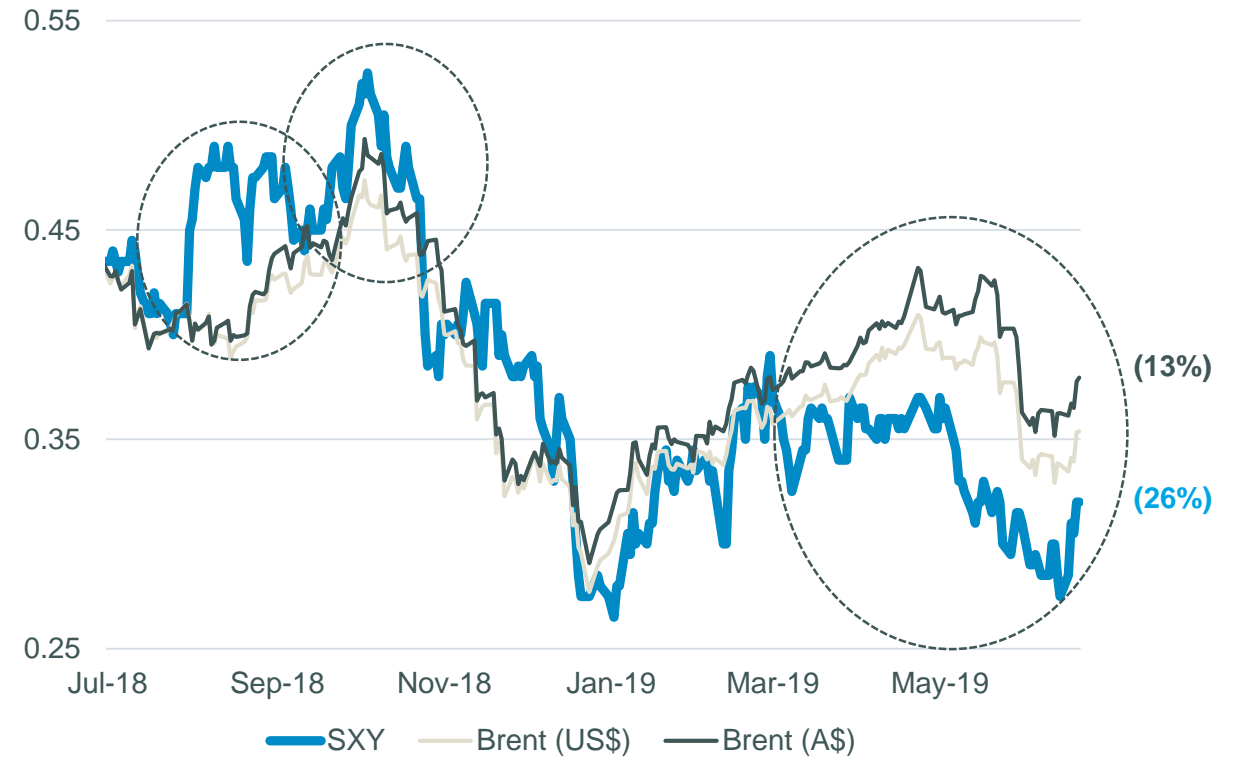
Valuation multiples: Enterprise value to 2P reserves¹

Senex trading at a significant discount while Surat Basin project execution progresses



FY19 year-to-date share price performance

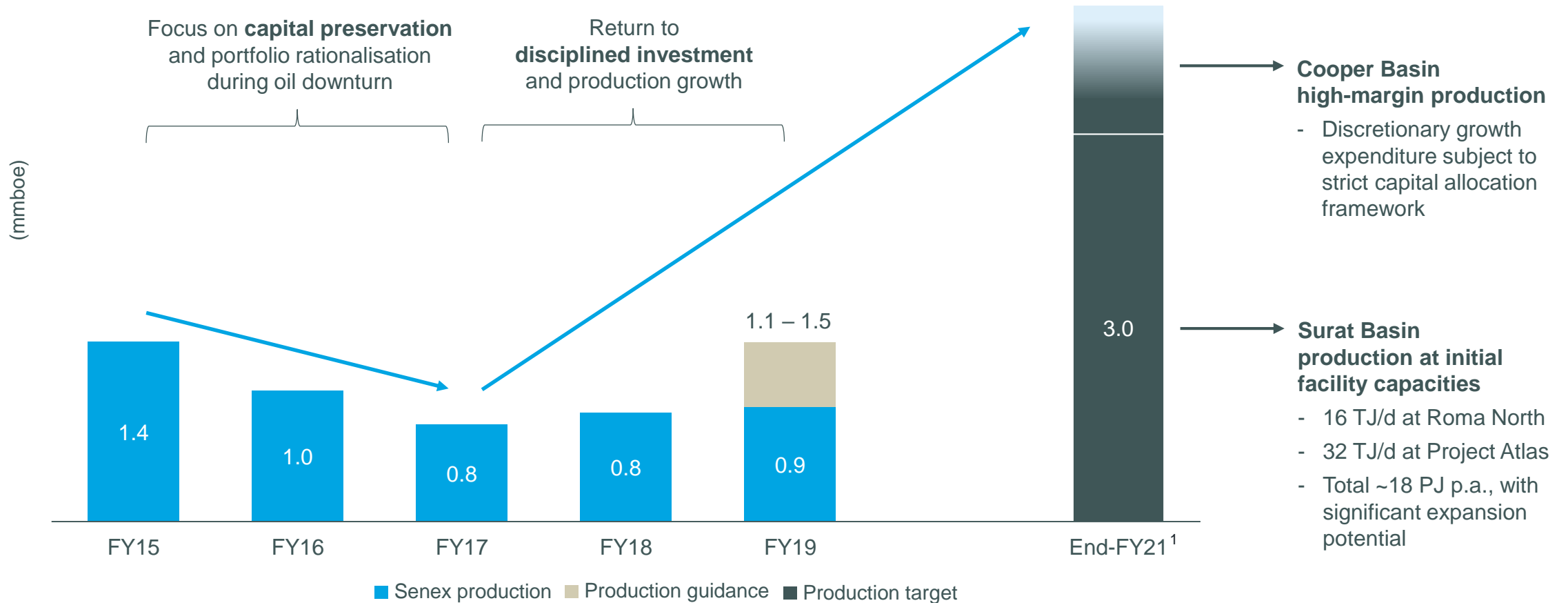
Volatile trading year-to-date with periods of short-term de-coupling from Brent oil prices



1. Enterprise values calculated using market capitalisations as at 24 May 2019 and latest reported net debt; 2P reserves as per latest reported reserves; peer group valuation multiple a simple average of Beach Energy, Blue Energy, Central Petroleum, Comet Ridge, Cooper Energy and Santos; Ironbark transaction multiple per Origin Energy announcement of 19 February 2019

Demonstrated discipline in growing production

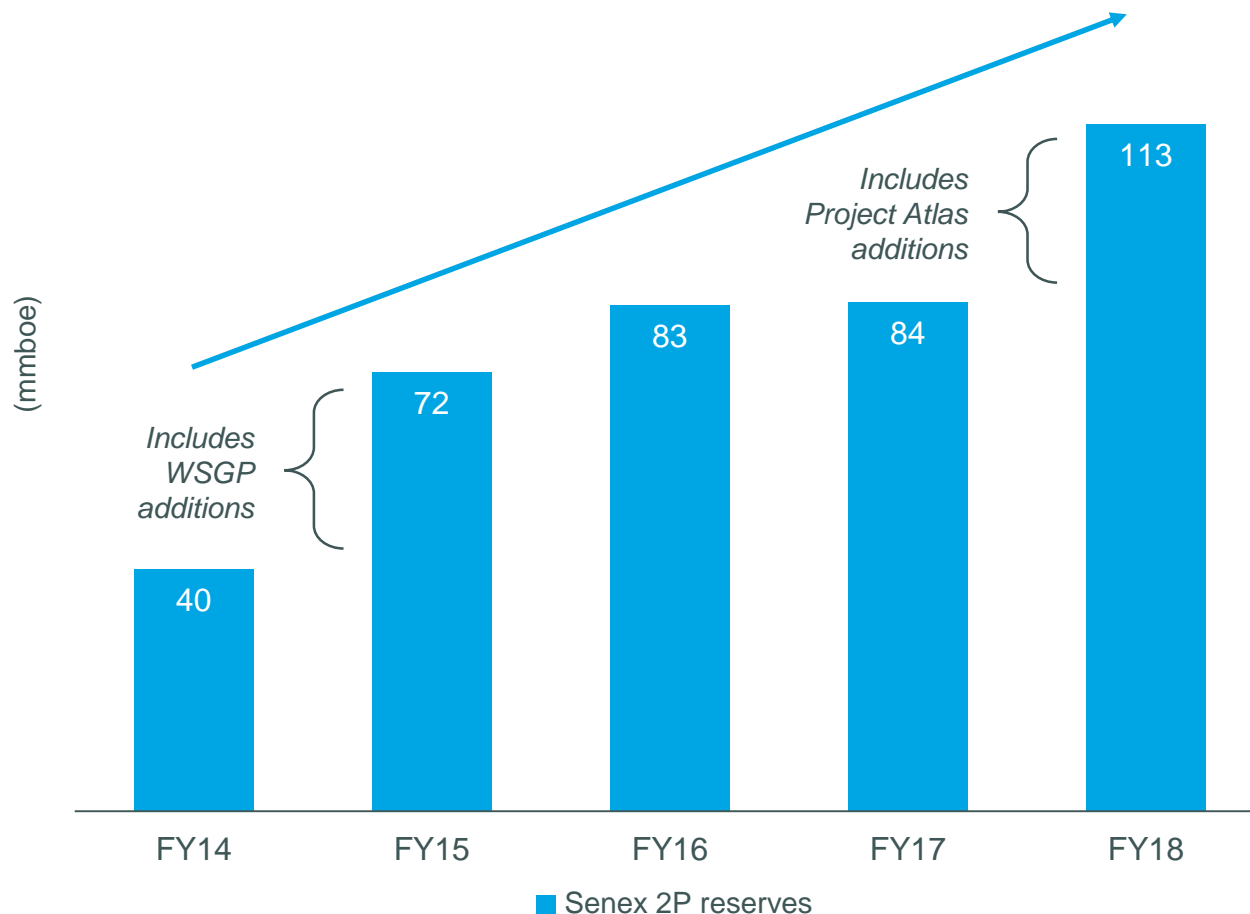
Focused attention on core assets with a strict capital allocation framework



1. Targeted annual production run rate by end-FY21

Demonstrated ability to grow reserves

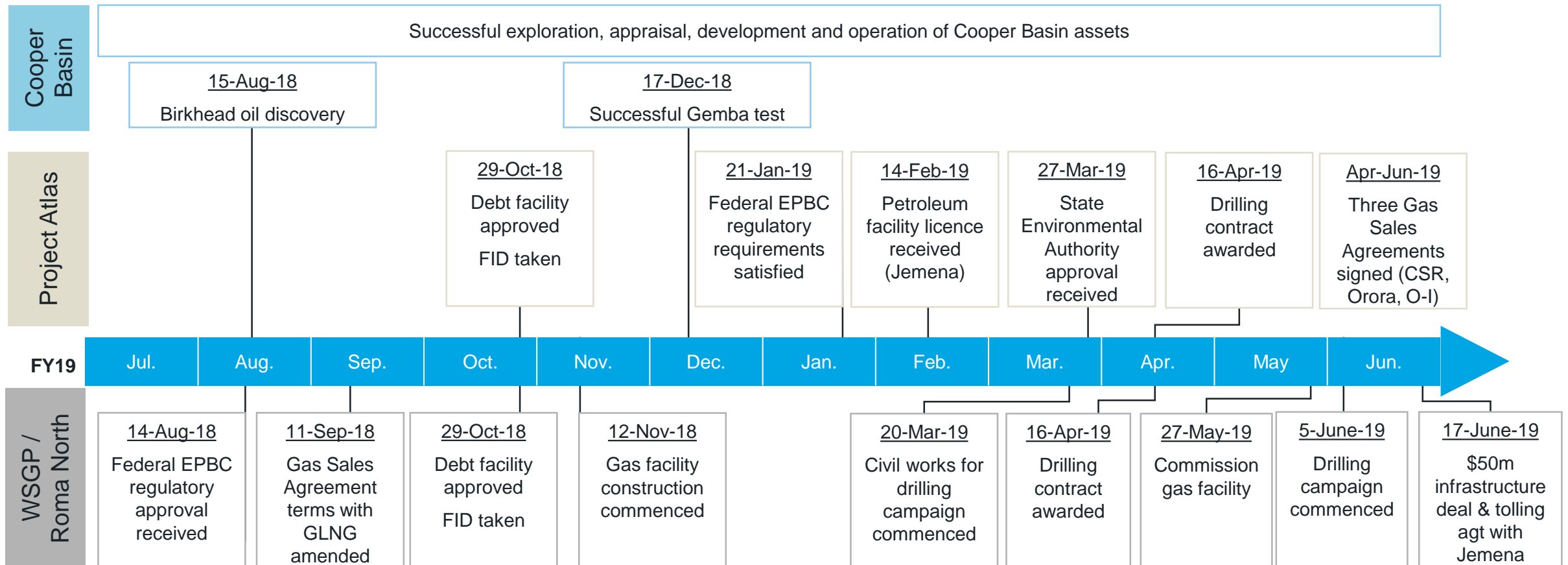
A material and growing 2P reserves position to be developed and monetised



- Significant growth over past four years
 - 283% reserves replacement ratio
 - 30% compound annual growth rate
- Targeting continuing 2P reserves growth
 - *Project Atlas*: Drilling in eastern part of acreage; improving recovery factors
 - *WSGP*: Appraisal beyond Roma North
 - *Cooper Basin*: Gemba gas discovery, Westeros 3D seismic, horizontal oil drilling

Demonstrated project execution capabilities

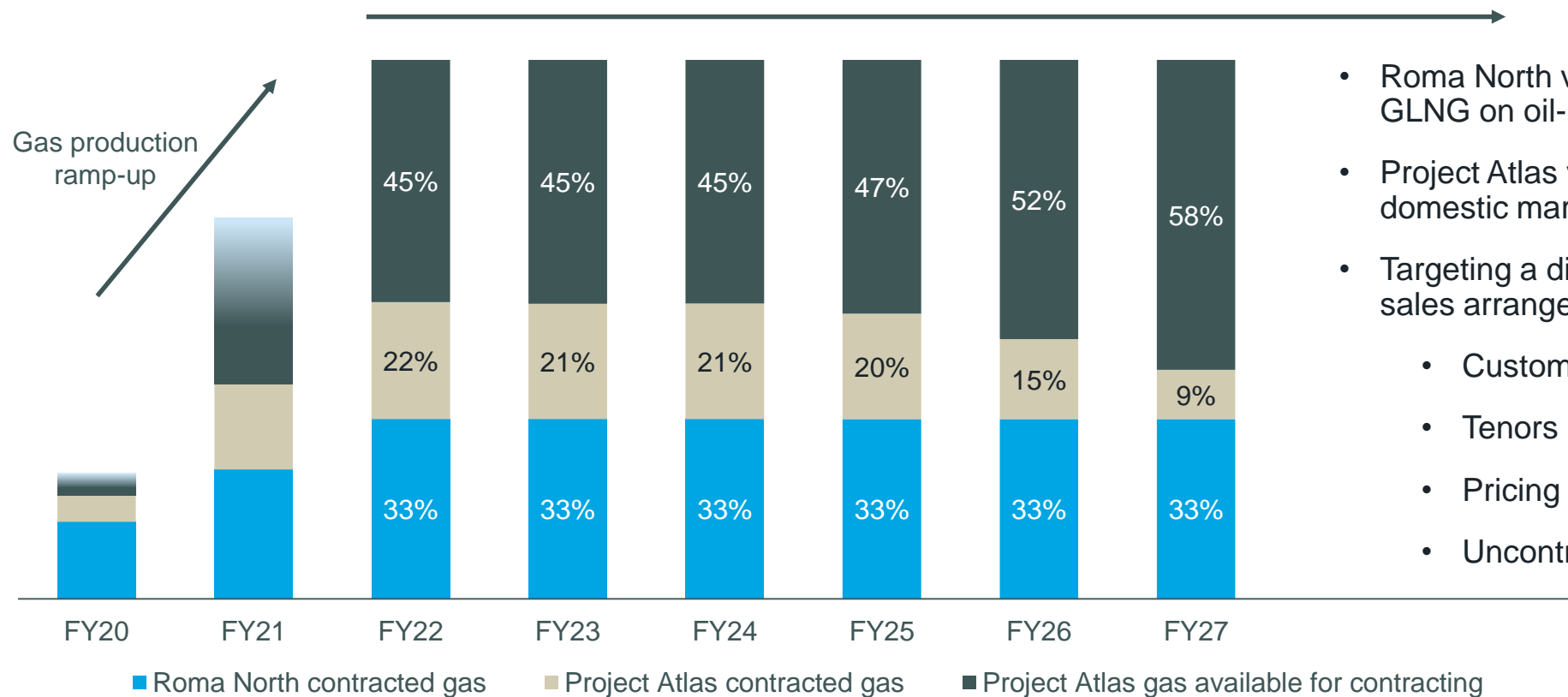
Supports Senex's delivery of its strategic priorities and transformational growth



Demonstrated gas marketing credentials

Project Atlas gas marketing underway with material volumes still to be contracted

~18 PJ p.a. / 48 TJ/d initial plateau production (pre-expansion opportunities)



- Roma North volumes contracted to GLNG on oil-linked pricing
- Project Atlas volumes to be sold to domestic market
- Targeting a diversified portfolio of gas sales arrangements
 - Customer mix
 - Tenors
 - Pricing / terms
 - Uncontracted / spot volumes

Includes gas contracts signed with CSR, Orora and O-I

Demonstrated capital management credentials

Multiple funding sources and active hedging to deliver growth projects

\$150 million senior secured 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

- \$58 million cash reserves as at 31 March 2019
- \$125 million Facility A limit; \$35 million drawn as at 31 March 2019
- \$25 million Facility B limit; \$21 million utilised as bank guarantees
- \$140 million Jemena infrastructure agreement for Project Atlas
- \$50 million Jemena infrastructure agreement for Roma North
- \$13 million activity remaining in the \$43 million Cooper Basin free-carry program (gross)
- Strong Cooper Basin free cash flow generation

Proactive hedging to protect cash flows

- Additional oil and FX hedging undertaken in April 2019
 - 262,000 barrels hedged at ~A\$90/bbl
 - Further downside protection through existing oil puts
- Variable BBSY swapped to fixed rate for 60% of forecast drawn debt

Oil hedges in place	Q4 FY19	FY20	FY21
Swaps			
Volume (kbbl)	139	438	318
Average swap price (A\$/bbl)	98	96	90
Existing puts			
Volume (kbbl)	87	-	-
Average exercise price (US\$/bbl)	55	-	-
Total hedged volumes (kbbl)	226	438	318

Surat Basin growth projects

Project Atlas overview

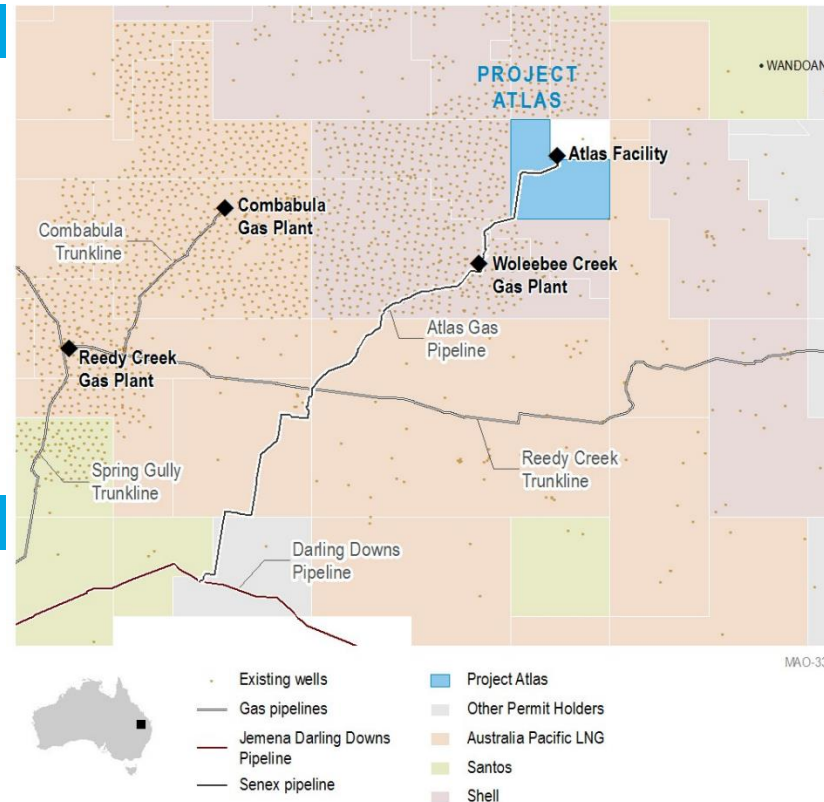
40 TJ/d gas facility on schedule for commissioning by end-2019

FY19 progress

- Final Investment Decision taken; work program sanctioned
- All regulatory approvals received for field development
 - Federal EPBC requirements satisfied
 - Queensland environmental approval received
- Field development activity progressing on schedule
- Jemena gas processing facility progressing on schedule
- Three gas sales agreements signed for supply of up to 23 PJ

Upcoming 2019 catalysts

- Significant progress on ~60-well drilling campaign, commencing Q1 FY20
- Additional domestic gas sales agreements
- Complete construction and commission gas processing facility by end of 2019
- Commence gas production ramp-up to 32 TJ/day (~12 PJ / 2 mmbbl p.a.)



Project snapshot

- Top-tier resource adjoining highly productive acreage
- 58km² area
- 144 PJ of 2P reserves at 30 June 2018
- Domestic market obligation
- ~60-well initial drilling campaign; over 100 wells in total
- 32TJ/d gas processing facility plus 8 TJ/d redundant capacity
- 60 km pipeline to Darling Downs Pipeline allowing access to Wallumbilla Hub

Roma North overview

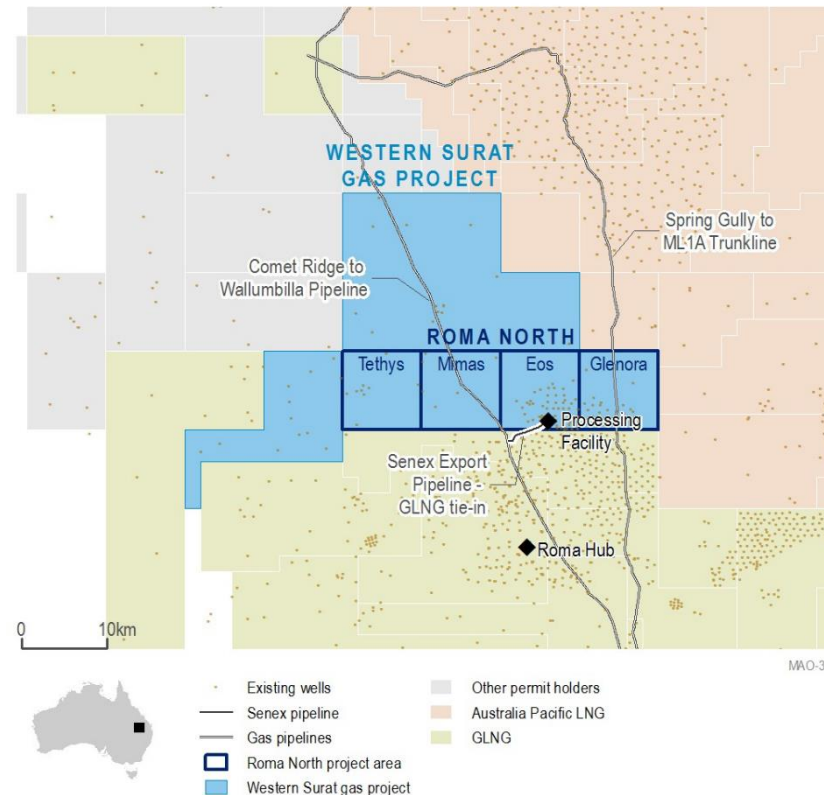
16 TJ/d gas facility on schedule for commissioning mid-2019

FY19 progress

- Final Investment Decision taken; work program sanctioned
- GSA amended with GLNG allowing optimal field development
- Mechanical completion of gas processing facility achieved and commissioning underway
- Gas production above 6 TJ/day and continues to ramp
- Well availability exceeded 90% in Q3 FY19
- ~50 well drill campaign commenced early June 2019
- \$50 million infrastructure deal and LT tolling agreement with Jemena
- Tolling agreement – 21 year term + 10 year option
 - 6TJ/d processing capacity with provision for low cost expansion to 24TJ/day at Senex's option. Design capacity at site of 48TJ/day
 - Capacity based toll based on agreed production profile

Upcoming 2019 catalysts

- Complete commissioning of gas processing facility
- Significant progress on ~50-well drilling campaign
- Continue gas production ramp-up to 16 TJ/day (~6 PJ / 1 mmboe p.a.)



Project snapshot

- Roma North develops four blocks in the WSGP acreage
- 370 km² acreage (100% Senex)
- 260 PJ of 2P reserves
- 20-year JCC linked GSA with GLNG
- ~50-well drilling campaign underway
- Initial 16 TJ/d gas processing facility, rapidly expandable at low cost
- 5 km pipeline to existing GLNG infrastructure

Cooper Basin oil



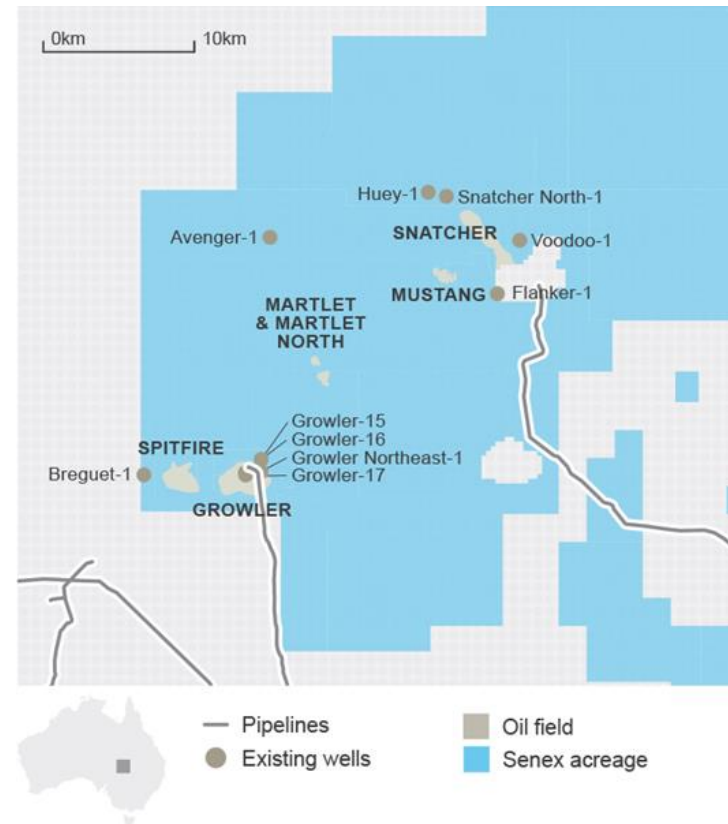
Cooper Basin oil

FY19 progress

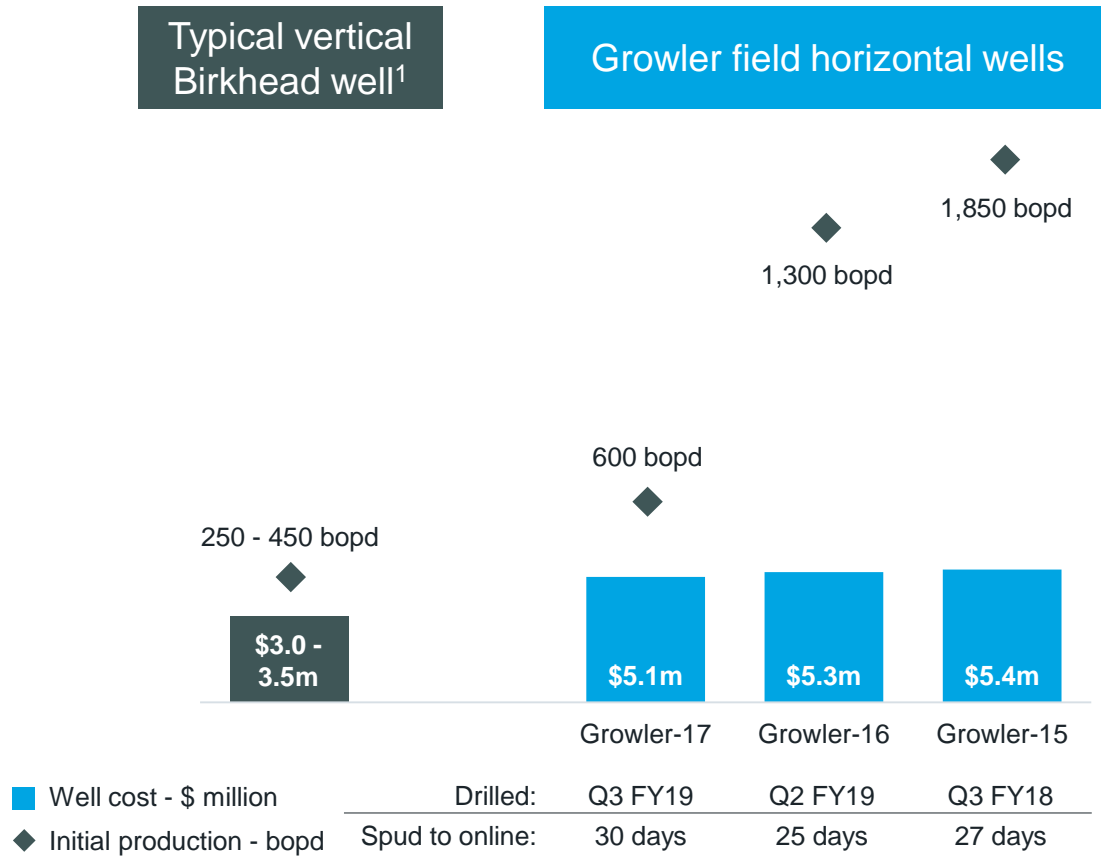
- Successful exploration, appraisal and development outcomes
- Growler-16 and Growler-17 horizontal drilling success
- Breguet-1 and Snatcher North-1 discoveries
- Initial production from new wells online
- Further calibration of subsurface reservoir models
- Westeros 3D seismic survey acquisition

2019 catalysts

- Plan final three wells of free-carry work program with Beach, to be drilled in FY20
- Process and interpret Westeros 3D seismic survey
- Continue cost focus and portfolio optimisation



Horizontal drilling success



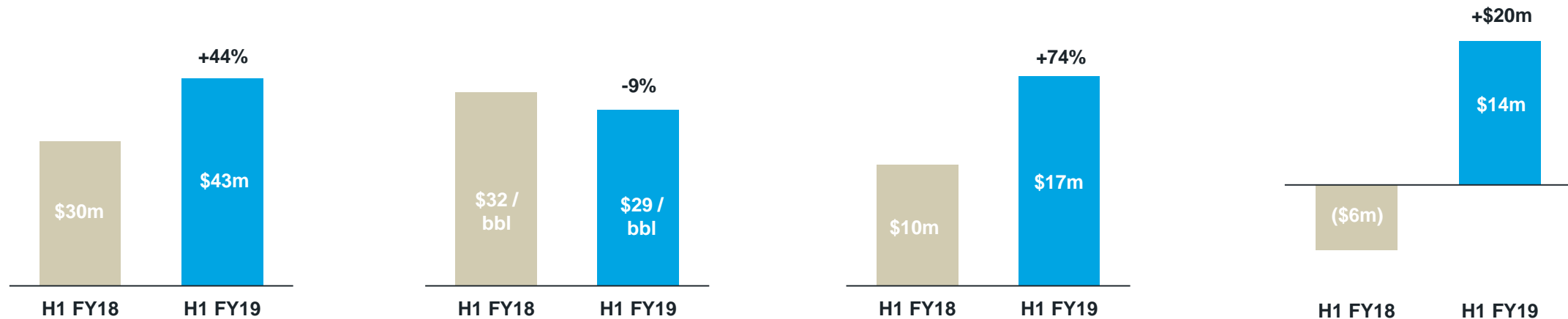
- Three horizontal oil wells now producing in the Growler field
 - Total lateral section of ~3,400 metres drilled
 - Total net oil pay of ~1,500 metres intersected
- High production rates provide rapid investment payback
- Significant uplift in production rates relative to vertical wells
- Growler-16 and -17 brought online in January 2019
- 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

Appendix



H1 FY19 financial highlights



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

Strong earning fundamentals

	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 of \$110 – 130 million (net to Senex)

Reconciliation of statutory NPAT

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

- 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

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