

ASX Announcement

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AGM addresses by the Chairman and Managing Director

Senex Energy Ltd (Senex, ASX: SXY) releases the addresses to be presented by the Chairman and Managing Director at the Company's Annual General Meeting today at the Stamford Plaza Hotel, Brisbane from 9.30am (AEST).

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About Senex

Senex is a growing Australian oil and natural gas explorer and producer. We are focused on creating sustainable value for all stakeholders through low-cost, efficient and safe operations in the Surat and Cooper basins. Senex is helping to meet the energy challenge on the east coast of Australia through natural gas development projects which include Project Atlas, Australia's first dedicated domestic gas acreage.

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Chairman's Address to the Annual General Meeting 2019

Ladies and gentlemen.

This year was one of substantial change for your company as management took major steps to lift our presence in the east coast gas market.

As we look back on 2019, the standout features were transformation and growth.

The company achieved improved financial results.

We increased production.

And we built momentum towards establishing Senex as an east coast gas producer of substance.

I will start by making some comments on the broader environment we operate in.

Plainly, our industry has never faced a more dynamic set of circumstances than we do today.

Increasing and diverse geopolitical tensions have resulted in volatile commodity prices and stock markets.

The price of Brent oil fluctuated between about 50 and 80 US dollars a barrel in the 2019 financial year.

Closer to home, volatility has also impacted on liquefied natural gas netback prices, which influence domestic prices in the east coast gas market.

Although this has reduced in the past few months.

In the public policy debate, the central theme continued to be the availability, affordability and sustainability of energy.

Indecision about the integration of Australia's energy and climate policies, as well as threatened and enacted regulatory changes, have created uncertainty for our industry.

The manufacturing sector has continued to call for lower gas prices and other mechanisms to bolster supply.

However, we have seen further evidence from across industry that the market is working, with more than a dozen domestic gas sales contracts announced during the financial year.

This represents significant new volumes contracted in the domestic gas market.

What will not change is that producers need regulatory stability to invest in unlocking new resources that will ensure reliability and affordability of energy supply.

Senex remains in a solid position to withstand volatility in global markets and the uncertainty in the local market as we pursue our strategy of building an east coast natural gas business.

We are well funded.

We are focused on our strategy.

And we are resolutely pursuing our goals.

Senex set ambitious project development goals for 2019 and they have all been met.

Ian will take you through the operating highlights for both our gas and oil portfolio shortly.

The company is now firmly in execution mode as we advance our foundation Surat Basin coal seam gas developments, Project Atlas and Roma North.

In operations, Senex achieved continued growth in production – up 43 per cent – as well as growth in revenue and operating cashflow.

Our cash-generating Cooper Basin operations continued to deliver, helping to fund operating and capital expenditure across the business.

The Cooper Basin is, of course, Senex's traditional business where the company is established as a low-cost oil producer.

Supporting these achievements, we maintained our focus on disciplined capital allocation.

We secured a number of extremely competitive funding sources and hedged our oil price and foreign exchange risks.

This helped secure our future cashflows to deliver Senex's growth projects.

Significantly, we reached financial close on our 150 million-dollar senior secured debt facility from ANZ.

ANZ's support demonstrates confidence in our strategy and ability to deliver.

The sale of our downstream gas processing plant and associated pipeline at Roma North to Jemena, the energy infrastructure operator, has provided a further source of efficient, low-cost capital to fund our growth projects.

This is consistent with our strategy of putting capital into the development of our high-quality upstream oil and gas opportunities.

In the 2020 financial year we will largely complete our drilling campaign across both Surat Basin projects.

We will bring new wells online and ramp up production towards our initial target of 18 petajoules a year, which we expect to reach by the end of the 2021 financial year.

We are well on the way towards a step-change in production, earnings and cash flow.

At this point I would like to talk briefly about our most important priority – safety.

This is an area of increasing attention for our leadership team and our people, especially with the increased level of operational activity in our major gas projects.

We're also working with our industry partners to share learnings.

For example, Senex remains active in Queensland's Safer Together group, a gas industry safety forum established in 2014 with more than 100 member companies.

Our continued participation in the group reinforces our commitment to consistent and continuous improvement of safety standards across the industry.

Ian will provide more details about our safety performance in 2019.

Now turning to the environment, where climate change is widely recognised as one of the major global challenges of this century.

It is a significant social, environmental and business issue.

Senex recognises and accepts the science of climate change and fully supports the objectives of limiting global temperature rises.

With the approval of the Project Atlas and Roma North gas developments, and our growing focus on natural gas, Senex is increasingly positioned to be part of a low-carbon future.

Senex has always sought to minimise our emissions footprint and considers climate change risk as part of our strategic decision making.

Despite the sharp rise in our activity in 2019, our performance in minimising impacts on the environment more generally continues to be very good.

For example, we had no serious environmental incidents, despite the increase in our activity.

This result is supported by our strong environmental management framework.

Achievements in the 2019 financial year were pivotal for Senex.

In the 2020 financial year we will start to reap the rewards of the execution of our strategy.

By the end of the calendar year, our partner Jemena will start operating the Project Atlas processing facility and pipeline and natural gas will begin to flow to customers.

And we will continue our significant drilling campaign, and we will deliver our gas projects, transforming your company into a material east coast gas producer.

At this point I would like to acknowledge changes to the Board since last year's Annual General Meeting.

In March 2019 Andy Zhmurovsky resigned as EIG Global Energy Partners' representative on the Board and was replaced by Vahid Farzad.

Vahid resigned in September following the sale of EIG's stake in Senex.

On behalf of the Board, I would like to thank Andy and Vahid for their contributions to Senex.

I would also like to thank EIG for their support over a period that has seen Senex develop a material east coast gas business that is strongly positioned for future growth.

EIG said at the time that, with Senex successfully executing its east coast gas strategy, it was the right time to crystallise a return on its investment.

They remain bullish on Senex and on the Australian oil and gas sector in general.

Senex is fortunate to have very experienced and competent directors and I would like to thank them for the support and guidance they have given me over the past 12 months.

Our efforts as Directors are only as good as the ability of the executive team and staff to put strategy into action.

On behalf of the Board, I would like to thank Ian, his executives and employees, who have demonstrated once again their tremendous abilities, commitment and can-do spirit in what was a very demanding year.

Sincere thanks also to our wide range of partners: landholders and the communities we work with; contractors; suppliers; customers and commercial partners; joint venturers; government stakeholders at all levels; and you - our shareholders - for your continued support.

Ladies and gentlemen, thank you for your continued support of Senex and for your attendance today.

As shareholders you can be proud that your company is making an important contribution to the Australian energy market, the economy and broader society.

Let me finish simply by reflecting that the pursuit of our strategy is laying the groundwork for Senex to thrive for years to come.

Together, in our thirty-fifth year as a public company, we have set in motion the transformation of Senex into an important east coast gas producer.

Thank you.

Managing Director's Address to the Annual General Meeting 2019



Good morning ladies and gentlemen.

It's an absolute pleasure to be here with you all today.

What a year it's been!

We've had an outstanding 2019 and we're finishing the year on a high with Project Atlas soon to deliver first gas to the domestic market.

This will mean that your company has produced gas only 18 months after the Atlas petroleum lease was awarded to us.

It's the fastest greenfields project development that we're aware of and a remarkable achievement for all of us at Senex; you – our shareholders; and our other very important stakeholders.



The 2019 financial year was a year of delivery.

As Trevor noted earlier, your company set ambitious project delivery goals and we met them all.

In a few minutes I'll show you a video that highlights the strength of our progress.

It's a great display of all that has been achieved and I am proud to share it with you.

The growth achieved through our project delivery has been a standout feature of 2019, as we delivered on our strategy to build a material gas business in the east coast market.

In the 2019 financial year, your company increased production, revenue and operating cashflow.

- production rose 43 per cent to more than 1.2 million barrels of oil equivalent. Key factors were larger volumes from Roma North and accelerated oil production from successful horizontal development wells in the Cooper Basin
- Sales revenue increased 34 percentage from 2018 to more than 94 million dollars thanks to higher production and stronger realised oil prices
- and this resulted in more operating cashflow being generated, supporting our capital investment programs across the business

The strength of these results continue to demonstrate the Senex value proposition, and are just the beginning of a very bright future for your company.



2019 was a watershed year for the company in the Surat Basin. Our team delivered on every promise and more and continues to deliver.

Milestones from the 2019 financial year included:

- financial close on our \$150 million senior secured debt facility
- final investment decisions for Project Atlas and Roma North
- securing final primary environmental approvals for both projects
- the start of our 110-well drilling campaign – and ladies and gentlemen, we are due to have drilled our thirtieth well today
- construction of two separate gas processing facilities and pipelines

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- first sales gas from the Roma North plant and first gas production from the Project Atlas acreage. Gas sales from Roma North are now almost 12 terajoules a day
- the sale of the Roma North processing facility and pipeline to our partner Jemena, a leading energy infrastructure operator
- and three foundational gas sales agreements with domestic manufacturing customers

We believe that Senex's true value will be reflected in our share price as we finalise our capital investments and as gas production increases, demonstrating that we are clearly on track to reach initial plateau production levels in the 2021 financial year.

We have a few, very important, milestones to go at Project Atlas.

But you can be certain that we will to keep delivering.



That now brings us to our important Cooper Basin business. Our base oil business continues to deliver strong production, really supporting our large gas capital investment programs.

With our oil focus firmly on the prolific Cooper Basin western flank, Senex delivered a nine-well drilling program in 2019. These wells were a combination of both traditional exploration and development wells, and also long-reach horizontal development wells which have been a real success for the company.

In addition, Senex made a significant gas discovery at the Gemba gas field, with first gas production expected in the next few weeks.

We also brought wells in our Vanessa gas field online, with gas being sold to South Australia's Pelican Point power station under a gas sales agreement.

The Cooper Basin continues to be an important cash generator for the business and you should not be surprised that our attention will remain fixed on core assets, with strict capital allocation discipline informing our future investment decisions.



While we are proud of our successes in 2019, the safety performance of our third-party contractors, in particular, continues to be an area of intense focus. During the year, Senex suffered six recordable injuries, mainly associated with our third-party construction and operations contractors, with two of these resulting in lost-time injuries.

We believe that all incidents are preventable and that everyone who works with us must finish work without injury. There are no excuses.

Accordingly, we continue to sharpen our focus on contractor management as well as personal risk assessment competence and behavioural safety.



One of the highlights of the year has been the establishment of Senex's place as a supplier of choice in gas for the Queensland and east coast markets.

As a start, during 2019 we secured domestic gas sales agreements with three high-quality local customers, with total volume under contract of more than 23 petajoules.

To focus on just one of these, in April we signed a contract with the building products maker CSR, with gas sales to begin from 1 January 2020.

CSR will use gas from Project Atlas in its three south-east Queensland manufacturing plants to make bricks, plasterboard and insulation for customers right across Australia.

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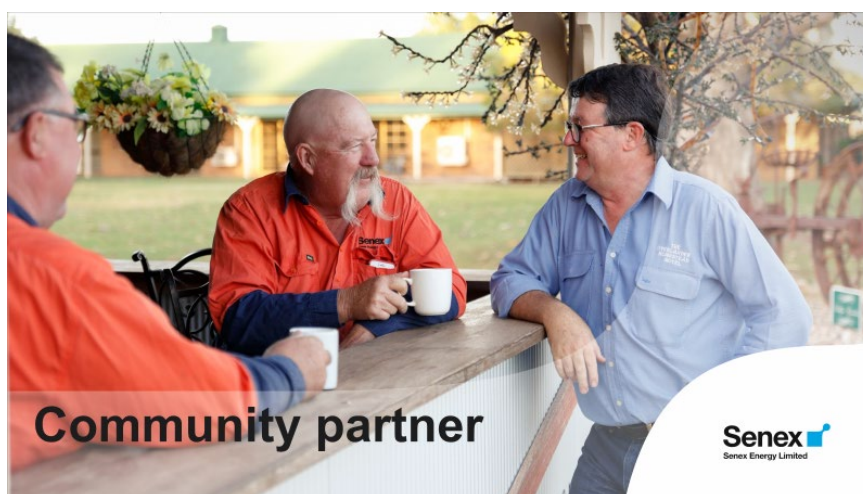
Our gas will help keep the heating equipment on and more than 260 people in jobs at their Brendale, Coopers Plains and Oxley sites.

We're delighted to have CSR as a customer and to support local manufacturing.

I hope you agree that the idea of Queenslanders supporting Queenslanders has a nice feel to it!

And in that vein, we are also proud to have signed gas sales agreements with the packaging manufacturers Orora and O-I, increasing security of supply to domestic commercial and industrial customers.

Additional potential gas sales agreements are under negotiation currently, with details to be provided in due course.



As an industry, we have a long and proud history of – and I believe a bright future in – building economies.

Our local communities rightly expect that companies like Senex will not only minimise their environmental and operational impacts but make a positive economic and social contribution.

We work hard to meet these expectations through the positive relationships we build with landholders and other stakeholders, local employment and procurement, and our support for organisations that deliver local benefits.

Together with Jemena, Senex is investing around 400 million dollars to bring natural gas to market, supporting jobs and regional Queensland economies.

Senex is also establishing lasting, positive relationships on the ground in our local communities.

This year alone, Senex spent about nine million dollars with 49 rural and regional businesses and created more than 250 construction jobs.

We also continue to support community activities in education, sport and the arts that help keep regional Queensland vibrant.

On a broader scale, our Surat Basin developments will be generating royalty income for the State Government to provide roads, schools and hospitals.

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These are long-life projects that will produce benefits for at least 30 years.

To provide an idea of the scale of these projects, when operating both processing facilities at their total capacity of around 20 petajoules a year, that is even before potential expansion, both projects combined are capable of supplying more than ten per cent of Queensland's domestic gas demand.

Atlas and Roma North are truly transformational for Senex and will result in a step-change in production, earnings and cash flow by the end of the 2021 financial year.

So, ladies and gentlemen, we are well and truly on our way to growing your company into an important player in the east coast natural gas market.



In 2019 we also extended our commitment to long-term development of natural resources in Queensland with our successful application for a second block dedicated to domestic gas supply.

This exploration block, which our employees have named Artemis, has large estimated volumes of gas in place in the Walloon and Permian coals.

Our next challenge is to determine how to recover these volumes commercially.

We continue to welcome the Queensland Government's policy of encouraging investment in the State's resources sector to bring new supplies of gas to market, and we encourage other state governments to do the same.

It is disappointing for all parties in the gas value chain that restrictions on natural gas development remain in place in some other states.

New South Wales, for instance, continues to import 96 per cent of the gas its people need from outside its borders.

The oil and gas industry takes its obligations to the domestic market very seriously.

Gas producers have announced billions of dollars in new investment in recent years.

Project Atlas is a leading example of this commitment.

While the call for interventions from businesses that are under pressure may be understandable, it puts the sustainability of the industry's economic benefits at risk.

Neither the gas industry nor governments can afford to be complacent about the importance of new gas supply.

It is equally apparent that developing Australia's abundant gas resources will be critical to address tightness in the east coast market.

Increasing the amount of gas available for sale by creating new sources of supply and competition will undoubtedly enhance security of supply and reduce pressure on prices.



We can deliver benefits for Queenslanders and Australians more broadly only through collaboration.

In fact, the entire value chain of the oil and gas industry needs to work together to succeed. For clarity, this value chain includes not only producers but also infrastructure providers, financiers, government and customers as well as those in the community.

Some of these gas customers continue to be vocal, as you may have noticed in the media.

Senex feels strongly that producers and customers have an obligation to work together to deliver affordable energy for all stakeholders, not just for the short-term benefits of the few.

As Trevor has outlined, your company, through its collaborative approach on Project Atlas in particular, is demonstrating that it is part of the solution.

You can be sure that Senex is advocating for a strong position in the ongoing public debate around domestic gas supply.



Finally, I'd like to take this opportunity to give my sincere thanks to the many consummate professionals at Senex.

The high level of performance and delivery we've seen this year simply wouldn't have been possible without this dedicated and amazing team.

We still have some very important milestones and hard work ahead, but I'm confident the Senex team will continue to deliver on its promises.

Together, you the investors and your company have set transformation in motion.

Now, I'm proud to present a video of our year in review.

I hope you enjoy it.

ENDS