

Senex sanctions \$50 million investment in the Western Surat Gas Project

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Senex Energy Limited (ASX:SXY, “Senex”) today announces it has sanctioned its first major investment in the Western Surat Gas Project, committing \$50 million to a 30 well drilling campaign, with gas production of around 10 TJ/day (~0.6 mmboe p.a.) expected by mid-2018¹.

Key points:

- Senex has sanctioned a major investment involving the drilling of 30 wells and the construction of gas and water handling infrastructure, in parallel with appraisal activities west of the Eos block²
- Expected capital investment of approximately \$50 million throughout the 2017 calendar year
- First wells online in mid-2017, expected to produce ~10 TJ/day (~0.6 mmboe p.a.) by mid-2018
- Planned sale of raw gas to GLNG, subject to agreement of commercial terms

Senex Managing Director and CEO Ian Davies said the work program would result in significant gas volumes from drill ready acreage, and the Company had a clear strategy for project acceleration.

“We have seen immediate gas to surface from the Glenora pilot wells, brought online for continuous production in early February. We have also seen evidence of strong gas flows from wells on the Eos block during rehabilitation works being undertaken on legacy QGC wells. These results demonstrate that coal seams in the Glenora and Eos blocks have already been partially dewatered by neighbouring operations.

“The sanctioned work program will further our understanding of the resource to support an accelerated project timeline, with potential to drill, complete and connect another 30 to 50 wells throughout 2018. Under this scenario and subject to regulatory approvals, Senex can seamlessly transition to a development phase targeting gas production of over 16 TJ/day by 2019, equivalent to one million barrels of oil equivalent per annum²³. The recently announced strategic arrangement between Senex and EIG Global Energy Partners will facilitate these plans and support the delivery of material year-on-year volume growth.

“Finally, the 2017 work program will give us the opportunity to fully embed our design, contracting and execution methodologies in order to demonstrate best in class safety and cost performance” he said.

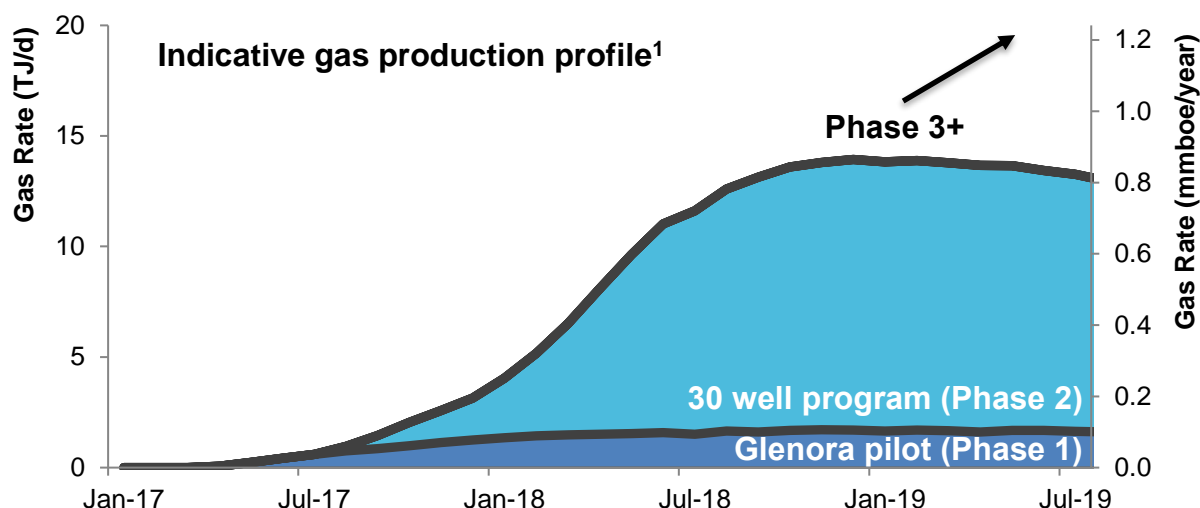
The Glenora and Eos blocks are located in the south-east of the Western Surat Gas Project, directly north of GLNG’s producing Roma field. Senex has the benefit of significant subsurface data over these blocks given historic appraisal and development, and the offsetting GLNG well data. A pipeline from the Glenora pilot to the GLNG low pressure gathering network was constructed during 2016.

¹ Indicative P50 gas production rate, not guidance. Refer to Figure 1 on page 2.

² The permits for Glenora and Eos include commitments for 20 appraisal wells, which this work program will satisfy.

³ Indicative gas production rate, subject to a future investment decision.

Figure 1



¹ Indicative P50 gas production rate, not guidance.

RESULTS WEBCAST

Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Graham Yerbury will hold a webcast today to discuss the FY17 half year results and Western Surat Gas Project announcement:

Time: 11.00am AEST (11am Brisbane time, 12pm Sydney and Melbourne time)
Date: Tuesday 21 February 2017

The webcast will be streamed live at this time and can be accessed via the Senex website (www.senexenergy.com.au) or through the following link: <http://webcast.openbriefing.com/3261/>. A recording of the webcast will be available from 5pm AEST via the same link.

FURTHER INFORMATION

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ABOUT SENEX ENERGY

Senex is a growth focused exploration and production company based in Brisbane. With a 30-year operating history, Senex holds extensive onshore oil and gas acreage in the Cooper and Surat Basins. Senex operates the majority of its assets, produces around one million barrels of oil annually, and is successfully developing a gas business including the Western Surat Gas Project in Queensland.

Figure 2 – Phase 2 work program

