



FY17 half year results and WSGP investment decision

Ian Davies, Managing Director and CEO
Graham Yerbury, Chief Financial Officer
21 February 2017

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*This page: livestock in the Western Surat Gas Project area
Cover image: Eos block, Western Surat Gas Project*



Performance overview

Ian Davies, Managing Director and CEO



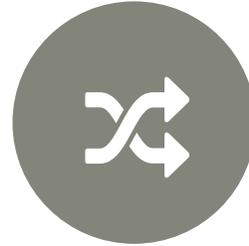
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Strategic priorities



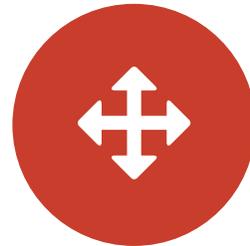
Achieve continued strong operational performance from core Cooper Basin oil portfolio



Leverage financial strength and flexibility to actively progress high quality growth projects



Accelerate delivery of the Western Surat Gas Project, achieving best in class safety and cost performance



Use Senex's strength and momentum to address supply opportunities in the east coast gas market



FY17 half year business overview

Corporate	<ul style="list-style-type: none">• Improved safety performance, with Total Recordable Injury Frequency Rate down 11% to 2.74• Strong financial position, cash balance of \$83 million and additional undrawn bank facilities of \$77 million¹
Gas	<ul style="list-style-type: none">• Appraisal testing commenced on Western Surat Gas Project• Progressing Stage 1 unconventional gas opportunity with Origin Energy• Working to commercialise the Vanessa gas field, with commissioning expected during FY18
Oil	<ul style="list-style-type: none">• Solid performance from core oil portfolio• FY17 oil production expected to be 0.8 mmboe, in line with guidance• Continued low unit operating costs of A\$29 per barrel• Successful start to FY17 drilling campaign
Subsequent events	<ul style="list-style-type: none">• Strategic transaction with specialist energy investor EIG Global Energy Partners• Capital raising of up to \$95 million, via an institutional placement and Share Purchase Plan• Sanction of \$50 million investment in the Western Surat Gas Project

1. Cash balance as at 31 December 2016, with up to \$95 million to be raised between January – March 2017 through institutional placement and Share Purchase Plan. Additional undrawn bank facilities are available for use subject to customary covenants.

- FY17 forecast oil and gas production reflects a strong contribution from base oil portfolio. New oil wells to come online in Q3 FY17, no contribution from the Vanessa gas field
- FY17 forecast capex reflects:
 - Seismic programs and at least six wells to be drilled in the Cooper Basin
 - Glenora pilot and commencement of 30 well work program on the Western Surat Gas Project
 - Drilling of high impact gas well Silver Star-1

Capital spend (\$ million)	H1 FY17 actual	FY17 Guidance
Cooper Basin	10	30 – 35
Surat Basin	14	30 – 35
Total equity capex	25	60 – 70
Origin Energy free carry	4	15 – 25
Total capital deployed	29	75 – 95

An improving commodity price outlook and strong east coast gas demand supports the recommencement of our Cooper Basin work program and accelerated investment in the Surat Basin.

Looking ahead, we anticipate our Cooper Basin oil and gas production profile to plateau before transitioning to growth in the near term. Further, we anticipate a material production contribution from our flagship Western Surat Gas Project from FY18, with gas volumes to increase year-on-year.

Ian Davies, Managing Director and CEO



Financial results

Graham Yerbury, Chief Financial Officer



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Key financial headlines

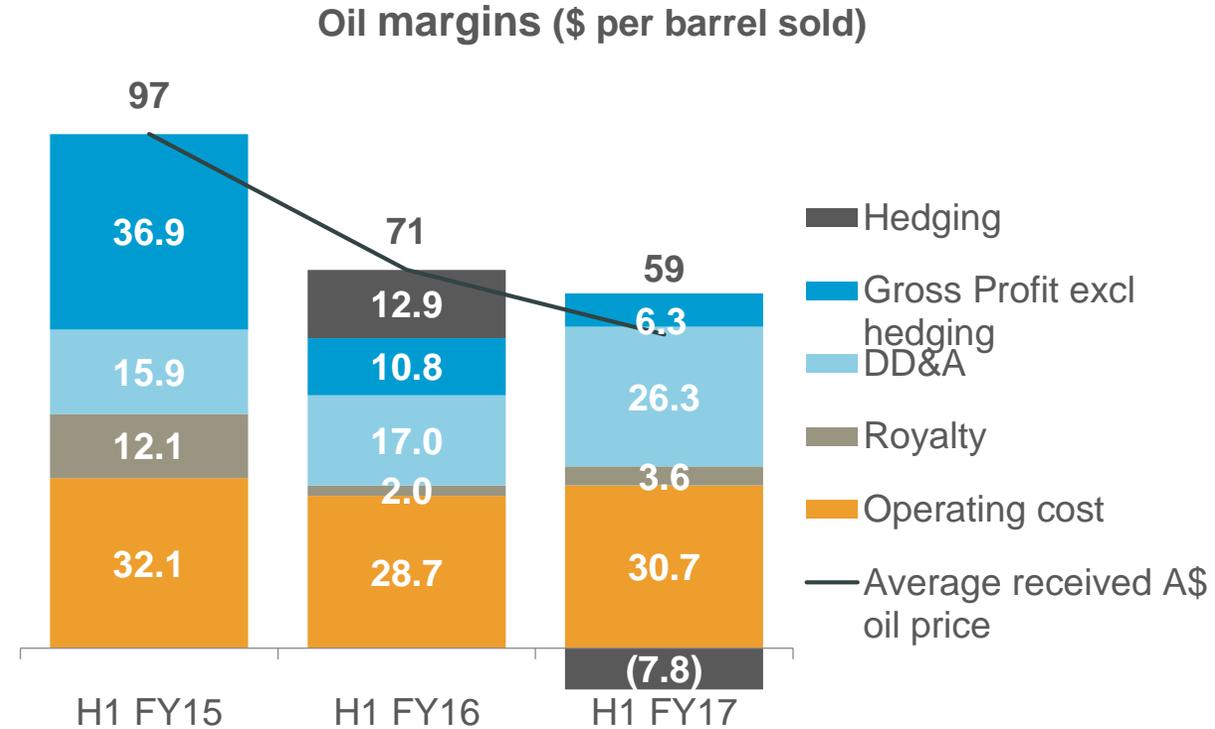
	H1 FY17	H1 FY16	Change
Production (mmboe)	0.41	0.54	(24%)
Sales volumes (mmboe)	0.39	0.52	(25%)
Average realised oil price (\$ per barrel)	59	71	(17%)
Capital spend (\$ million)	24.7	17.3	43%
Sales revenue (\$ million)	22.8	36.8	(38%)
Operating cost excluding royalties (\$ per barrel produced)	29.1	27.8	5%
EBITDAX (\$ million)	3.0	56.4	(95%)
Underlying NPAT (\$ million)	(8.6)	5.2	(265%)
Statutory NPAT (\$ million)	(8.8)	(27.1)	68%
Operating cash flow (\$ million)	0.8	25.1	(97%)
Cash balance (\$ million) ¹	82.8	99.6	(17%)
Undrawn debt facilities (\$ million) ¹	76.9	77.2	0%

1. Cash balance as at 31 December 2016, with up to \$95 million to be raised between January – March 2017 through institutional placement and Share Purchase Plan. Additional undrawn bank facilities are available for use subject to customary covenants.



Margins from oil sales

- Oil sales margins for the half year impacted by:
 - Lower oil price received
 - Hedge premium payable with prudent oil price risk management strategy
 - Higher DD&A per barrel on lower volumes and reserve revisions¹
 - Continued strong operating cost performance
- Oil sales hedged for H2 FY17 guaranteeing a floor price of US\$55/bbl, with full participation in oil prices above US\$60/bbl

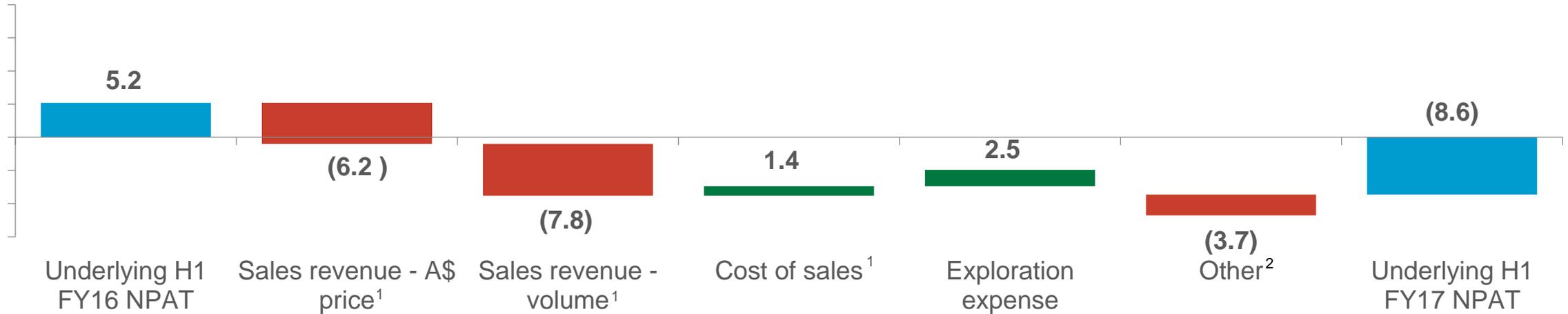


1. Reserve revisions were made across several fields at 30 June 2016 based on individual performance and adjustments to future field development plans given the lower oil price



Underlying NPAT reconciliation

Movement in underlying net profit after tax (\$ million)

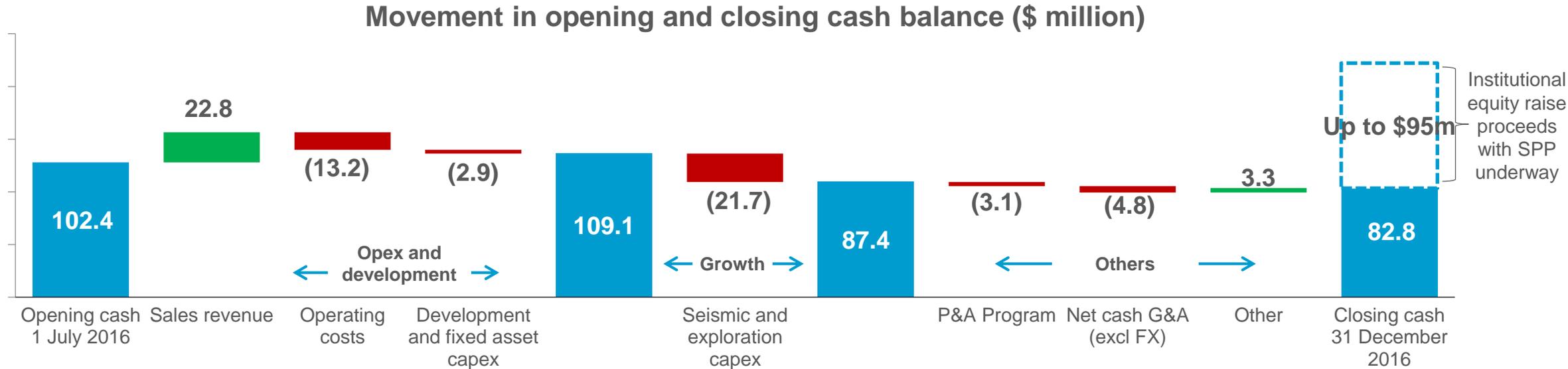


Notes

1. Sales revenue down on lower average realised oil price and natural field decline, with a commensurate lower cost of sales
2. Lower flowline revenue and FX gains versus the prior year



Operating cash reconciliation



- Cash balance as at 31 December 2016, with up to \$95 million to be raised between January – March 2017 through institutional placement and Share Purchase Plan
- Significant increase in growth capex reflecting improving macro environment and acceleration of Western Surat Gas Project



**EIG transaction and
capital raising**

Ian Davies, Managing Director and CEO



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Transaction and capital raising: structure



EIG and Senex strategic arrangement

- EIG has become a substantial shareholder
- Working together to accelerate development of WSGP
- Asset funding model to be jointly established across Senex portfolio
- Material EIG funding available for WSGP project (up to US\$300 million¹)



Institutional Placement

- A\$55 million successfully raised²
- 15% of Senex issued capital placed at an issue price of 31.5 cents
- ~12.6% placed to EIG²
- ~2.4% placed to institutional and sophisticated investors
- Strong support from existing shareholders



Share Purchase Plan

- Offer for eligible shareholders to subscribe for up to A\$15,000 of new Senex shares
- Capped at A\$40 million
- Offered at the lower of a 5% discount to market or 31.5 cents with no brokerage costs to participants
- SPP is underway, closing Wednesday 1 March 2017



1. Any future transaction or agreement between Senex and EIG regarding development funding will be subject to due diligence, any relevant internal or regulatory approvals, and the parties reaching agreement on terms.

2. A portion of the placement to EIG is subject to FIRB approval.



Transaction and capital raising: strategic rationale

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Building a long term relationship with a respected global energy investor

To drive value from Senex's suite of growth projects



Accelerating the Western Surat Gas Project

To bring material gas online sooner and drive year on year volume growth



Increased balance sheet strength

To give Senex the financial flexibility to actively progress high quality growth projects



Pursuing east coast gas market opportunities

To deliver new gas volumes into the structurally short east coast gas market



Exploiting our prime acreage position in the South Australian Cooper Basin

To support increased oil production and establish material gas production



Project updates

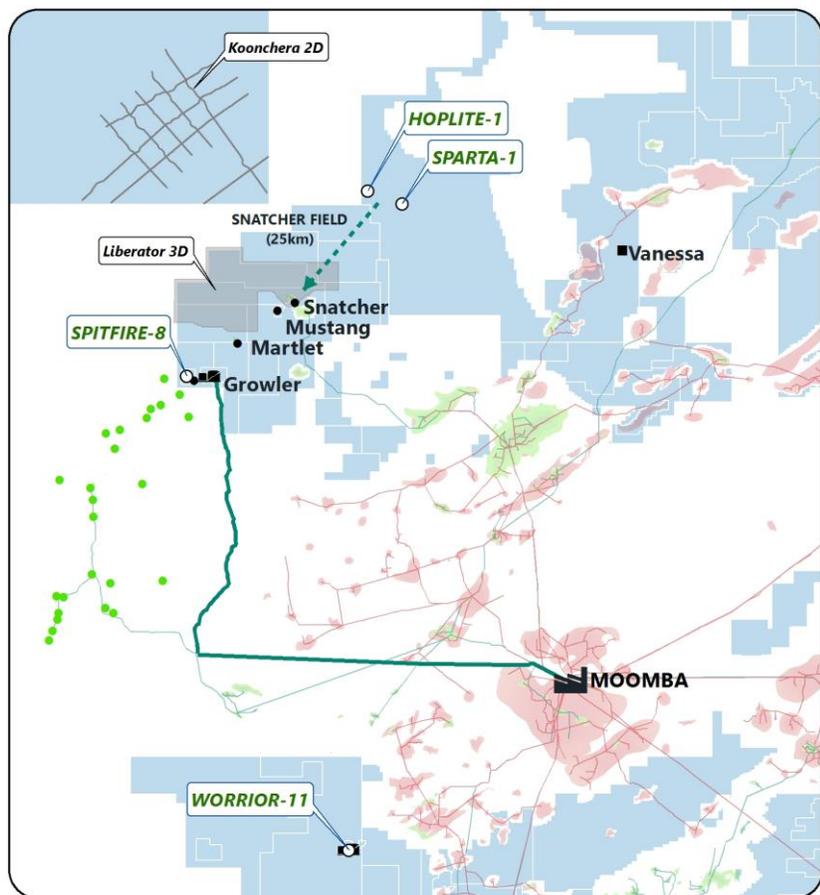
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Cooper Basin oil program



During H1 FY17:

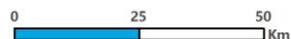
- Strong production and cost control delivered from base oil portfolio
- Progressed field development planning activities
- Commenced FY17 drilling campaign

Ongoing strategy:

- High margin core business driving cash generation, with material upside potential
- Capital expenditure growth in line with macro outlook
- Near-term focus on pursuit of high value oil opportunities on the flanks of the Cooper Basin
- Exploration success and thorough exploitation of the discovered resource to drive future production growth

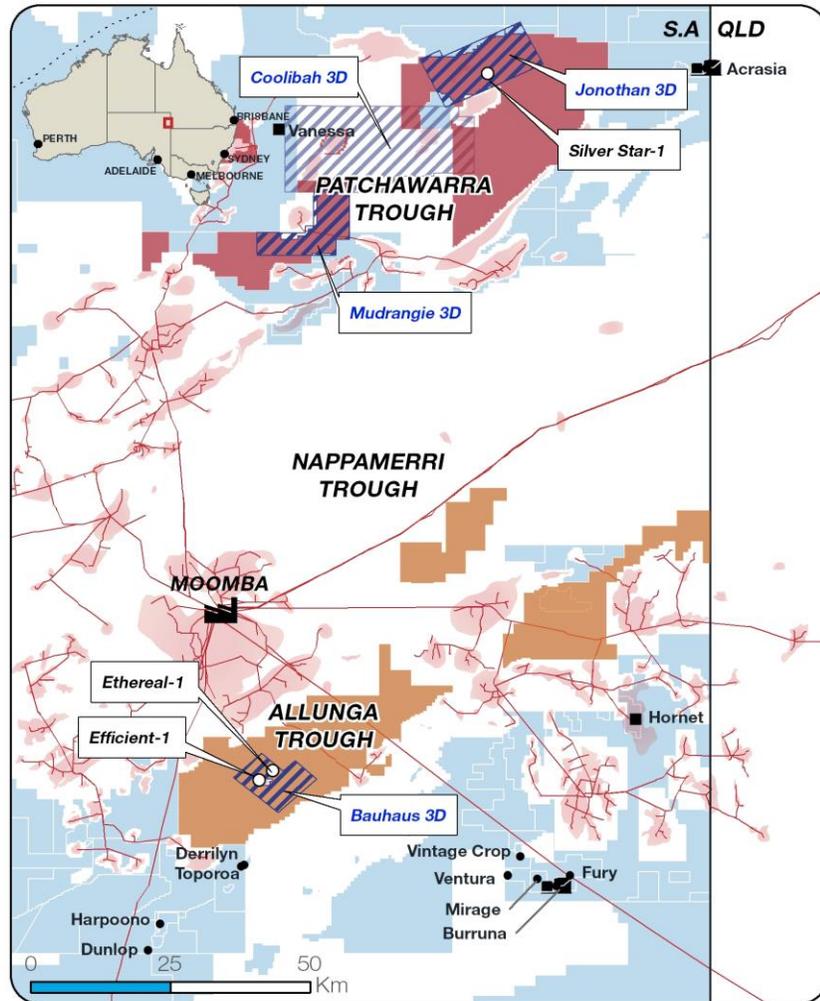


- Beach operated fields
- Senex oil field
- Proposed Senex wells
- Senex gas field
- Senex operational bases
- Moomba processing facility
- Gas pipeline
- Oil pipeline
- Gas field
- Oil field
- Senex permit interests





Cooper Basin gas program



During H1 FY17:

- Unconventional gas project with Origin Energy: preparations to drill high impact gas exploration well Silver Star-1 in the Patchawarra Trough

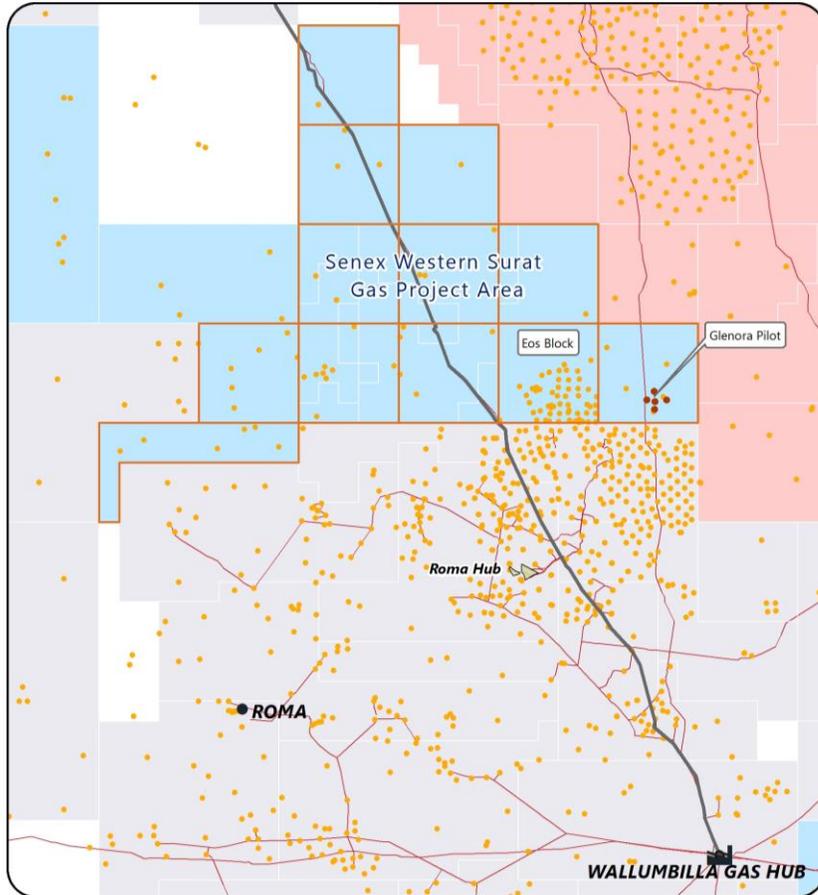
Ongoing strategy:

- Targeting material resources to bring to market to meet the east coast demand opportunity
- Near term focus on:
 - Evaluating commerciality in basin centred gas play on unconventional gas project with Origin Energy
 - Commercialising the Vanessa gas field





Western Surat Gas Project



During H1 FY17:

- Commenced appraisal testing on the Glenora pilot
- Continued field development planning and completed pre-sanction activities for first material investment decision
- Commenced plug, abandon and rehabilitation works on 47 legacy wells on the Eos block

Ongoing strategy:

- Accelerating full field development of this project to deliver more volumes into the east coast gas market
- Near term focus on:
 - Delivering a \$50 million, 30 well work program with material gas production by mid-2018
 - Implementing financing strategy for overall project development





**Spotlight on the
Western Surat Gas
Project**

Ian Davies, Managing Director and CEO

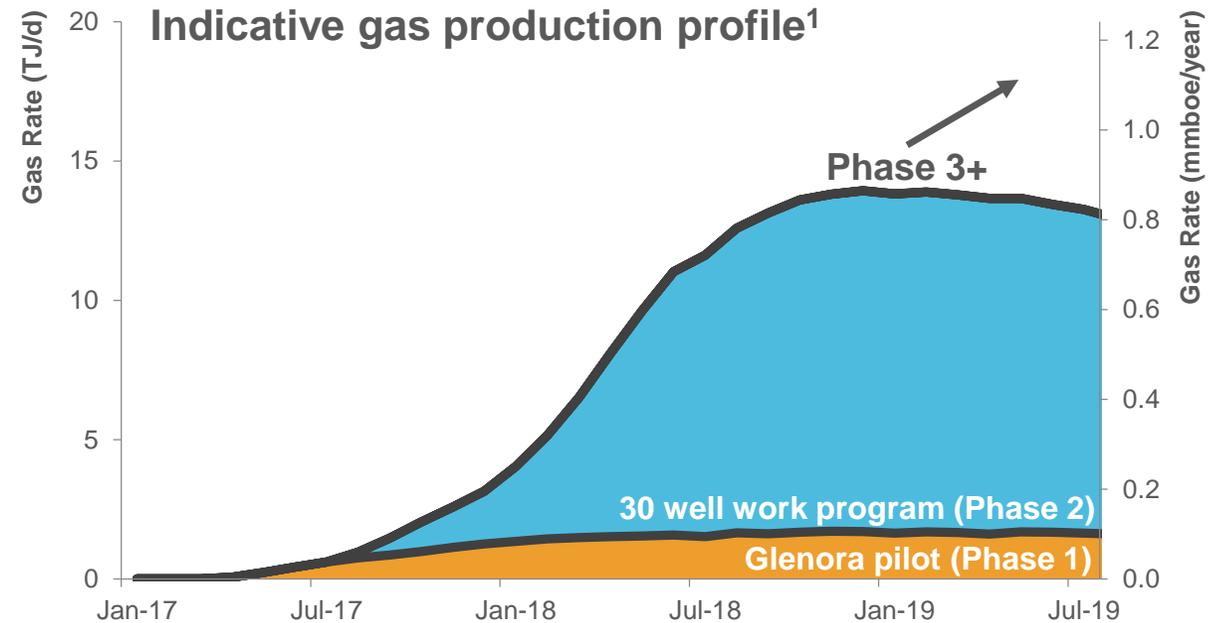




Western Surat Gas Project: Delivering material gas

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- Senex has sanctioned a \$50 million investment in a 30 well work program with associated infrastructure and parallel appraisal activities west of Eos
- First wells online in mid-2017, expected to produce ~10 TJ/day (~0.6 mmboe per annum) by mid-2018¹
- Planned sale of raw gas to GLNG, subject to agreement of commercial terms
- The work program can seamlessly transition to a development phase targeting gas production of over 16 TJ/day (~1 mmboe per annum) by 2019²

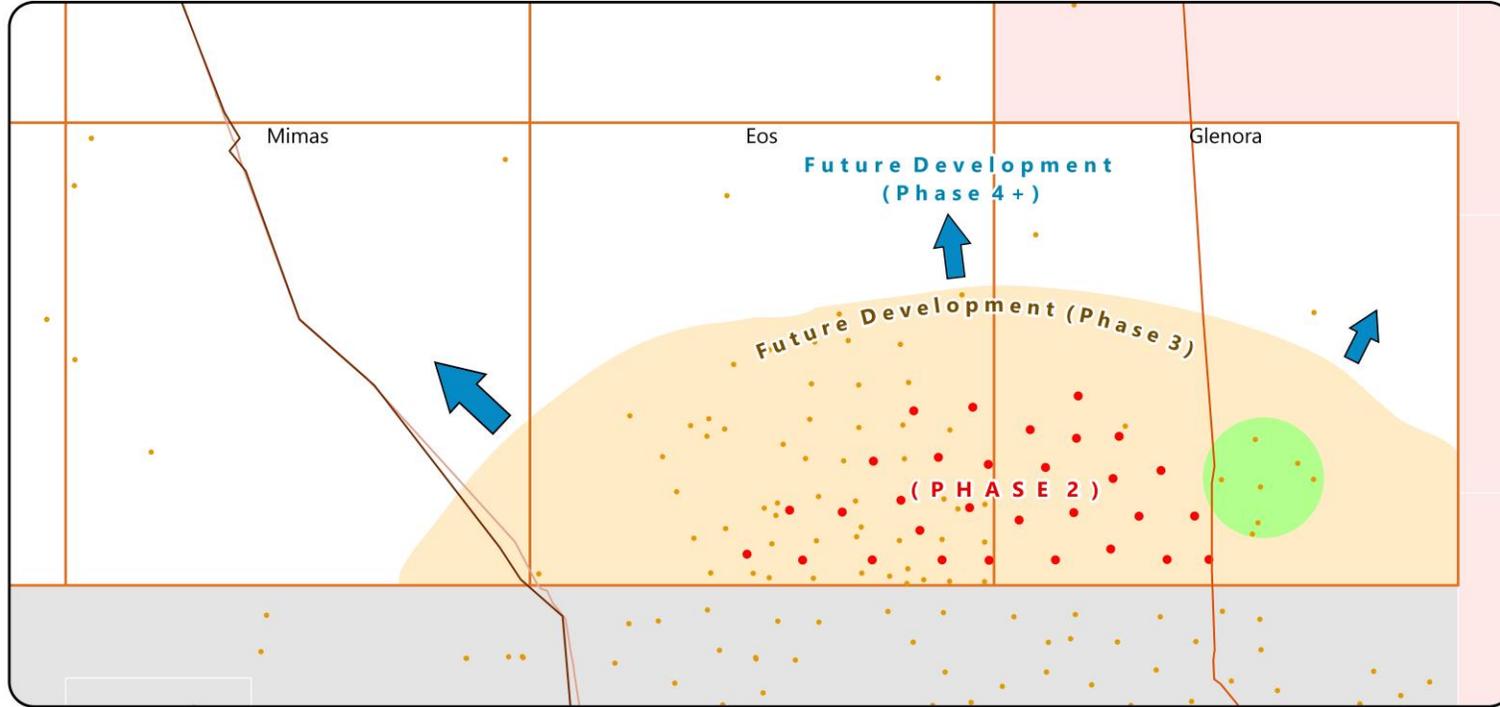


1. Indicative P50 gas production rate, not guidance.

2. Indicative gas production rate, subject to regulatory approvals and further investment decisions.



Western Surat Gas Project: Phase 2 work program



- Prioritising the 'drill ready' Eos and Glenora blocks
- Expected capital investment of \$50 million on:
 - 30 wells to be drilled on Eos and Glenora
 - Gathering into three interconnected pods
 - Gas production facility at Eos
 - Minimal water handling facilities
- Parallel appraisal programs west of Eos



- Phase 2 work program
- Existing wells
- Comet Ridge to Wallumbilla Trunkline
- Spring Gully to ML1A Trunkline
- Wallumbilla to Gladstone
- WSGP blocks
- Drill ready acreage
- Production





Western Surat Gas Project: Full field development



Glenora block, Western Surat Gas Project

- 30 well work program (Phase 2) in 2017
- Additional 30 – 50 wells to be sanctioned for Phase 3¹
- Project to support up to 425 wells in total over 20+ years
- Opportunities for value uplift through:
 - Optimising reservoir performance and maximising well recoveries
 - Commercialisation of Phase 2 raw gas production
 - Best in class safety and operating performance
 - Efficient capital structuring
 - Parallel appraisal and development programs driving year-on-year volume growth
- EIG development funding of up to US\$300 million for project acceleration²:
 - Ability to design and execute full field development to maximise project economics

1. Subject to regulatory approvals and further investment decisions

2. Any future transaction or agreement between Senex and EIG regarding development funding will be subject to due diligence, any relevant internal or regulatory approvals, and the parties reaching agreement on terms.



**FY17 first half
summary**

Ian Davies, Managing Director and CEO



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FY17 first half summary



Oil business continues to perform

Solid production and cost control from base oil business given the significant reduction in capex over the last two years



Major investment decision on Western Surat Gas Project

\$50 million investment in 30 well work program, with material gas production expected by mid-2018



Increased financial strength

To give Senex the financial flexibility to actively progress high quality growth projects



Building a long term relationship with a respected global energy investor

Strategic arrangement with EIG will provide Senex the strength and momentum to address substantial opportunities in the east coast gas market



Contact and Further Information

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Senex Energy Limited



Appendix: Net profit after tax and EBITDAX

	H1 FY17	H1 FY16
Revenue	22.8	36.8
Operating costs	(13.2)	(16.0)
Gain on sale of Maisey block	-	38.2
Other revenue/costs ¹	(6.6)	(2.6)
EBITDAX	3.0	56.4
Exploration expense	-	(2.5)
Depreciation & amort	(11.4)	(10.4)
Impairment	-	(69.7)
Net Finance Costs	(0.4)	(0.9)
Statutory NPAT	(8.8)	(27.1)
Impairment	-	69.7
Redundancy	0.1	0.8
Gain on sale of Maisey block	-	(38.2)
Underlying NPAT	(8.6)	5.2

	H1 FY17	H1 FY16
Statutory net profit (loss) after tax	(8.8)	(27.1)
<i>Add/(less):</i>		
Net interest	0.4	0.9
Tax	-	-
Amortisation & depreciation	11.4	10.4
Impairment	-	69.7
EBITDA	3.0	53.9
<i>Add/(less):</i>		
Oil and gas exploration expense	-	2.5
EBITDAX	3.0	56.4

1. Other revenues/costs includes flowline revenue, other income, other operating expenses, general and administrative expenses
Numbers may not add due to rounding



Western Surat Gas Project: reference data

Resource	
Surat Basin reserves	<ul style="list-style-type: none">• 49 PJ of net proved (1P) reserves• 427 PJ of net proved and probable (2P) reserves
Infrastructure	
Pilot Gas	<ul style="list-style-type: none">• Pipeline from the Glenora pilot to the GLNG low pressure gathering network was constructed during 2016• Minimal compression and water handling facilities required
Sales Gas	<ul style="list-style-type: none">• Proximity to GLNG's existing transmission facilities• Potential shared use of existing GLNG gas processing and water treatment infrastructure or Senex constructed infrastructure• Delivery of sales gas into the GLNG Comet Ridge to Wallumbilla Pipeline at a point on Senex's permits
Government take	
QLD royalty regime	<ul style="list-style-type: none">• 10% of wellhead value¹
PRRT	<ul style="list-style-type: none">• Shield of \$826 million as at 30 June 2016

1. Wellhead value revenue minus above ground costs (including processing and transport) and depreciation of above ground costs (again for processing and transport).



Western Surat Gas Project: reference data

Market	
Pilot Gas	<ul style="list-style-type: none">• Exploring all marketing options for pilot gas prior to 'first FID'
Gas Sales Agreement with GLNG	<ul style="list-style-type: none">• GSA for gas from the Western Surat Gas Project area over a 20-year contract term• GSA provides for, at Senex's election, the staged ramp up in sales volumes to a maximum of 50 TJ/day following 'first FID'• USD market pricing based on a JCC oil-linked formula• Ability to sell up to 15% of gas volumes to domestic gas customers, subject to certain conditions
Funding	
Sources of funding	<ul style="list-style-type: none">• Cash of \$83 million and additional undrawn bank facilities of \$77 million at 31 December 2016¹• In January 2017, Senex successfully raised A\$55 million via an institutional placement• Senex is offering eligible shareholders the ability to participate in a Share Purchase Plan, to be capped at A\$40 million• Senex and EIG to work together to develop an appropriate funding model for Western Surat Gas Project, including EIG participation in such funding• EIG development funding of up to US\$300 million for Western Surat Gas Project acceleration²

1. Cash balance as at 31 December 2016. Additional undrawn bank facilities are available for use subject to customary covenants.

2. Any future transaction or agreement between Senex and EIG regarding development funding will be subject to due diligence, any relevant internal or regulatory approvals, and the parties reaching agreement on terms.



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Supporting information for 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 mmmboe, the following conversion factors have been applied:

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

Evaluation dates:

- Cooper-Eromanga Basin: 30 June 2016
- Surat Basin gas reserves and resources (Western Surat Gas Project): 30 June 2016
- Surat Basin gas reserves and resources (Don Juan): 19 July 2014

External consultants: Senex engages the services of Degolyer and MacNaughton, MHA Petroleum Consultants LLC and Netherland, Sewell and/or Associates, Inc. (all with qualified reserves and resources evaluators) 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.
- Surat Basin: Wallumbilla gas hub, approximately 45 kilometres south east of Roma, Queensland.

Fuel, flare and vent consumed to the reference point are included in reserves estimates. Between 0% and 3% of 2P oil reserves estimates may be consumed as fuel in operations depending on operational requirements.

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.