

Growth Acceleration Strategy

2014 full year results and FY15 outlook

Ian Davies, Managing Director and CEO
Andrew Price, Chief Financial Officer

26 August 2014

Growth Acceleration Strategy

Building Senex into an S&P/ASX 100 oil and gas E&P company

- Buoyant energy market – high east coast Australian gas prices and sustained high oil prices
- Unbroken 4 year track record of production and reserves growth
- Operatorship of over 27,000 km² of highly prospective acreage across the premier oil and gas basins: Cooper-Eromanga and Surat
- Large 2P reserve base of 40 mmboe with an impressive portfolio of growth projects and exploration potential
- A growing earnings base and strong balance sheet
- A team with a track record for delivery
- An aggressive four year *Growth Acceleration Strategy*



FY14 Performance Highlights

Ian Davies, Managing Director and CEO

Highlights

Record performance in oil and the foundations of a material gas business secured

SAFETY

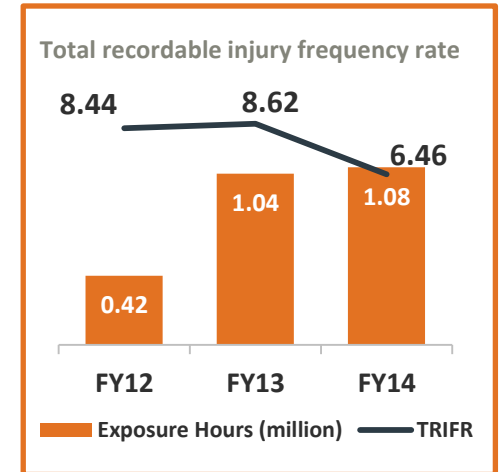
- Safety performance improved by 25% to 6.46 TRIFR¹

OPERATIONAL AND FINANCIAL

- Record oil production and revenue
- 2P oil (organic) RRR² of 327%
- Diversification of the Cooper Basin oil production and reserve base
- Underlying profit up 3% to \$44.7 million

COMMERCIAL AND STRATEGIC

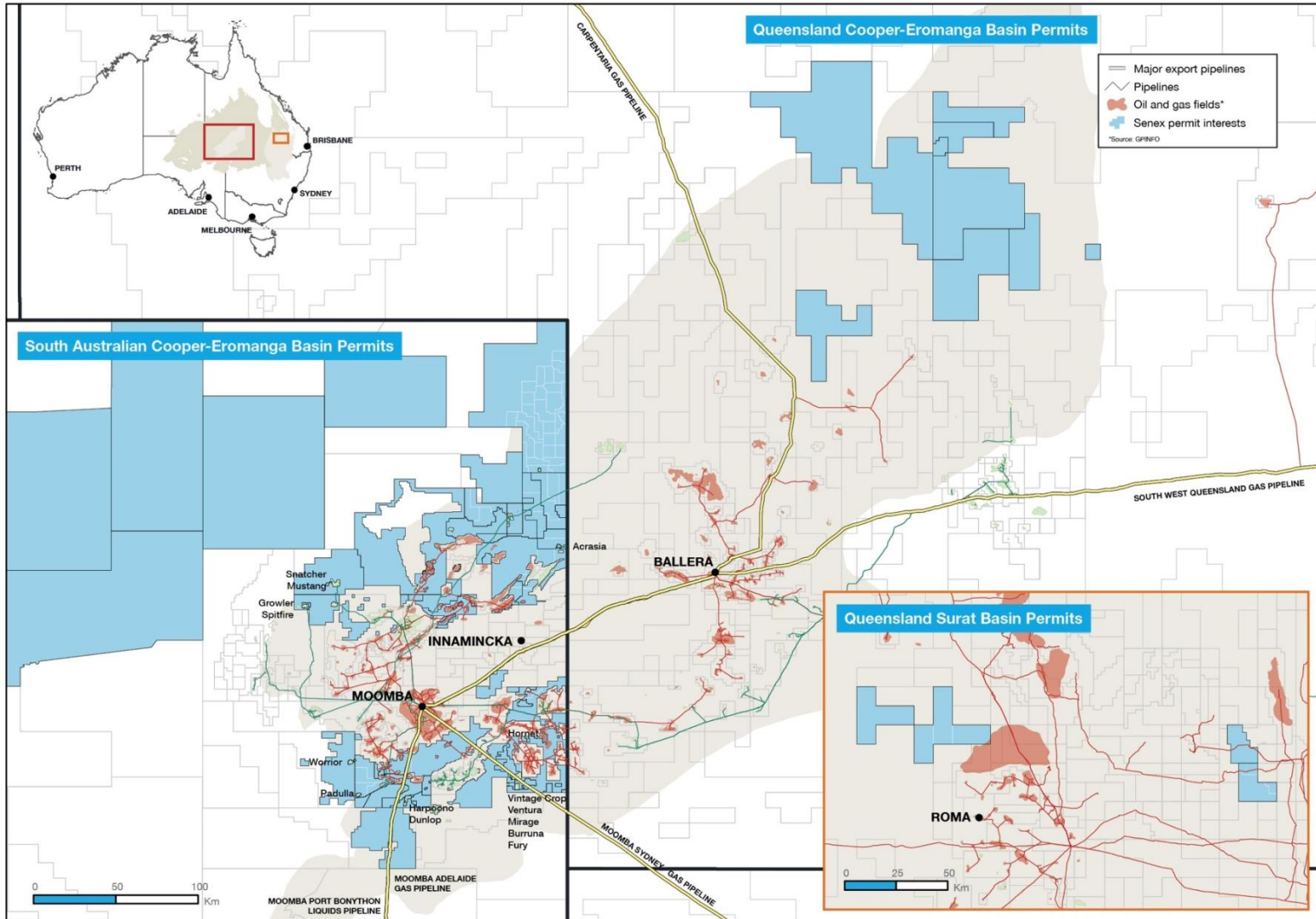
- \$252 million gas farm-out transaction secured with Origin Energy
- Gas and condensate offtake deal with SACB JV for Hornet appraisal
- Organic growth pipeline strengthened through new acreage awarded in the SA Cooper Basin



(1) Total recordable injury frequency rate (TRIFR): Total recordable injuries per million hours worked
(2) Reserves replacement ratio

Senex's oil and gas portfolio

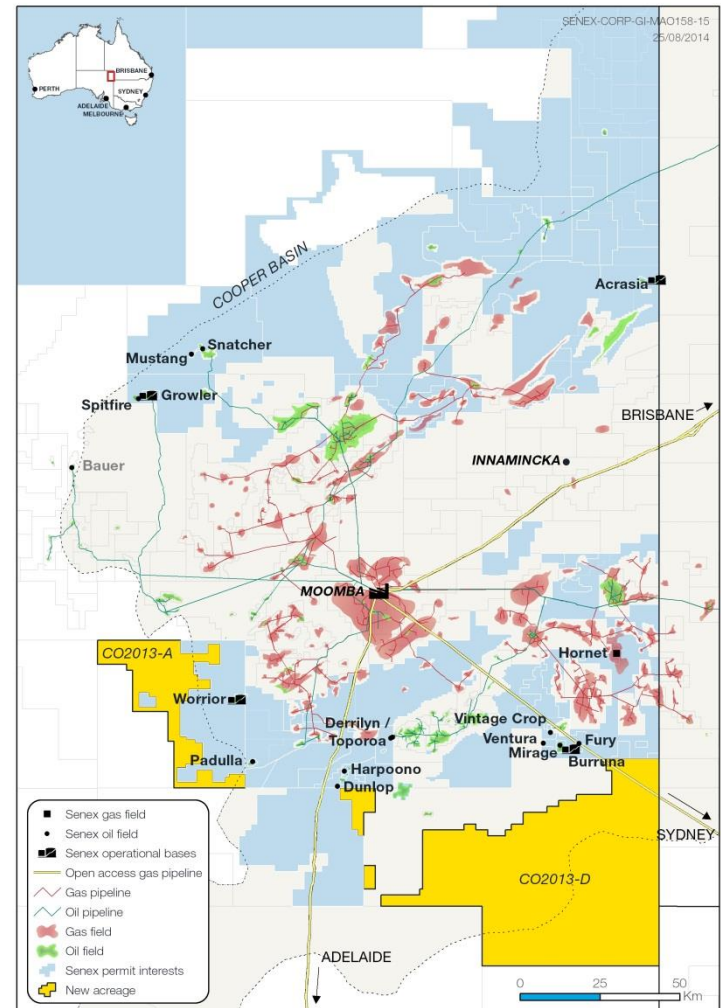
Senex has built a major acreage position over the last four years



Adding to Senex's diverse Cooper Basin portfolio

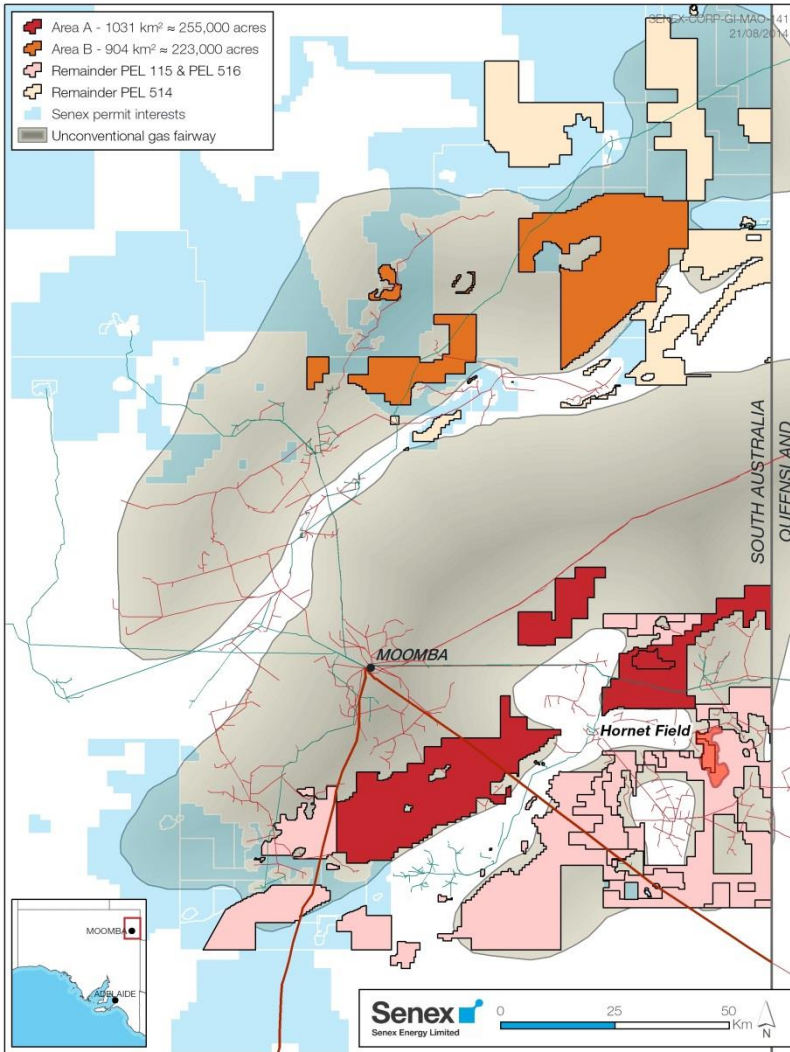
Awarded additional prime oil and gas acreage in the SA Cooper Basin

- Senex has been awarded highly contested acreage positions in the South Australian Cooper Basin during the latest acreage release
- More than 3,000 km² of acreage extends Senex's SA Cooper Basin asset portfolio
- **CO2013-A** is located on trend with the highly productive western flank oil fairway proven to the north in Senex-operated PELs 111 and 104 and Beach Energy-operated PELs 91 and 92
- **CO2013-D** is located on the southern flank of the Cooper Basin, in close proximity to Senex's recently discovered Burruna oil field and production facility
- Extremely complimentary to Senex's existing material oil and gas portfolio in the South Australian Cooper Basin

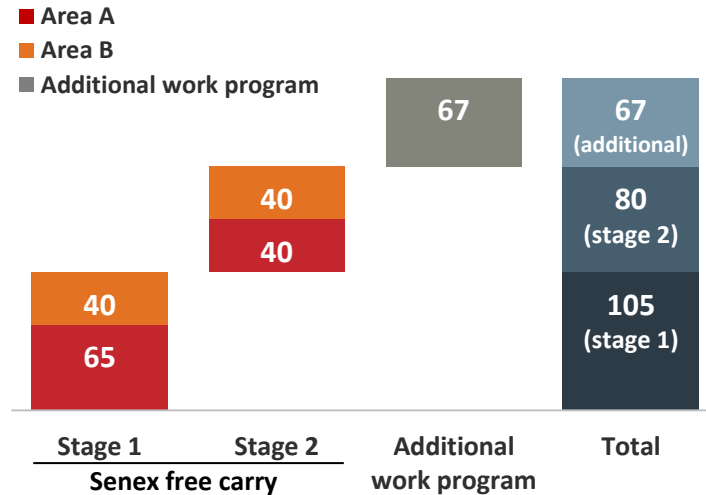


Cooper Basin gas program de-risked

Major farm-out with Origin Energy and Hornet gas sale agreement with SACB JV



Origin Energy gas farm-out



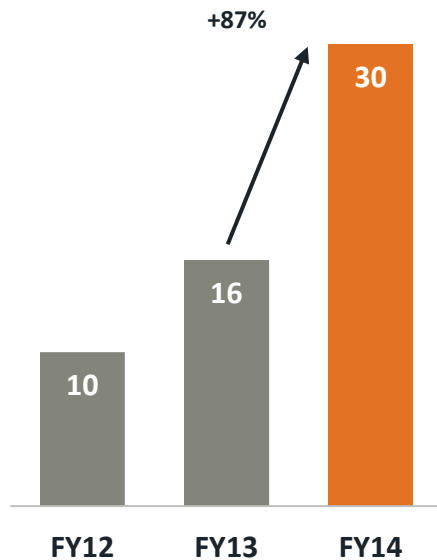
- Up to \$252 million work program over 2 stages agreed with Origin Energy, with Senex free-carried for \$169 million of the work program with Area B oil rights retained
- Seismic work to commence Q4 2014
- Raw gas (including condensate) offtake agreement secured with SACB JV to assist Hornet gas field appraisal program
- Appraisal testing to begin October 2014

Record production and revenue

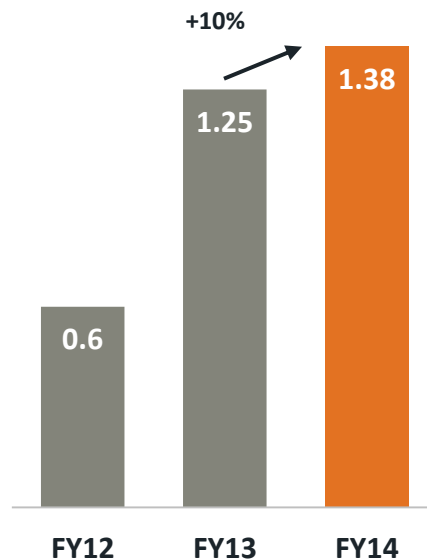
Increased operational activity driving strong growth

- Oil production up 10% to 1.38 million barrels
- Oil revenue up 24% to \$170.9 million
- Spitfire appraisal campaign contributing strongly to production
- Exploration drilling success also contributing materially eg the Burruna discovery

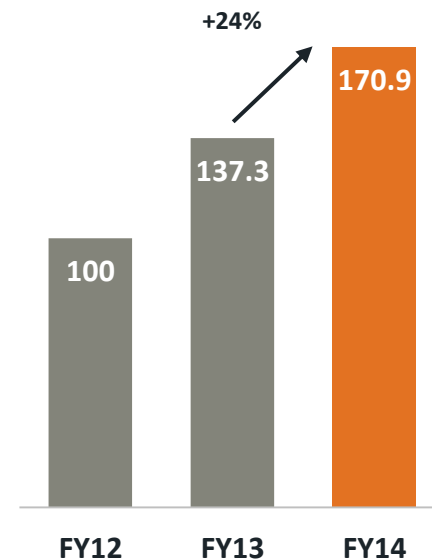
Wells drilled



Production (mmboe)



Revenue (\$million)

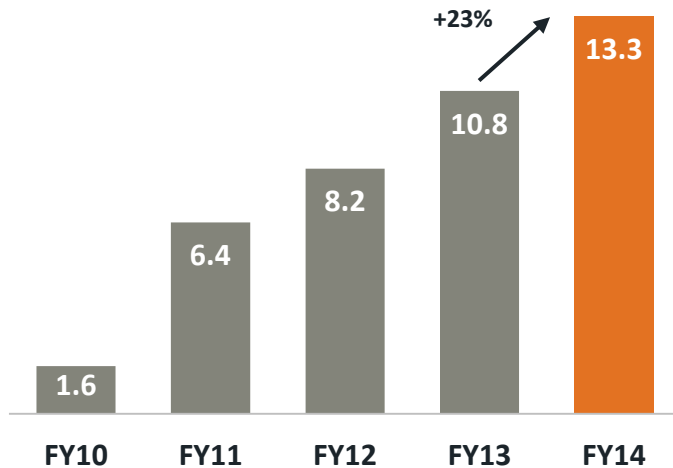


Record 2P oil reserves

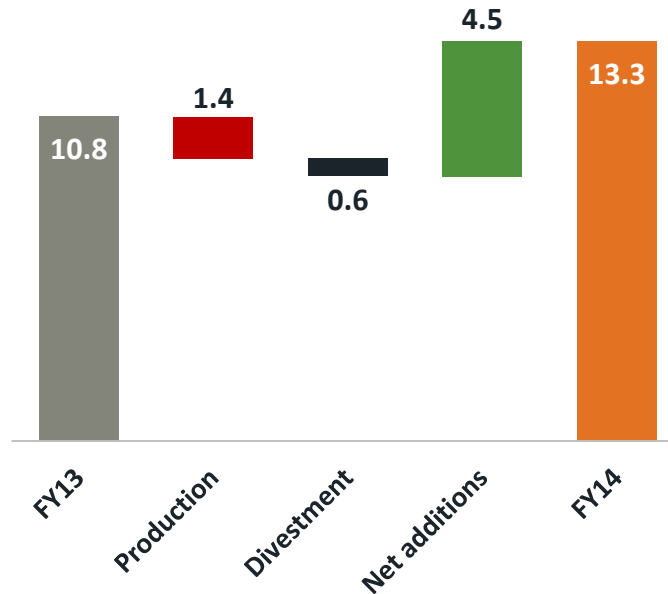
Strong reserves growth driven by quality acreage

- 2P oil reserves up 4.5 million barrels to 13.3 million barrels, an organic reserves replacement ratio of 327%
- Reserves upgraded at Growler, Spitfire and Mustang on the western flank
- Burruna field the most south-easterly Namur and Birkhead discoveries in SA Cooper
- Worrior reserve additions following discovery of oil in the Patchawarra Formation

Net 2P oil reserves (mmbbls)
30 June 2014



Change in net 2P oil reserves
(mmbbls)

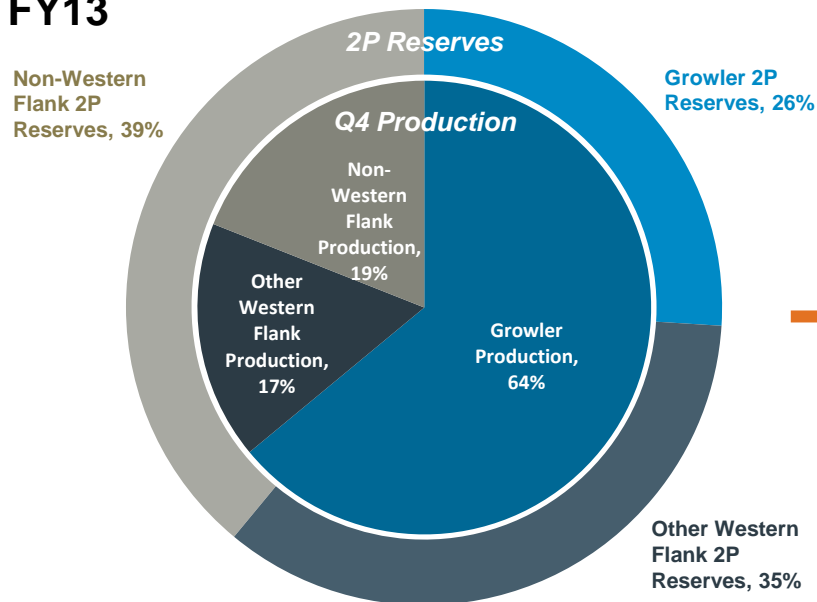


Diversifying the production and reserves base

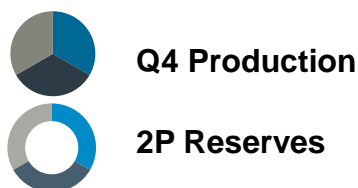
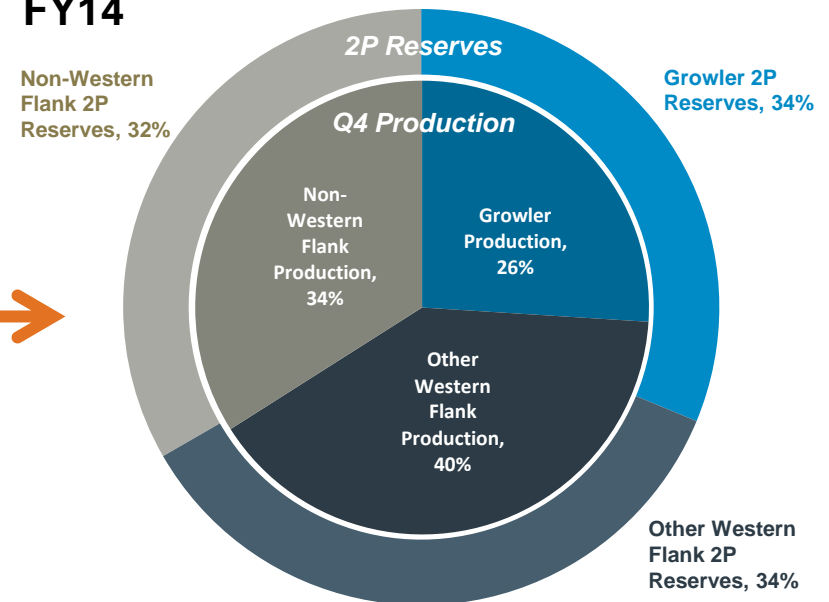
Improving the risk profile of Senex's production base

- Invested in broader South Australian Cooper Basin asset portfolio in FY14 to diversify and balance the production and reserves base
- Reduced reliance on Growler oil field whilst increasing production

FY13



FY14





Financial Review

Andrew Price, Chief Financial Officer

Key financial results

Another strong year of performance

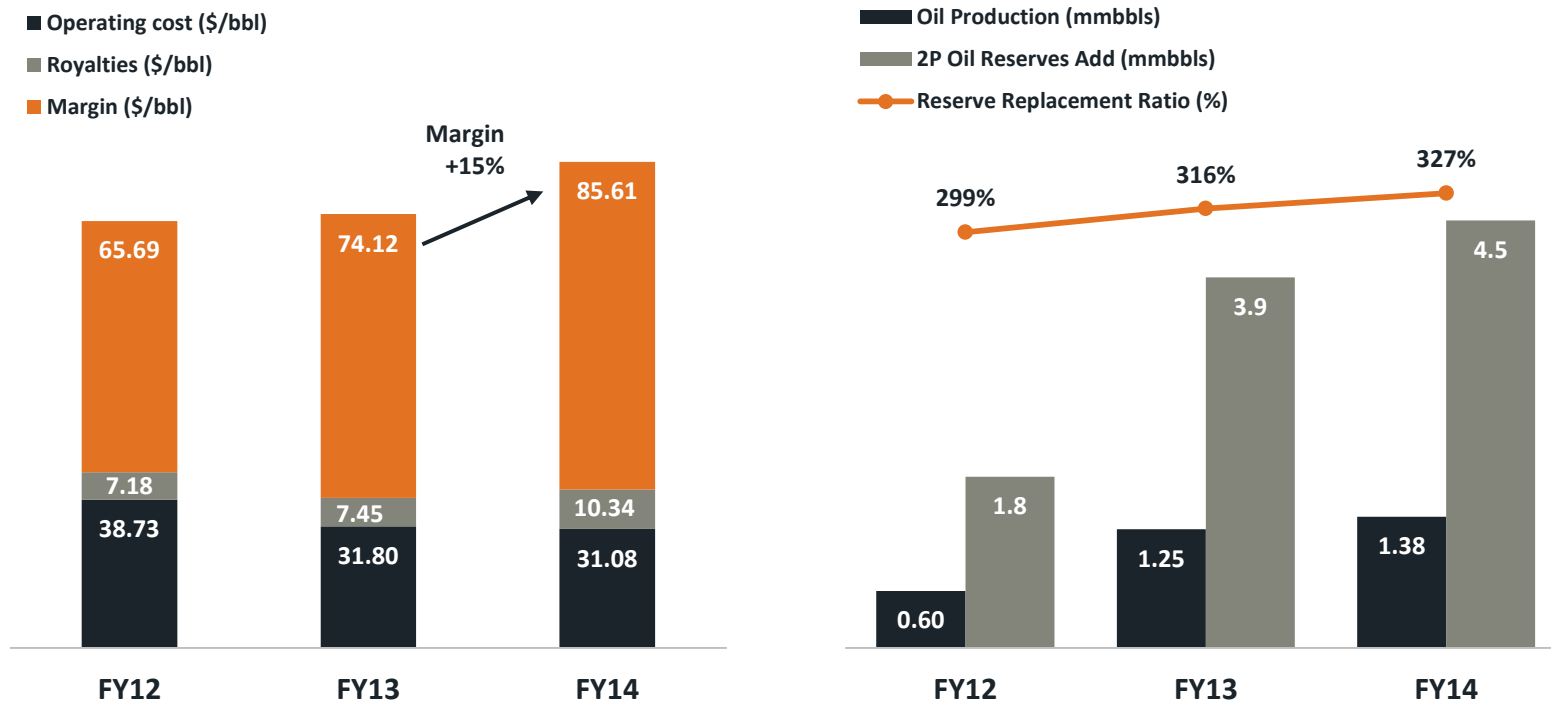
\$ million unless otherwise stated

	FY14	FY13		Change
Production mmbbls	1.38	1.25	▲	10%
Sales revenue	170.9	137.3	▲	24%
Gross profit	89.1	70.0	▲	27%
Net profit after tax (statutory)	37.9	61.0	▼	38%
Underlying profit¹	44.7	43.2	▲	3%
Underlying EBITDAX¹	97.9	73.2	▲	34%

- Increase in production and high crude oil prices contributed to 27% increase in gross profit and strong operating cash flows
- Underlying profit impacted by recognition of tax expense (non-cash) in comparison to prior year
- Cash reserves of \$76.6 million at 30 June 2014 with no debt

Continuing growth in margin

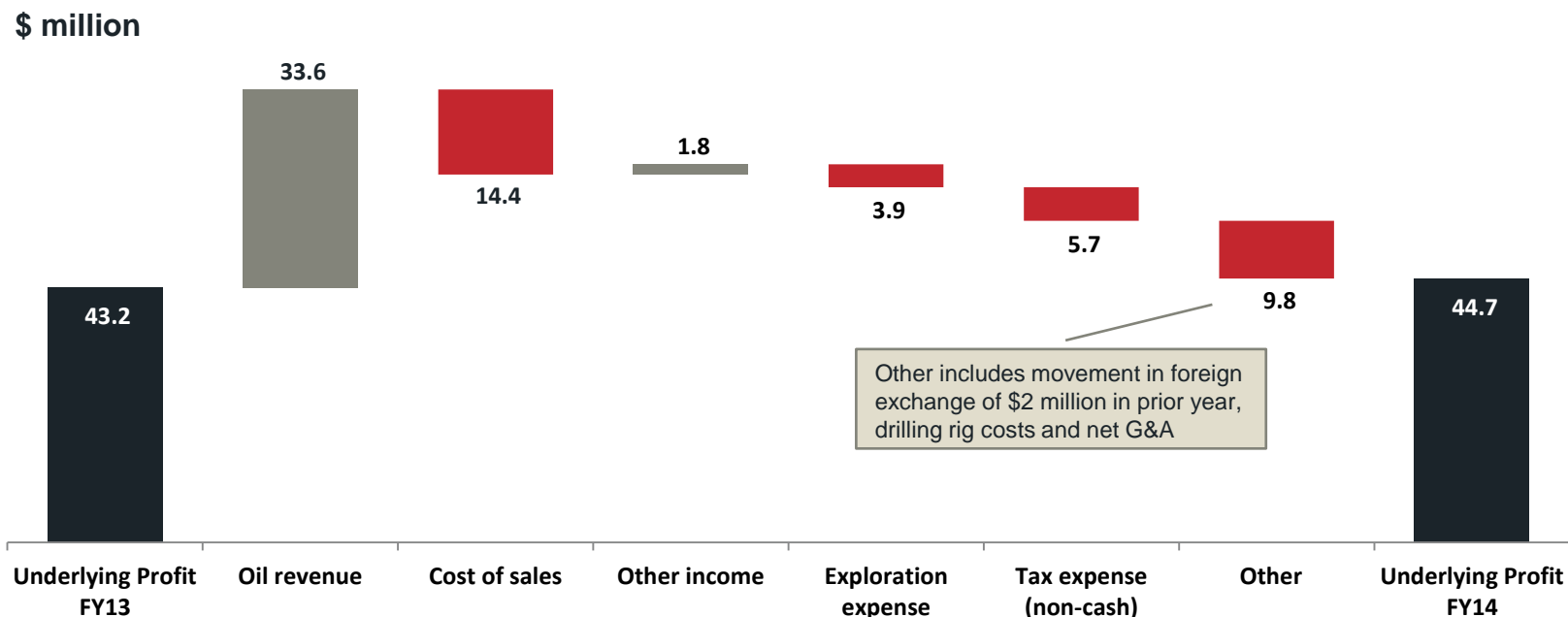
High oil prices and reducing operating costs



- High margin oil business supported by decreasing operating costs (excluding royalties) and high oil prices
- Growth in production supported by 2P reserves replacement ratio in excess of 300%

Solid underlying profit

Another firm year of profit and cash generation

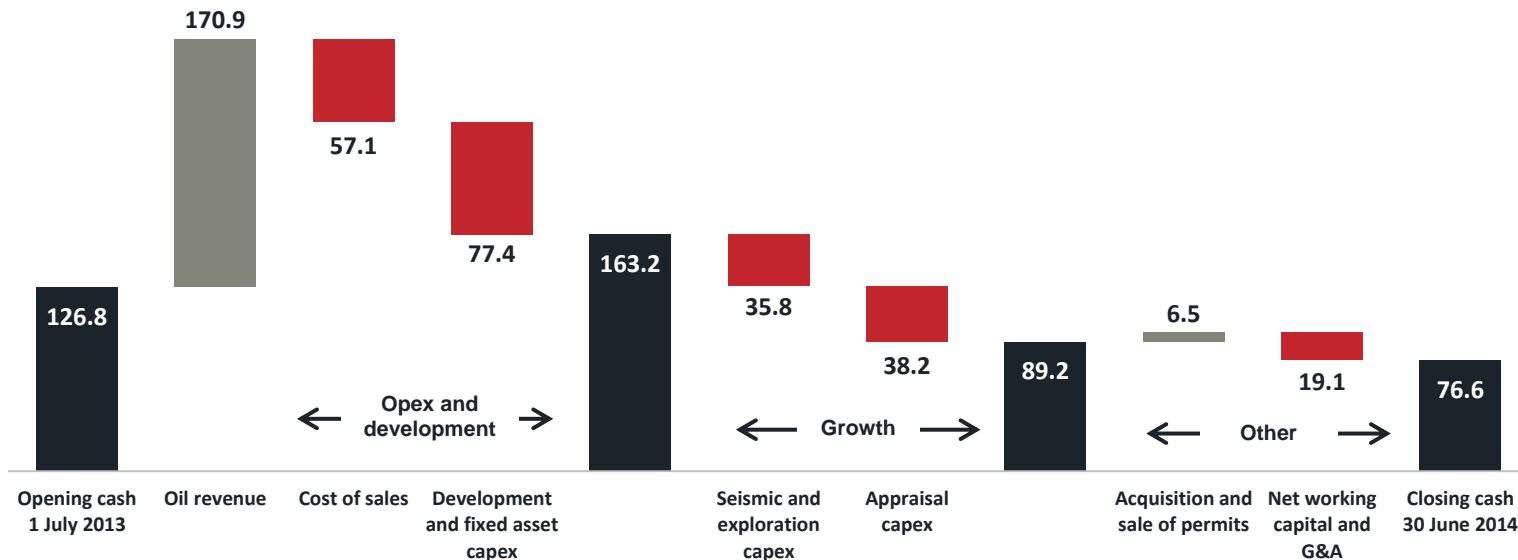


- Oil revenue increased due to increase in production and stronger average crude oil price of \$127 per barrel compared to \$113 per barrel in FY13
- Cost of sales (excluding royalties) decreased from \$32 to \$31 per barrel, with higher royalty expense due to higher crude oil price
- Effective tax rate of 22% in FY14 compared to 0% in FY13. Tax expense is non-cash with \$164 million in carried forward income tax losses
- Senex does not expect to pay PRRT in the foreseeable future and has a gross carry forward shield of \$825 million as at 30 June 2014

Strong funding capacity

Strong cash flow supported investment in development and growth

\$ million



- Strong net operating cash flow supports exploration program
- Investment in seismic and exploration, with 2P reserves addition of 4.5 mmbbls
- Investment in development and facilities supported by high success rate and short term payback
- Strong funding capability and liquidity underpins *Growth Acceleration Strategy*






Growth Acceleration Strategy

The road ahead to FY18

Ian Davies, Managing Director and CEO

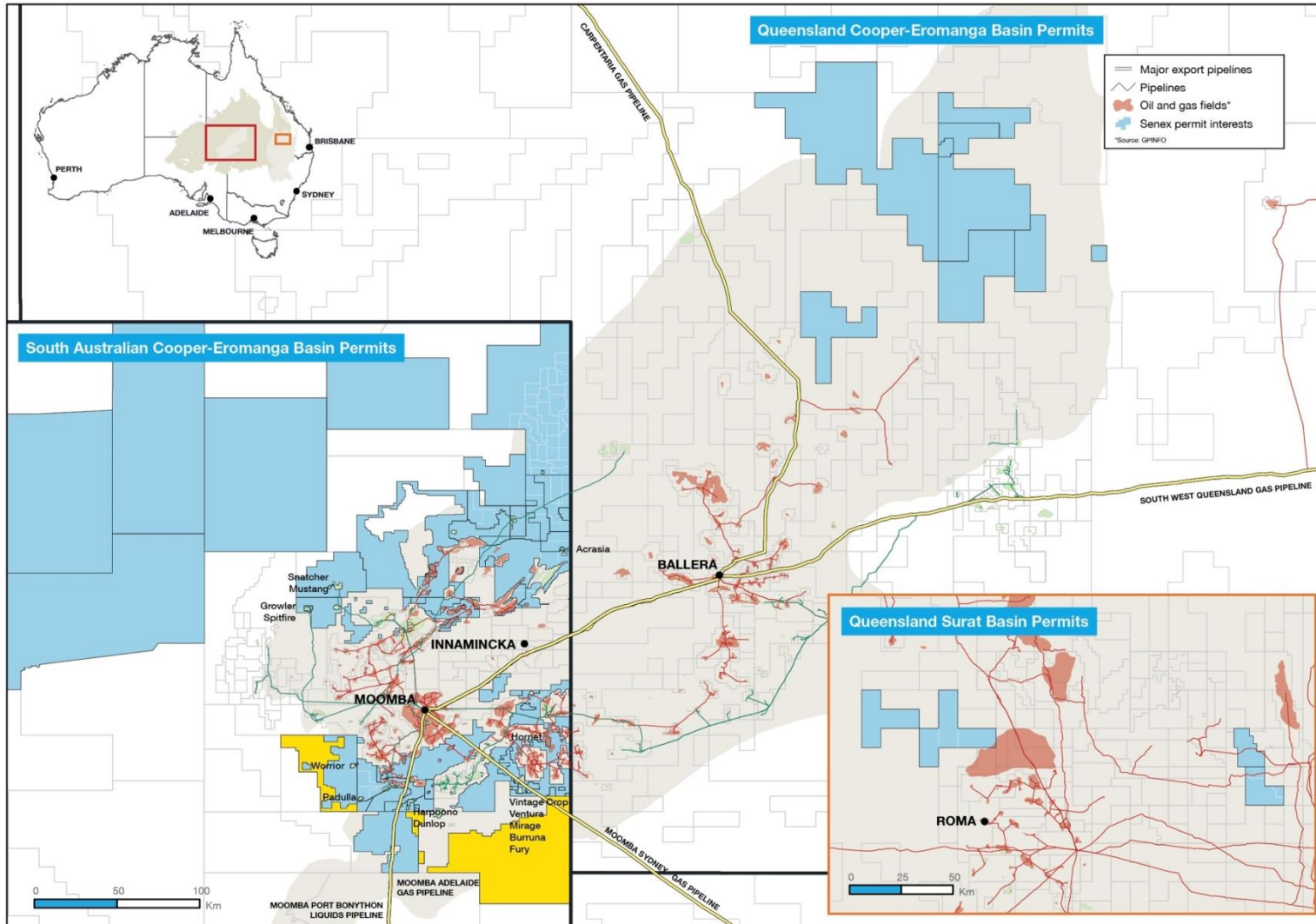


The Senex Vision

-  We are a growth-focused oil and gas exploration and production company
-  We care about and support the communities in which we operate
-  We aim to attract and retain the best people and partners
-  We aim to consistently deliver enhanced returns to shareholders
-  We are building an S&P/ASX 100 listed company with world-class operating credentials

Senex's oil and gas portfolio

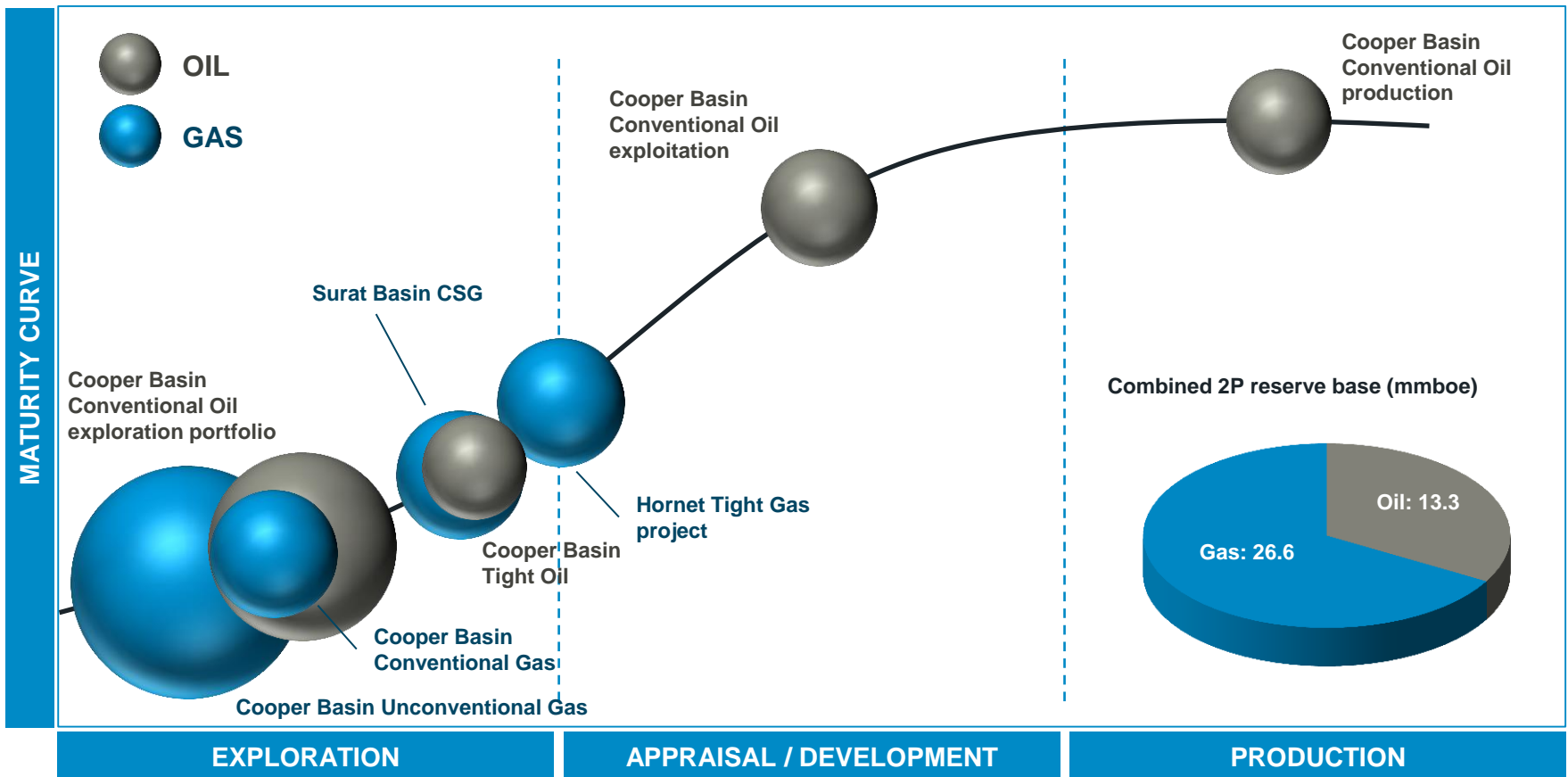
Senex's vision is backed by quality acreage



The Senex asset portfolio today

Through careful portfolio management, Senex has an enviable growth pipeline

- Large pipeline of growth assets: high quality, high equity, Senex operated
- Balance sheet strength and operating capability to bring growth assets into production

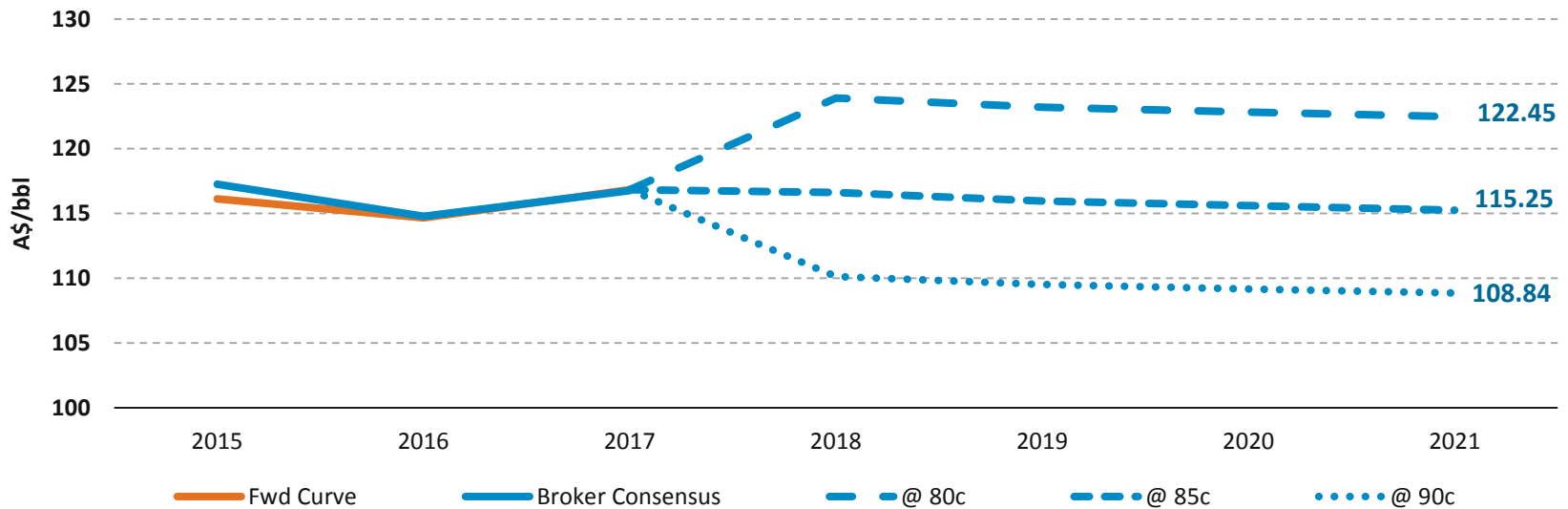


Oil: a great business to be in

Robust underlying economics

- Onshore oil - low cost to discover and develop, quick to market
- Established oil province in the Cooper Basin means success is well-supported
- Record high oil prices currently driving strong cash flow and margins
- Consensus is for the underlying strength to continue

Brent oil price forecast A\$/bbl



Source: Broker Consensus, Nymex

Oil: delivering production and reserves growth

Our projects

1. Cooper oil exploration

Greenfield exploration of Senex's extensive acreage position

2. Cooper oil exploitation

Maximising oil recovery from discovered fields through focused field development planning and secondary recovery techniques

3. Cooper tight oil

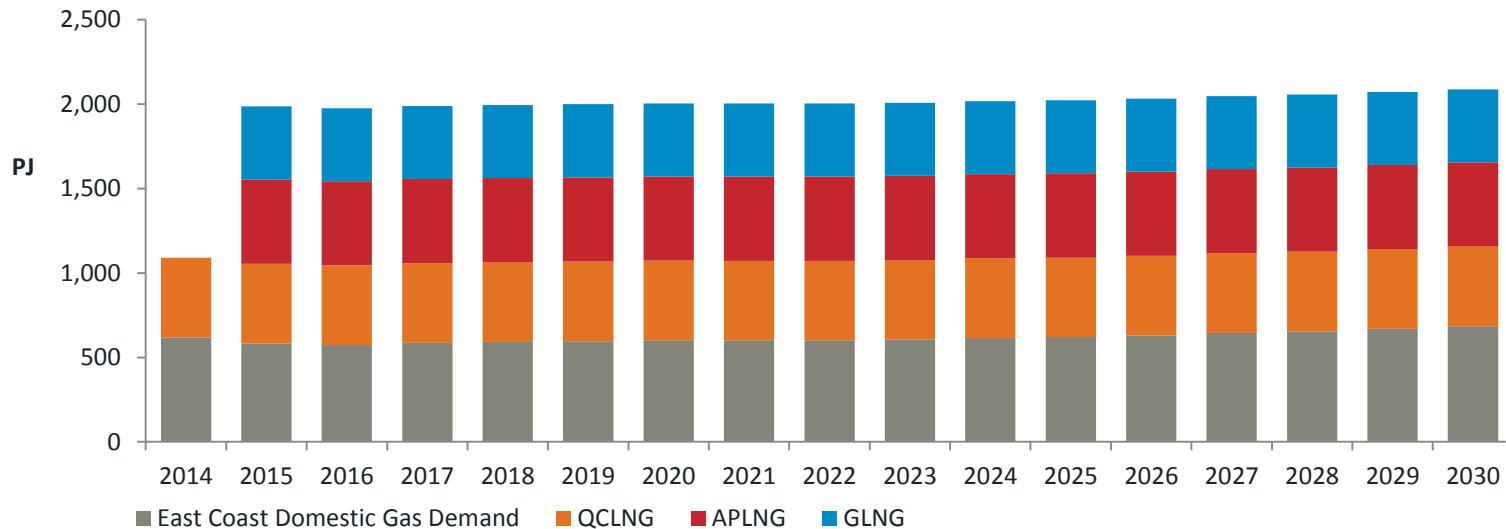
Applying new technologies and disciplined cost management to realise the potential of this prolific resource

Gas: the fuel of the future

A material long-term supply opportunity for reliable, efficient operators

- Unprecedented demand growth on the east coast of Australia in both export and domestic markets
- Supply pressures and LNG export net backs placing upward pressure on gas prices

East Coast Gas Demand



Source: AEMO, APPEA data

Gas: building capability, reserves and production

Our projects

1. Cooper conventional gas exploration

Exploration and appraisal of Senex's extensive acreage portfolio

2. Cooper tight gas

Production testing and appraisal of the Hornet gas field and ongoing identification and evaluation of tight gas opportunities in our existing portfolio

3. Cooper unconventional gas – Origin Energy JV

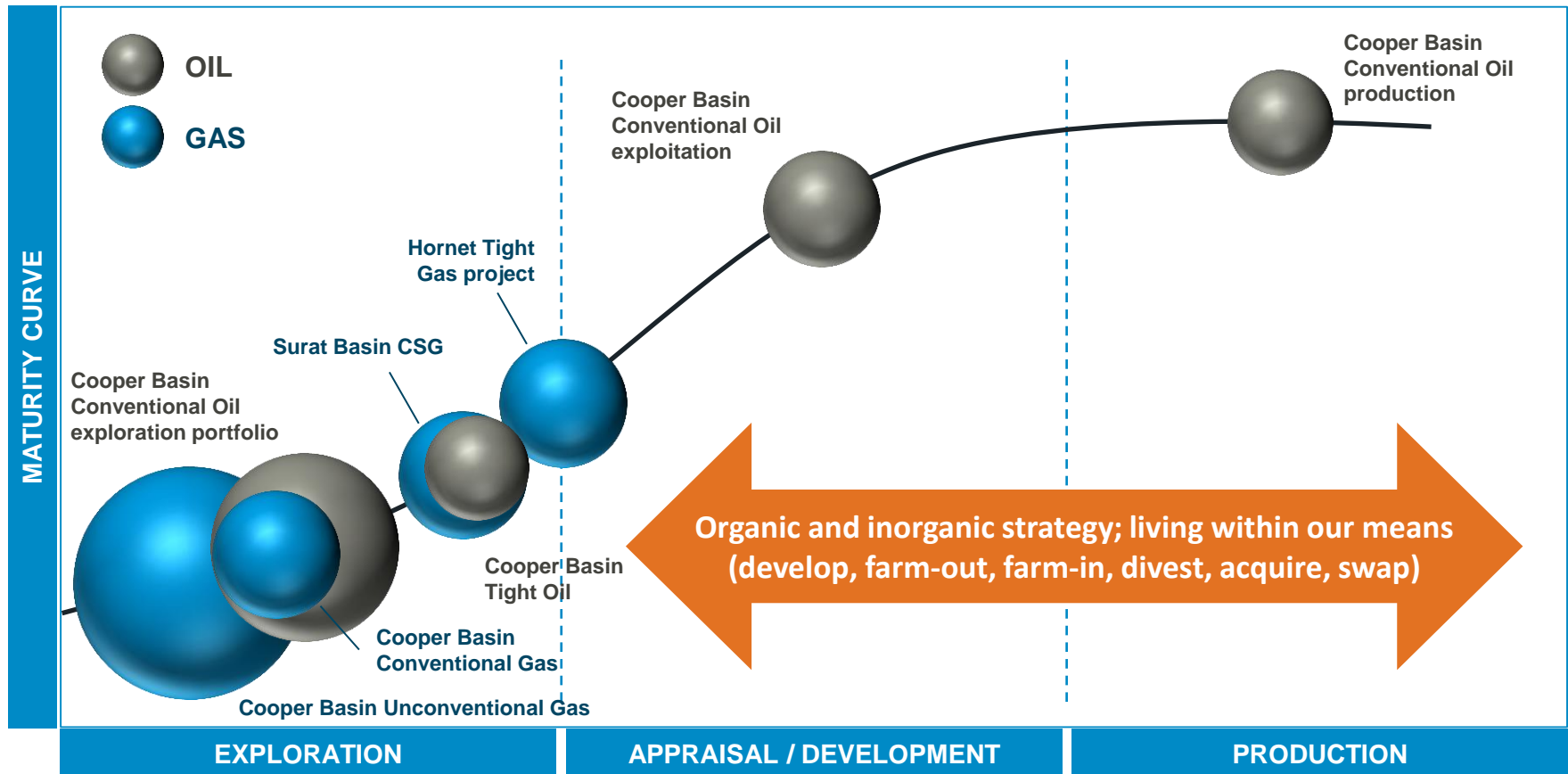
Demonstrating commercial feasibility of unconventional gas in the Cooper Basin

4. Surat gas

Continued focus on monetising CSG position

Balancing the portfolio

Diversifying our asset base: geography, product, maturity



Leveraging our portfolio, our financial strength and our operating capability

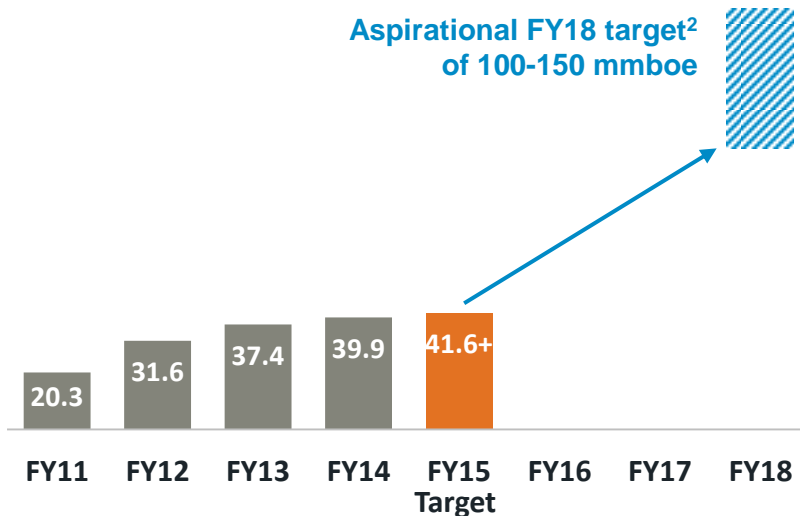
(1) Bubble size indicates estimated resource / value opportunity

What success looks like

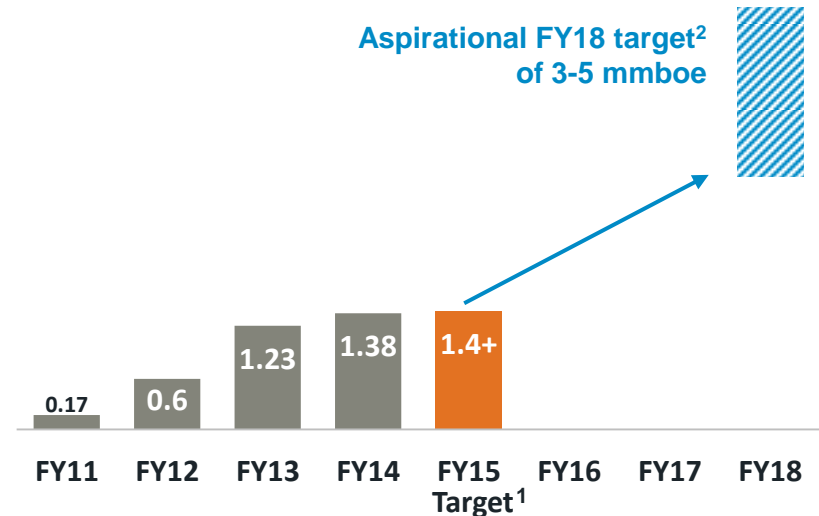
A company with a significant reserves position and material oil and gas production

- Major growth being targeted in oil and gas reserves and production
- Double digit returns to shareholders supported by capital discipline
- Emphasis on growth in 2P gas reserves with near term production

Net 2P reserves (mmboe)



Oil and gas production (mmboe)



(1) FY15 production guidance of 1.4+ mmboe (before exploration success)
(2) Not market guidance

FY15 Outlook and Guidance

Ian Davies, Managing Director and CEO



Focusing on delivering our strategy

Promoting growth projects in both oil and gas

OIL BUSINESS	
Cooper oil exploration	<ul style="list-style-type: none">• Extensive oil exploration drilling program – phase I from the Dundinna and Cordillo seismic surveys• 3D seismic programs¹ covering PEL 182, PEL 115 and PEL 516
Cooper oil exploitation	<ul style="list-style-type: none">• Field development planning ongoing at existing fields, including evaluation of secondary recovery opportunities• Field appraisal of Worrior and Spitfire
Cooper tight oil	<ul style="list-style-type: none">• Evaluation and appraisal planning, targeting drilling within 12 months
GAS BUSINESS	
Cooper conventional gas	<ul style="list-style-type: none">• Ongoing seismic evaluation to inform exploration drilling• Vanessa flow test and connection
Cooper tight gas	<ul style="list-style-type: none">• Ongoing identification and evaluation of potential tight gas opportunities in our existing portfolio• Hornet flow test and connection
Cooper tight gas – Origin JV	<ul style="list-style-type: none">• Commencement of farm-in program: seismic and exploration drilling²
Surat gas	<ul style="list-style-type: none">• Continued focus on monetisation options
NEW VENTURES	
	<ul style="list-style-type: none">• Ongoing evaluation of opportunities and partnerships

(1) Subject to joint venture approvals

(2) Senex is free-carried for this program

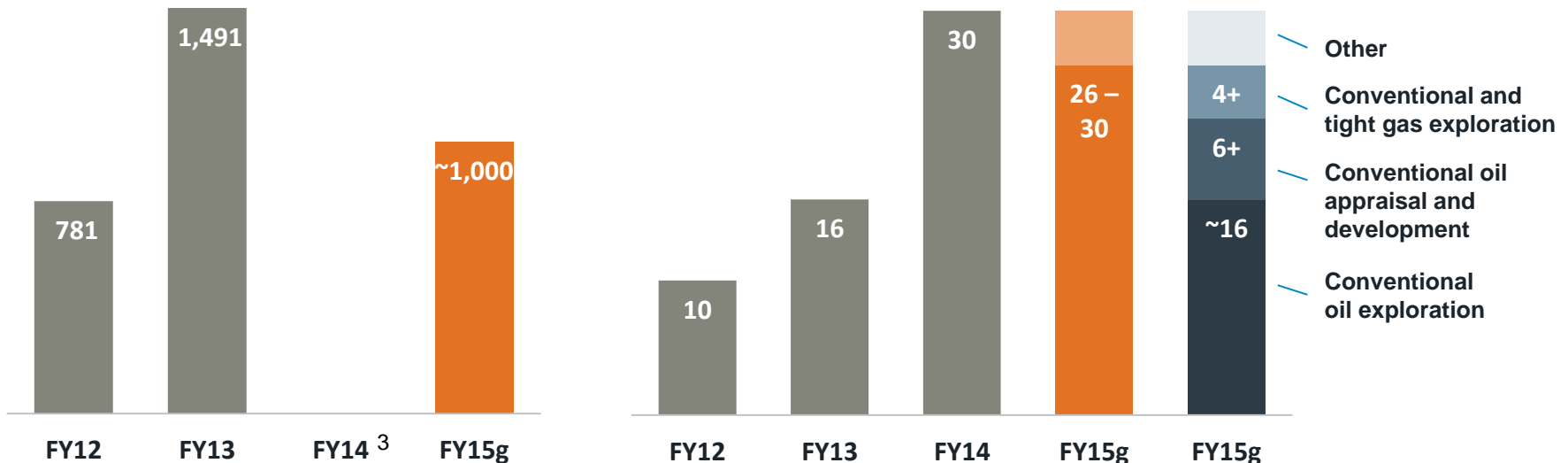
FY15 seismic and drilling program

Laying the foundation for accelerated production and reserves growth

- Continued investment in new 3D seismic surveys with our joint venture partners
- High impact Cooper Basin conventional oil exploration program from previous 3D seismic investment
- Oil field appraisal and development at Spitfire and Worrior
- Tight oil opportunity screening and appraisal drilling¹
- Hornet gas field and Vanessa gas discovery flow testing and follow-up appraisal drilling¹
- 3D seismic surveys and unconventional gas exploration drilling with Origin Energy JV (Origin funded)

3D seismic acquisition² (km²)

Oil and gas wells drilled



(1) Subject to economic assessment and JV approvals

(2) Refers to date of investment decision. Not including reprocessing of existing seismic. 100% JV share

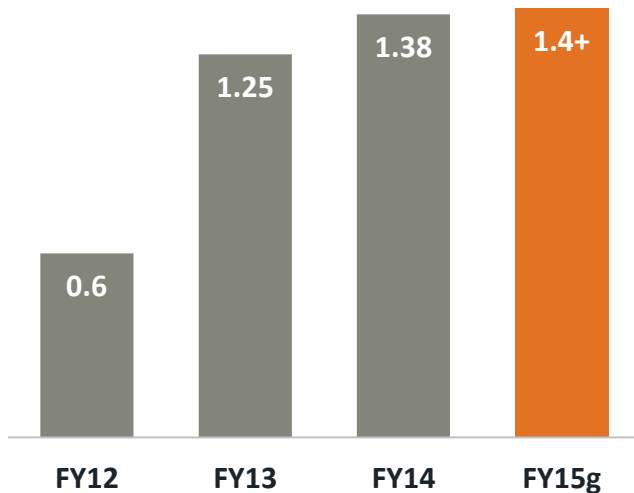
(3) FY14 relates to completion of FY13 seismic acquisition, FY12 and FY13 seismic processing, interpretation and inversion analysis

FY15 guidance

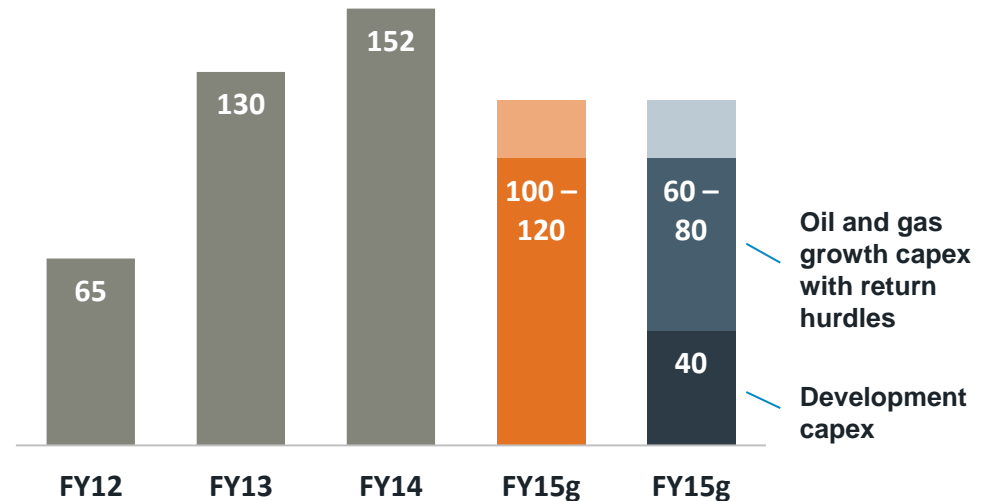
Promoting growth projects in both oil and gas

- FY15 production guidance of 1.4+ mmboe (before exploration success)¹
- 200%+ 2P oil reserves replacement ratio (organic – before acquisitions and divestments)
- Reduction in capital expenditure from FY14 to \$100 - \$120 million with dual focus on oil and gas
- Cooper Basin conventional and tight gas opportunity screening and front-end work

Production (mmboe)



Capital expenditure (\$ million)



(1) Production guidance of 1.4 mmboe relates solely to production of oil. Exploration and appraisal upside may include gas production.

Growth Acceleration Strategy

Building Senex into an S&P/ASX 100 oil and gas E&P company

- Aggressive four year *Growth Acceleration Strategy* to more than double 2P reserves and production
- Solid foundations in oil – growing production base with massive upside potential
- Large untapped gas potential with exposure to high gas prices on Australia's east coast
- Strong funding capacity
- Track record of delivering sustained growth

The logo for Senex Energy Limited, featuring the word "Senex" in a bold, black, sans-serif font, followed by a blue square icon with a white stylized shape inside.

Senex Energy Limited

A photograph of two men in industrial workwear. They are wearing white hard hats with the Senex logo, orange high-visibility jackets with dark blue accents, and safety glasses. They are both smiling and looking at each other. The man on the right is holding a clipboard and a pen. The background is a bright, clear sky.

Questions

Important notice and disclaimer

Important information

This presentation has been prepared by Senex Energy Limited (**Senex**). It is current as at the date of this presentation. It contains information in a summary form and should be read in conjunction with Senex's other periodic and continuous disclosure announcements to the Australian Securities Exchange (**ASX**) available at: www.asx.com.au.

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- accept no responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation.

Reserve and resource estimates

Please refer to the information on slide 34 for details about the qualified reserves and resources evaluator as well as the supporting information required by Chapter 5 of the ASX Listing Rules.

Reconciliation of financial information

	FY14 \$ million	FY13 \$ million
NPAT ¹	37.9	61.0
Add/(deduct)		
Gain on sales of assets	(1.9)	(16.2)
Gain on asset held for sale	0.0	(3.7)
One off transaction costs ²	4.1	(0.2)
Impairment of available for sale asset	0.0	2.3
Tax expense ³	4.6	0.0
Underlying profit ⁴	44.7	43.2
Interest	(1.7)	(5.4)
Tax	10.7	0.4
Depreciation	1.3	0.6
Amortisation and impairment	26.1	21.5
Exploration expense	16.8	12.8
Underlying EBITDAX ⁵	97.9	73.2

¹ Net profit after tax is equal to 'profit/(loss) after tax' per the audited consolidated statement of comprehensive income in the FY14 annual report

² One off transaction costs form part of general and administrative costs of \$32.8 million as set out in the FY14 annual report

³ Relates to the income tax expense in respect of the gain on the sale of the Cuisinier assets recognised in FY13 for accounting purposes

⁴ Underlying profit and underlying EBITDAX are non-IFRS measures that are presented to provide an understanding of the underlying performance of Senex's operations. The measure excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of fair value adjustments on financial instruments. The non-IFRS financial information is unaudited however the numbers presented above have been extracted from the audited financial statements.

⁵ Underlying EBITDAX is earnings before interest, tax, depreciation, amortisation, impairment and exploration expense

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 information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, qualified petroleum reserves and resource evaluators who are full time employees of Senex:

- Mr James Crowley BSc (Hons) is a qualified petroleum reserves and resources evaluator, and a member of the Society of Petroleum Engineers. Mr Crowley is Exploration Technical Authority and Acting Executive General Manager Exploration and New Ventures.
- Dr Steven Scott BSc (Hons), PhD is a qualified petroleum reserves and resources evaluator, and a member of the American Association of Petroleum Geologists and a certified petroleum geologist (P.G. 6218). Dr Scott is General Manager Coal Seam Gas.

Mr James Crowley and Dr Steven Scott have provided their prior written consent to the form and context in which the estimated petroleum reserves and the supporting documentation appear in this presentation.

Aggregation method: The method of aggregation used in calculating estimated reserves was 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 due to the portfolio effects of arithmetic summation.

Conversion factor: In converting petajoules to mmbae, the following conversion factors have been applied:

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

Evaluation date: Evaluation dates for reserves estimates in this presentation are outlined on page 17 of the audited annual report for 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 in this presentation.

Ownership: All reserves estimates in this presentation are reported according to Senex's economic interest.

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.

Reserves replacement ratio: The reserves replacement ratio is calculated as the sum of estimated reserves additions and revisions divided by estimated oil production for the period 1 July 2013 to 30 June 2014, before acquisitions and divestments.