

FY15 half year results



Ian Davies, Managing Director and CEO

Andrew Price, Chief Financial Officer

Brisbane, 24 February 2015



Production commenced at the Martlet oil field in late November 2014

Ian Davies

Managing Director and CEO

Highlights

Financial results

Project updates

Full year FY15 outlook



H1 FY15 highlights

Focus on delivering FY15 production guidance and maintaining strong funding position

SAFETY

- No lost time injuries; TRIFR of 3.92⁽¹⁾
- Cooper Medivac-24 helicopter service launched

OPERATIONAL AND FINANCIAL

- Record first half production of 0.74 mmboe
- First sales of gas and gas liquids from the Hornet field
- Hedging instruments with floor oil price in place to protect H2 FY15 oil sales revenue

COMMERCIAL AND STRATEGIC

- Completion of the Western Surat Gas Project transaction
- FY15 capex and opex reduced in reaction to changed oil price environment
- Remaining capex spend reallocated to lower risk opportunities

(1) TRIFR is Total Recordable Injury Frequency Rate; FY14 TRIFR of 6.46

H1 FY15 performance

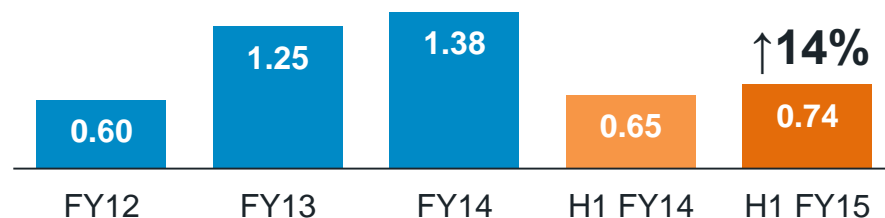
Earnings reflect strong production and lower oil price

- Record first half production up 14% to 0.74 million barrels
- Revenue and EBITDAX impacted by 27% lower oil price compared to H1 FY14
- Operating cost (excl. royalties) remains low at \$31 per barrel (consistent with FY14)
- Higher exploration expense due to northern Cooper Basin drilling campaign
- First sales of gas and gas liquids from Hornet field
- Martlet-1 Namur exploration success on the western flank

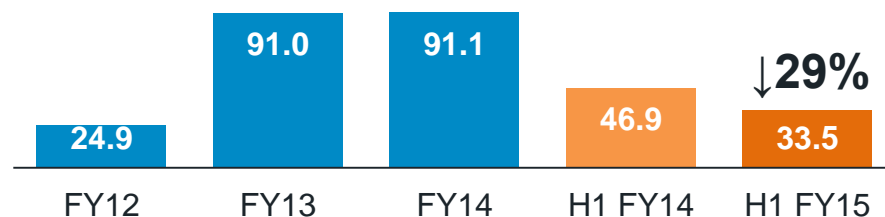
Subsequent events:

- Martlet North-1 exploration success in the Namur horizon in February

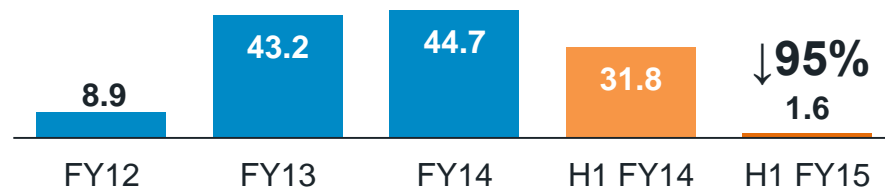
Production (mmboe)



EBITDAX (\$ million)



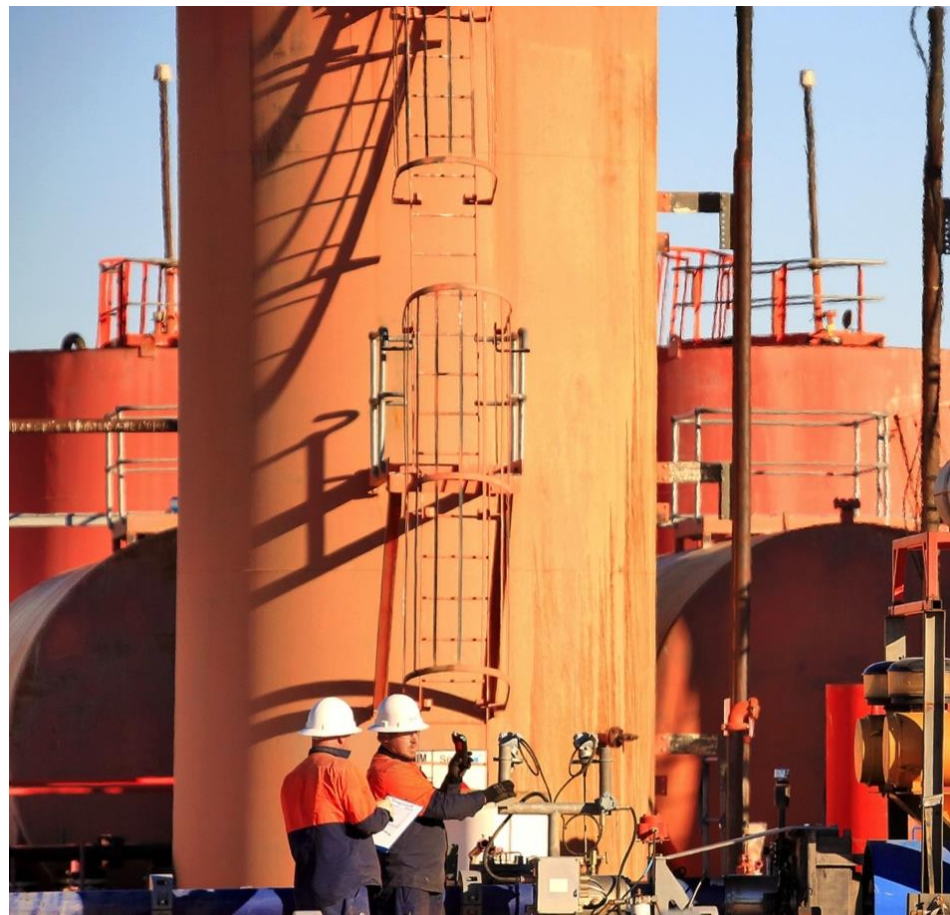
Underlying NPAT (\$ million)



Response to changed market conditions

Strong financial position heading into the second half

- Company remains profitable and all work programs fully funded
- Portfolio of producing assets remains cash positive
- Hedging provides full revenue protection of H2 FY15 production
- Non-cash impairment of \$87 million before tax, reflecting the lower oil price environment
- Effective tax rate of 22%
- Strong financial position with no debt and cash of \$74.9 million
- Full year capex guidance cut 20% to \$85-90 million
- Additional annualised savings of \$6 million in corporate and operating costs identified and implemented



Delivering the strategy

Continued progression of key growth projects despite short term oil outlook

ORGANIC GROWTH	OIL BUSINESS	
	Cooper oil exploration	<ul style="list-style-type: none"> Projects progressing with strategy unchanged, increased hurdle rate Deferring higher risk exploration spend
	Cooper oil exploitation	<ul style="list-style-type: none"> Field development planning ongoing at existing fields Evaluation of secondary recovery opportunities ongoing
	Cooper tight oil	<ul style="list-style-type: none"> Evaluation and appraisal planning leveraging ongoing relationship with Baker Hughes
	GAS BUSINESS	
	Cooper conventional gas	<ul style="list-style-type: none"> Plan to bring Vanessa well online in 2015 to inform further appraisal and development
	Cooper tight gas	<ul style="list-style-type: none"> Extended production test on Hornet field ongoing to inform further appraisal and development
	Cooper tight gas – Origin JVs	<ul style="list-style-type: none"> Stage 1 work program underway: seismic commenced and exploration drilling planned to commence mid-2015
	Western Surat Gas Project	<ul style="list-style-type: none"> Targeting first production by end 2017: current focus on environmental approvals, land access and engineering partner selection
	NEW VENTURES	
		<ul style="list-style-type: none"> Ongoing evaluation of opportunities and partnerships

Andrew Price

Chief Financial Officer

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Key financial results

Underlying earnings impacted by lower oil price and higher exploration expense

- Higher sales volumes and favourable AUD/USD exchange rate offset by lower oil price
- Operating cost remains low at \$31 per barrel, excluding royalties
- Successful efforts basis applied to exploration expense
- Revision of provisional half yearly figures disclosed in the December Quarterly results:

\$ million	Provisional Reported in Dec Quarterly	Final Reported in Half Year
Sales revenue ⁽¹⁾	70.6	69.9
Exploration expense ⁽²⁾	16.1	18.4

\$ million	H1 FY15	H1 FY14	Change
Average oil price (\$/bbl)	97	133	(27%)
Sales (mmboe)	0.72	0.63	14%
Sales revenue	69.9	83.8	(17%)
Gross profit	26.6	46.8	(43%)
Exploration expense	(18.4)	(5.3)	247%
Impairment	(86.5)	-	N/A
Statutory NPAT	(65.9)	25.6	(357%)
Underlying NPAT	1.6	31.8	(95%)
EBITDAX	33.5	46.9	(29%)
EBITDA	15.1	41.6	(64%)
Cash	74.9	102.5	(27%)

(1) Provisional sales revenue estimated on average oil price in December; final sales revenue required revision due to lower sales price realised

(2) Decision taken to expense Jenners-1 drilling cost in H1 rather than H2 FY15

Non-cash impairment and net profit

Non-cash impairment charge reflects lower oil price environment

- Senex's operating outlook remains strong
- Impairment charge reflects conservative approach to capital allocation:
 - Impairment of exploration assets due to deferral/cessation of forecast activity
 - Impairment of Acrasia field
 - Long term oil price of US\$73/bbl real used⁽¹⁾
- Amortisation charge expected to reduce by ~\$4 million per annum

\$ million	H1 FY15	H1 FY14
Statutory net profit (loss) after tax	(65.9)	25.6
Adjusted for:		
Impairment of exploration assets and in-field consumables	51.7	-
Impairment of oil properties	34.8	-
One off transaction costs	-	0.8
Tax (benefit)/ expense ⁽²⁾	(19.0)	5.4
Underlying net profit (loss) after tax	1.6	31.8

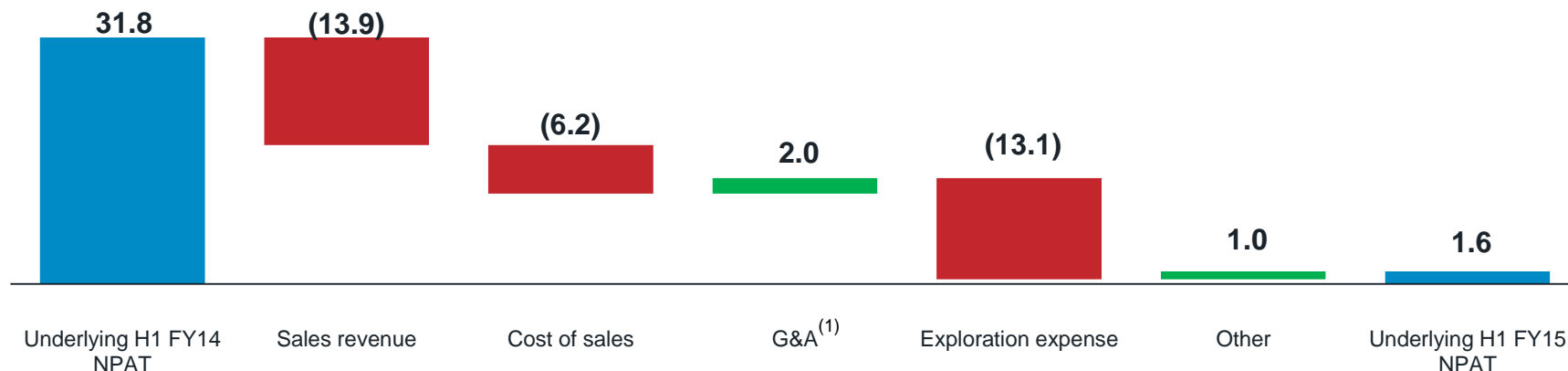
(1) Brent oil price assumptions are based on short term market consensus prices for four years, reverting to a long term price of US\$73/bbl real post FY18; AUD/USD exchange rate of 0.80 assumed across all years

(2) Effective tax rate of 22%

Underlying net profit reconciliation

Lower oil price and higher exploration expense impact underlying net profit

Movement in underlying NPAT between H1 FY14 and H1 FY15



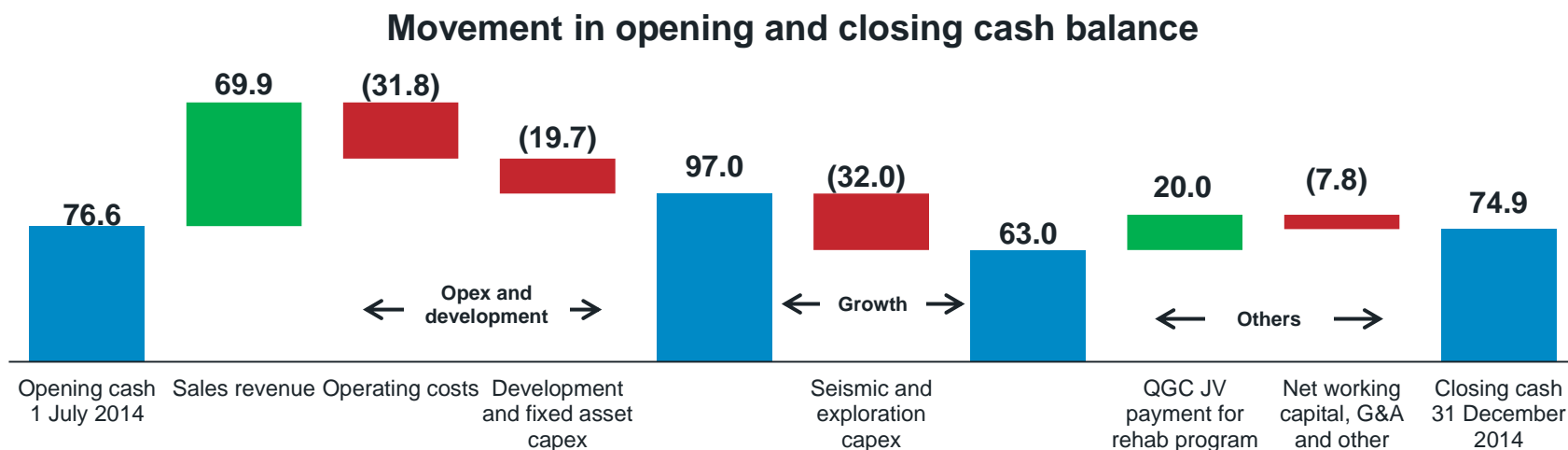
Against the previous corresponding period (H1 FY14):

- Revenue impacted by lower oil price, offsetting higher volumes and a favourable AUD/USD exchange rate
- Cost of sales impacted by higher volumes
- G&A lower as a result of increased recoveries and identified cost savings
- Higher exploration expense as a result of disappointing northern Cooper Basin drilling campaign results

(1) G&A excludes depreciation, amortisation and asset write-offs as well as FX gains

Strong funding position

Cash balance maintained in lower oil price environment



- Cash reserves of \$74.9 million at 31 December 2014 with no debt
- \$20 million cash inflow received from QGC JV to fund rehabilitation of wells
- All work programs are fully funded, with the FY15 capital spend reduced by 20%
- Asset impairments are non-cash and do not affect the Company's operating outlook

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Western Surat Gas Project

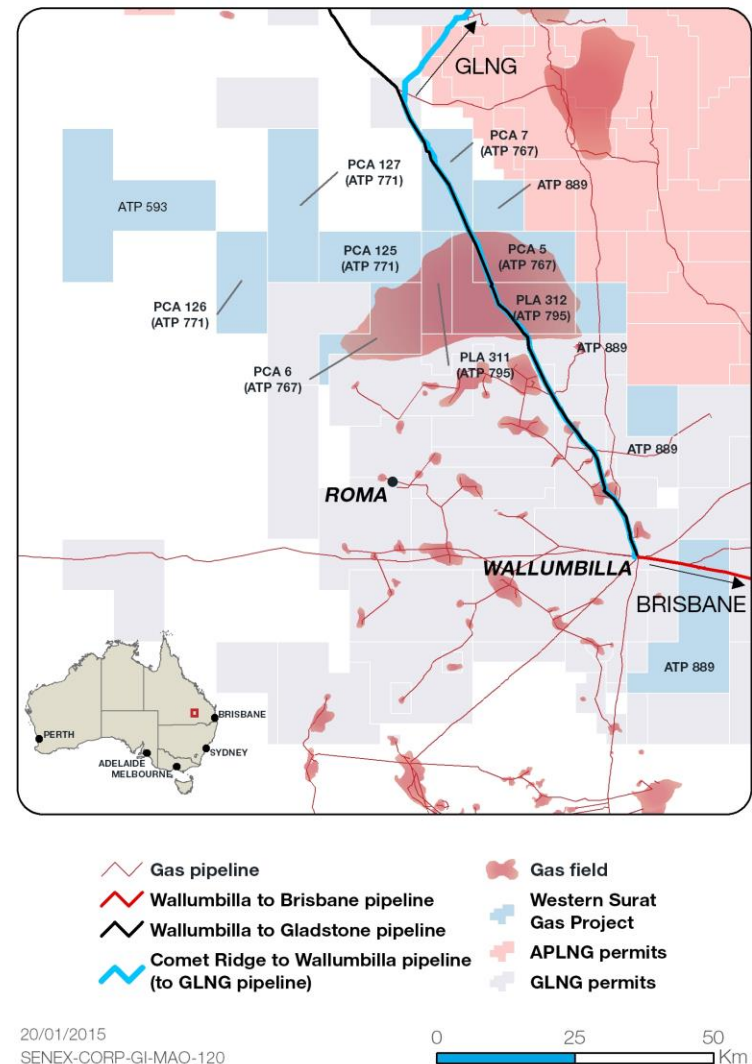
Project development phase

During H1 FY15:

- Completion of the Western Surat Gas Project transaction
- Targeting first production by end 2017 with subsurface work underway

Subsequent events:

- Progressing environmental approvals and land access
- Concept Select process and FEED expected to be finalised in 2015
- Engineering partner selection underway



Hornet gas field

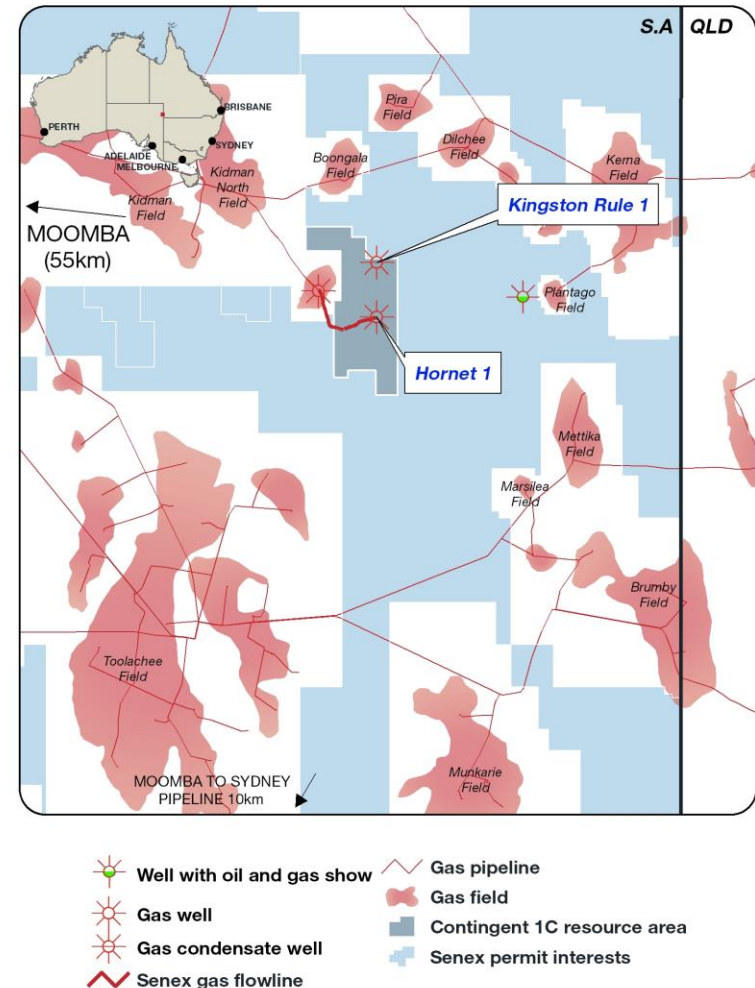
Extended production test underway

During H1 FY15:

- Hornet-1 on-line from late Nov
- Average production of > 1 mmscf/d with associated liquids of 19 boe per mmscf/d

Subsequent events:

- Temporary shut-down in January for planned maintenance
- Kingston Rule-1 completed in February with first gas expected during March



Vanessa gas field

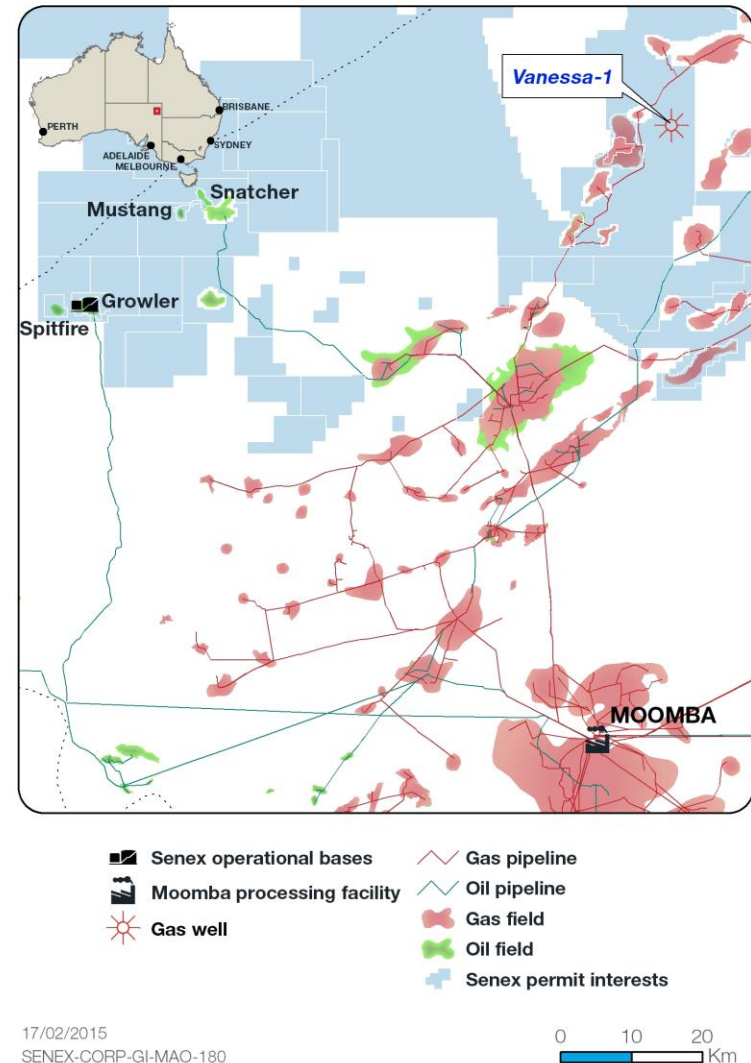
Progress towards commercialisation

During H1 FY15:

- Successful production test conducted in December 2014
- Gas flowed at average rate of 5.0 mmscf/d with condensate produced at a rate of 15 boe per mmscf/d

Subsequent events:

- Plan to bring well online during 2015
- JV commencing work on surface facilities and a flowline to nearby existing gas transmission infrastructure
- JV continuing to progress plans to commercialise initial production



Unconventional gas JVs with Origin Energy

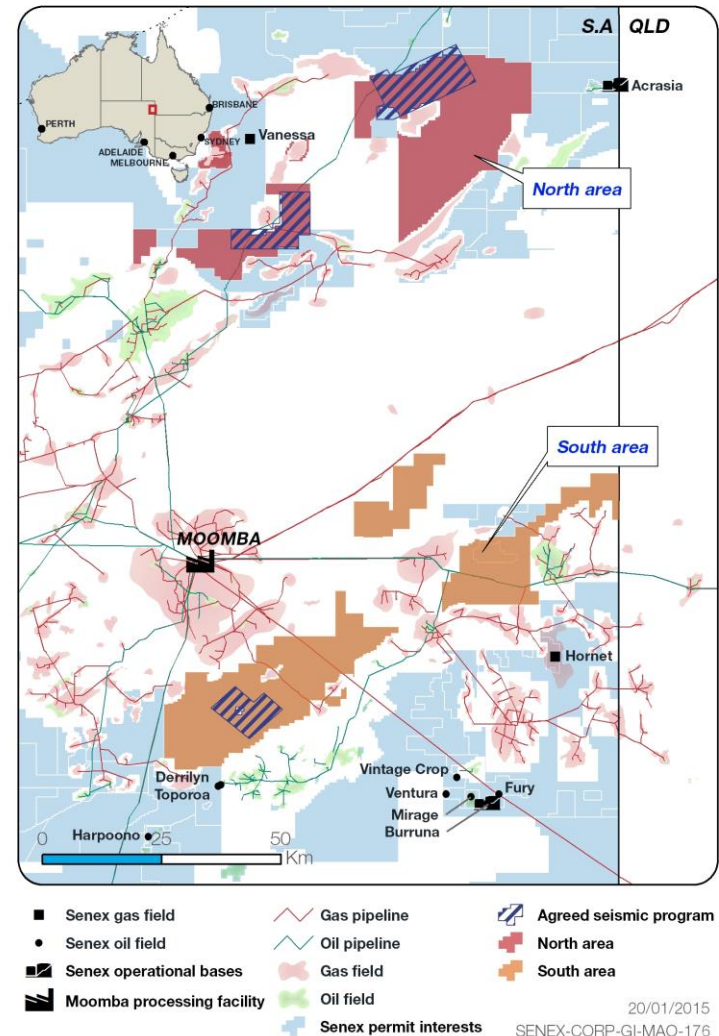
Seismic acquisition underway

During H1 FY15:

- Senex and Origin progressed detailed planning of the \$105 million Stage 1 work programs (Senex 100% free carried for its share)
- Three seismic programs agreed spanning > 300 km² (two in North area and one in South area)

Subsequent events:

- Acquisition of seismic data underway on first program in South area (Allunga Trough)
- JV working on well locations for four wells to be drilled in FY16 (two in North area and two in South area)



Cooper Basin oil program

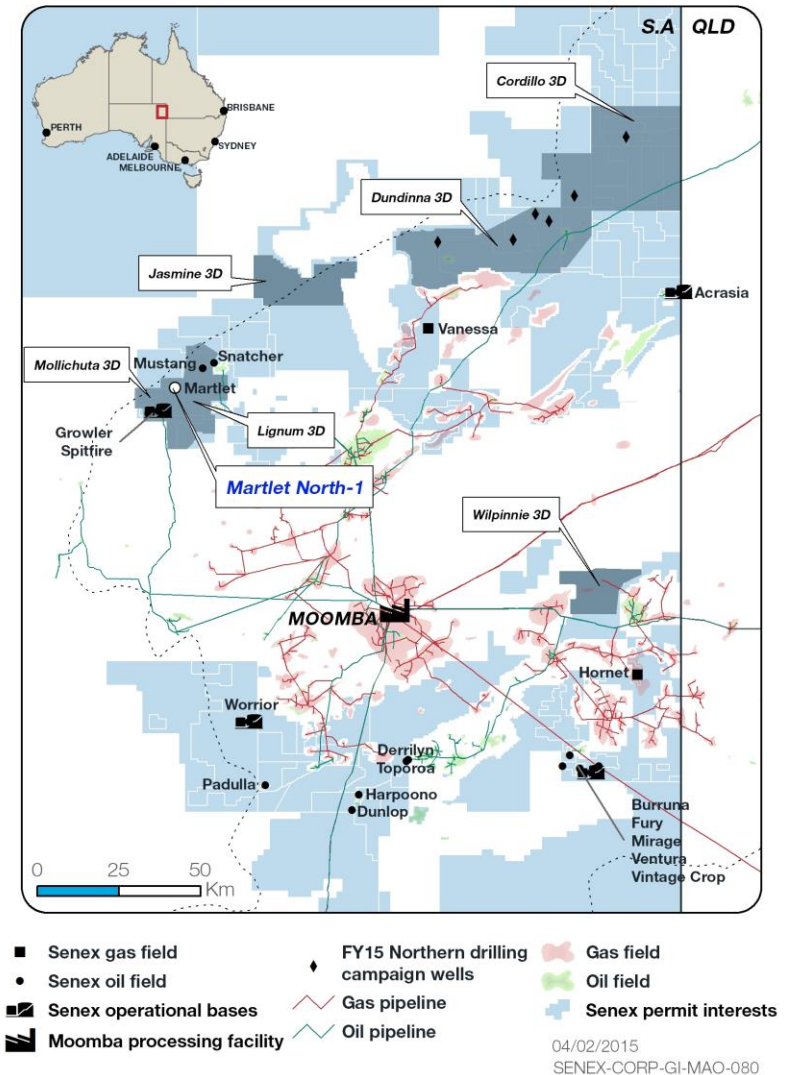
Projects progressing with strategy unchanged

During H1 FY15:

- Completed Wilpinnie 3D seismic survey targeting Namur and Birkhead oil prospects and associated Patchawarra gas
- Completed northern drilling campaign (next stage targeting stratigraphic traps)

Subsequent events:

- Martlet North-1: 3.2 metres of net pay in the target Namur reservoir
- Processing of the Wilpinnie survey underway
- Field activity commenced on the 310 km² Jasmine 3D seismic survey targeting extension to western flank fairway: Namur and Birkhead oil reservoirs



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FY15 outlook for capex and production

Capex reduced by 20% with no changes to FY15 production guidance

- FY15 capex reduced in response to the expected decrease in revenues
- Capital program high-grading opportunities
- Continued progression of key growth projects
- Active portfolio and balance sheet management continuing
- On track to deliver FY15 production guidance
- Early drilling success on Martlet-1
- Oil reserves replacement ratio target under review, at risk

FY15 Guidance	Capex guidance	Wells	Seismic	Production	Oil reserves replacement ratio
Original guidance	100 - 120	26+	~ 1,000 km ²	1.4+ mmboe	200%+
Revised guidance	85 - 90	Up to 16	~ 800 km ²	1.4+ mmboe	Under review

Delivering the strategy

Maintaining growth in the changed oil price environment

Maintaining strength in the business

- Zero debt and fully funded: \$74.9 million of cash at 31 December 2014
- Rapid response to changed market conditions in order to retain strong funding position and exit FY15 with robust net cash balance
- FY15 capex and opex reduced, with higher risk projects deferred

Continuing to progress growth projects

- Continue to work towards FY18 aspirational targets
- Critical milestones reached in the building of a material gas business
- Disciplined capital allocation across large portfolio of growth projects with long term tenure

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Appendix 1: EBITDAX reconciliation

\$ million	H1 FY15	H1 FY14
Statutory net profit (loss) after tax	(65.9)	25.6
<i>Add/(less):</i>		
Net interest	(0.3)	(1.2)
Tax	(18.5)	5.8
Amortisation & depreciation	13.2	11.4
Impairment	86.5	-
EBITDA	15.1	41.6
<i>Add:</i>		
Oil and gas exploration expense	18.4	5.3
EBITDAX	33.5	46.9

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