Senex Energy Limited

2016 Annual Reserves Statement

Release Date: 27 July 2016

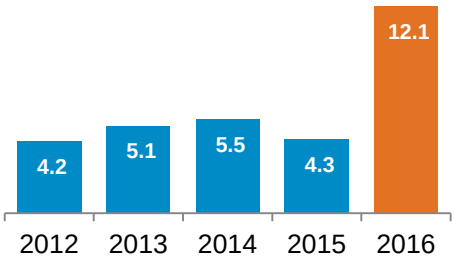
Senex Energy Limited (Senex, ASX:SXY) today released its estimate of reserves and contingent resources as at 30 June 2016, independently certified by DeGolyer & MacNaughton (D&M), Netherland Sewell Associates (NSAI) and MHA Petroleum Consultants LLC (MHA).

- **Net proved (1P) reserves** of 12.1 mmboe, up 7.8 mmboe or 181% compared to 30 June 2015, driven by first time booking of 1P reserves in the Surat Basin
- **Net proved plus probable (2P) reserves** of 83.4 mmboe, up 11.1 mmboe or 15% compared to 30 June 2015 (net of the sale of the Maisey block in the Surat Basin)
- Organic three year 2P oil reserves replacement ratio of 104%; organic three year 2P oil and gas reserves replacement ratio of 370%

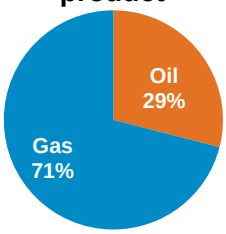
In the Surat Basin, the signing of a 20 year gas sales agreement with GLNG and provision of offsetting well data in the neighbouring Roma field has led to inaugural 1P reserve bookings. The analysis of this data in combination with progress in field development planning also led to increased 2P bookings on a broad basis across the project acreage, with an in depth review of the GLNG Roma field data resulting in increased confidence in gas volumes and project economics.

In the Cooper Basin, a year of lower field activity driven by capital conservation measures has resulted in minor upward revisions in 1P and 2P estimates before accounting for production of 1.01 mmboe for the year. The Company has revised down Cooper Basin contingent resources by 39% to 208.0 mmboe, primarily relating to unconventional gas plays.

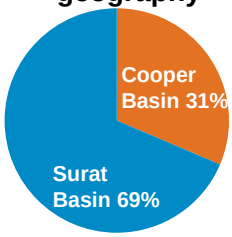
1P reserves - mmboe



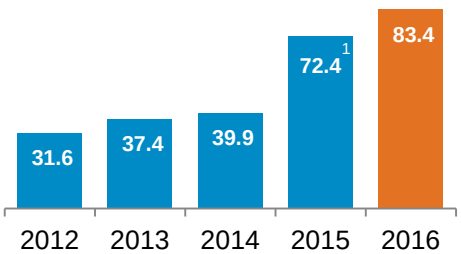
1P reserves by product



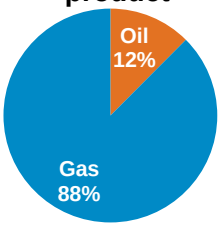
1P reserves by geography



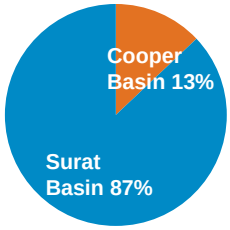
2P reserves - mmboe



2P reserves by product



2P reserves by geography



(1) Following sale of Maisey block in the Surat Basin (22.2 net mmboe)

Surat Basin

Net reserves and Contingent resources

PJs	30 June 2015	Maisey sale	Revision	30 June 2016
1P reserves	-	-	49	**49**
2P reserves	489	(131)	69	**427**
2C resources	55	-	(27)	**28**

In September 2015 Senex and GLNG announced a series of strategic transactions for the development of the Western Surat Gas Project which included the sale of the Maisey block to GLNG for $42 million in cash, and a suite of subsurface and production data on GLNG's adjacent Roma field. Adjusting for the sale of the Maisey block, net 2P gas reserve estimates grew strongly, and net 1P reserves have been booked for the first time in the Surat Basin.

The booking of 1P reserves reflects a high level of confidence in the resource and the project. Senex signed a binding 20 year Gas Sales Agreement with GLNG in September 2015, and has sanctioned an appraisal work program to de-risk overall development. Increased confidence in the reservoir has been gained through the analysis of production and subsurface data from over 250 adjacent GLNG wells on the Roma field, together with historical appraisal production and subsurface data from 100 wells on the project acreage.

The movement in 2P reserves has also been supported by field development planning work undertaken during the year. This work indicates that an increased proportion of previously identified volumes in place will be economically producible. The decrease in 2C contingent resource reflects conversion into 2P reserves.

NSAI have certified Senex's reserve and resource estimates in the Surat Basin. NSAI are an independent resource estimating firm which has been engaged to assess other CSG producers in the Surat Basin.

Cooper Basin

Net reserves and Contingent resources

mmboe	30 June 2015	Prodn	Revision	30 June 2016
1P reserves	4.3	(1.0)	0.5	**3.8**
2P reserves	11.5	(1.0)	0.3	**10.8**
2C resources	331.4	-	(128.1)	**203.3**

The movement in Cooper Basin 1P and 2P reserves was relatively minor, given the lower level of field activities undertaken during the year. After accounting for production of 1.01 mmboe, the movement reflected minor technical revisions across several fields based on individual performance and adjustments to future field development plans.

Revisions to 2C resources predominantly relate to the results of the Hornet-1 and Kingston Rule-1 extended production tests, which were at the lower end of expectations primarily due to higher water saturation levels than forecast. With the benefit of this data, the areal extent of the Patchawarra play (over which 2C resources were estimated) has been reduced. This area is one of a number of unconventional gas plays the Company is pursuing, with a material exploration program being undertaken in joint venture with Origin Energy, under which Senex is free carried for its share of $105 million of expenditure.
2C resources are not currently estimated or booked for this project.

DeGolyer and MacNaughton (D&M) have certified Senex's reserve and resource estimates in the Cooper Basin. D&M are an independent resource estimating firm with considerable experience in the Cooper Basin.

Net Reserves and Contingent resources

Proved reserves (1P)

mmboe	Oil	Gas and gas liquids	Total	Developed	Undeveloped	Total
Surat Basin	-	8.3	**8.3**	-	8.3	**8.3**
Cooper Basin	3.5	0.3	**3.8**	3.3	0.5	**3.8**
Total	3.5	8.7	**12.1**	3.3	8.8	**12.1**

Proportion of total proved reserves that are unconventional (coal seam gas): 69%

Proved plus probable reserves (2P)

mmboe	Oil	Gas and gas liquids	Total	Developed	Undeveloped	Total
Surat Basin	-	72.6	**72.6**	2.6	70.0	**72.6**
Cooper Basin	10.4	0.4	**10.8**	4.7	6.0	**10.8**
Total	10.4	73.0	**83.4**	7.4	76.0	**83.4**

Proportion of total proved plus probable reserves that are unconventional (coal seam gas): 87%

Contingent resources (2C)

mmboe	Oil	Gas and gas liquids	Total
Surat Basin	-	4.7	**4.7**
Cooper Basin	5.5	197.8	**203.3**
Total	5.5	202.5	**208.0**

Reserves and Contingent resources movement

mmboe	30 June 2015	Maisey sale	Production	Revisions	30 June 2016	Change
1P reserves	**4.3**	-	(1.0)	8.8	**12.1**	181%
2P reserves	**94.6**	(22.2)	(1.0)	12.1	**83.4**	(12%)
2C resources	**340.7**	-	-	(132.7)	**208.0**	(39%)

Numbers may not add due to rounding

NOTES TO THE ANNUAL RESERVES STATEMENT

1) GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

Senex estimates and reports its petroleum reserves and resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers (SPE PRMS).

All estimates of petroleum reserves reported by Senex are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator. To ensure the integrity and reliability of data used in the reserves estimation process, the raw data is reviewed and quality controlled by senior professional production, reservoir, petrophysical and geological staff at Senex. Access to the substantiated data is then restricted to authorised staff members. During each petroleum reserves review, this data is updated, analysed and checked against the previous year's data.

Senex has engaged the services of DeGolyer and MacNaughton (D&M), MHA Petroleum Consultants LLC (MHA) and Netherland Sewell Associates (NSAI) to independently assess the data and assess reserves and resources prior to Senex reporting any updated estimates.

Senex reviews and updates its oil reserves position on an annual basis and reports the updated estimates as of 30 June each year. Senex reviews and updates its gas reserves position as frequently as required by the magnitude of the petroleum reserves and changes indicated by new data.

2) QUALIFIED PETROLEUM RESERVES AND RESOURCES EVALUATOR STATEMENT

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.

3) SCOPE AND METHOD

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'.

Evaluation dates:

Cooper Basin oil reserves	D&M	30 June 2016
Cooper Basin oil contingent resources	D&M	30 June 2016
Cooper Basin gas reserves	D&M	30 June 2016
Cooper Basin gas contingent resources	D&M	30 June 2016
Surat Basin gas reserves and resources (Western Surat Gas Project)	NSAI	30 June 2016
Surat Basin gas reserves and resources (Don Juan)	MHA	19 July 2014

Gas conversion: In converting petajoules to million barrels of oil equivalent, Senex has applied the following conversion rates: Surat Basin gas: 1 mmboe = 5.880 PJ, Cooper Basin gas: 1 mmboe = 5.815 PJ

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 statement.

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: Cooper 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: Calculated as the summation of the estimated reserves additions and revisions divided by estimated production for the period 1 July 2013 to 30 June 2016, before acquisitions and divestment.

Sale of Maisey block: resulted in the reduction of 2P reserves by 22.2 mmboe and project land area by 77 km^2

FURTHER INFORMATION

Investor Enquiries:
Ian Davies
Managing Director
Senex Energy Limited
Phone: (07) 3335 9000

Tess Palmer
Investor Relations Manager
Senex Energy Limited
Phone: (07) 3335 9719

Media Enquiries:
Karen Cottier
Corporate Communications Manager
Senex Energy Limited
Phone: (07) 3335 9859

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.