

HIGHLIGHTS

During the second quarter of FY18, Senex Energy (Senex, the Company, ASX:SXY) achieved strong financial results and several critical milestones on its Surat Basin projects. Highlights of the quarter include:

- **Net production** was approximately 200,000 boe, up 11% on the prior quarter with the first full quarter's contribution from the Marauder-1 well and initial gas volumes from the Western Surat Gas Project Phase 2 wells
- **Revenue** up 33% on the prior quarter given a higher realised oil price and higher volume of oil sold
- Senex is in a **strong financial position** with \$82 million in cash at 31 December 2017, and is progressing with a whole of company financing solution to fund the development of the Western Surat Gas Project and Project Atlas
- Senex continued planning for the accelerated development of **Project Atlas** during the quarter, submitting the Environmental Authority application to the State Government as a precursor to the grant of a Petroleum Lease, expected in mid-2018
- The **Western Surat Gas Project** Phase 2 wells were brought online on schedule and on budget, with these gas volumes sold to GLNG from December 2017 onwards. Senex completed FEED on sales gas processing infrastructure, and is on track to reach several important milestones in mid-2018, including the receipt of all remaining regulatory approvals and sanctioning the next material phase of drilling investment
- Senex has identified more than 15 exploration drilling targets in the **Cooper Basin western flank** from the newly interpreted Liberator 3D seismic survey, with drilling to commence in the second half of FY18
- Senex welcomed quality **new institutional investors** in December 2017 to its share register following the successful reallocation of Sentient's 13.0% stake in Senex

Senex Managing Director and CEO Ian Davies commented on the result: *“Senex achieved a strong financial result this quarter, with robust pricing and higher volumes. At this mid-point in the financial year we have significant momentum in the business and a positive macro environment.*

Operationally, the period was dominated by significant progress on the Western Surat Gas Project. We delivered the Phase 2 investment program in line with our commitments on cost control and schedule, and are working hard to optimise well performance on the ground while we prepare for the next material phase of investment.

In the Cooper Basin we have a compelling program of exploration, appraisal and development opportunities to progress on the western flank, starting with the first horizontal well on the Growler field and follow-up drilling on the Marauder field. Our oil business has delivered solid production and cost performance for the first half of FY18.”

KEY PERFORMANCE METRICS	December Quarter Q2 FY18	September Quarter Q1 FY18	Quarter on Quarter change	December Quarter Q2 FY17	Half Year H1 FY18
Net Production (mmbae)	0.20	0.18	11%	0.20	0.37
Net Sales volumes (mmbae)	0.19	0.16	19%	0.20	0.35
Sales revenue (\$ million)	17.0	12.8	33%	12.8	29.8
Cash (\$ million)	81.9	109.8	(25%)	82.8	81.9
Average realised oil price (A\$ per barrel)	95	80	19%	64	88

FINANCIAL SUMMARY

Sales revenue increased 33% for the quarter, reflecting a higher realised oil price and higher volume of oil sold

- The average realised oil price for the December quarter was A\$95 per barrel, reflecting higher Brent crude oil prices and the impact of improved pricing, particularly for exploration volumes under the renegotiated Crude Oil Sale and Purchase Agreements signed in late FY17. The average price received for oil sales is a function of the hedged price, adjusted for the hedge premium and for the timing impacts of oil sales revenue recognition
- Senex has hedged the majority of its forecast production for FY18 with put options, providing downside protection below US\$50 per barrel. In January the Company took advantage of strong crude oil pricing and hedged the majority of forecast oil volumes for FY19, with put options providing downside protection below US\$56 per barrel (on average across the year)
- Sales volume for the December quarter was 190,000 barrels of oil equivalent, up by 19% on the prior quarter and in line with production

SALES	December Quarter Q2 FY18	September Quarter Q1 FY18	Quarter on Quarter change	December Quarter Q2 FY17	Half Year H1 FY18
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Sales revenue (\$ million)	17.0	12.8	33%	12.8	29.8
Average realised oil price (A\$ per barrel)	95	80	19%	64	88

Capital expenditure of \$17.8 million was incurred in the quarter

- Capital expenditure for the quarter mainly related to the remaining spend on the Phase 2 work campaign on the Western Surat Gas Project, including the final 9 of 30 wells drilled over the course of the first half FY18. In addition, Senex completed FEED on the sales gas processing infrastructure during the quarter

CAPITAL EXPENDITURE	December Quarter Q2 FY18	September Quarter Q1 FY18	Quarter on Quarter change	December Quarter Q2 FY17	Half Year H1 FY18
Exploration and appraisal	15.0	25.1	(40%)	15.2	40.1
Development, plant and equipment	2.8	3.0	(7%)	2.6	5.8
Total (\$ million)	17.8	28.1	(37%)	17.8	45.9

PRODUCTION OPERATIONS

PRODUCTION	December Quarter Q2 FY18	September Quarter Q1 FY18	Quarter on Quarter change	December Quarter Q2 FY17	Half Year H1 FY18
Net Production (mmboe)	0.20	0.18	11%	0.20	0.37
Oil	0.18	0.18	-	0.20	0.36
Gas and gas liquids	0.01	0.00	N/A	-	0.02

Numbers may not add due to rounding

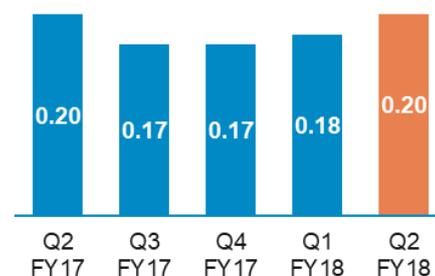
Senex delivered net production of approximately 200,000 barrels of oil equivalent for the quarter

Oil production was in line with the prior quarter with the contribution from the Marauder-1 well (brought online in September 2017) offsetting natural field decline. Fields within Senex’s base oil portfolio continue to perform in line with, or ahead of expectations.

Senex is on track to deliver annual net production guidance of 0.75 - 0.90 mmboe, primarily generated from the Cooper Basin western flank as well as from the Vanessa gas field (expected online in H2 FY18).

Gas volumes from the Western Surat Gas Project are expected to ramp up throughout FY18. The Phase 2 wells were brought online during the quarter, and are currently performing ahead of expectations at a rate of around two terajoules of sales gas per day. See page 5 for further discussion on the performance of the Phase 2 wells.

Quarterly Net Production (mmboe)



Phase 2 wells, Western Surat Gas Project

SURAT BASIN

GAS | Project Atlas

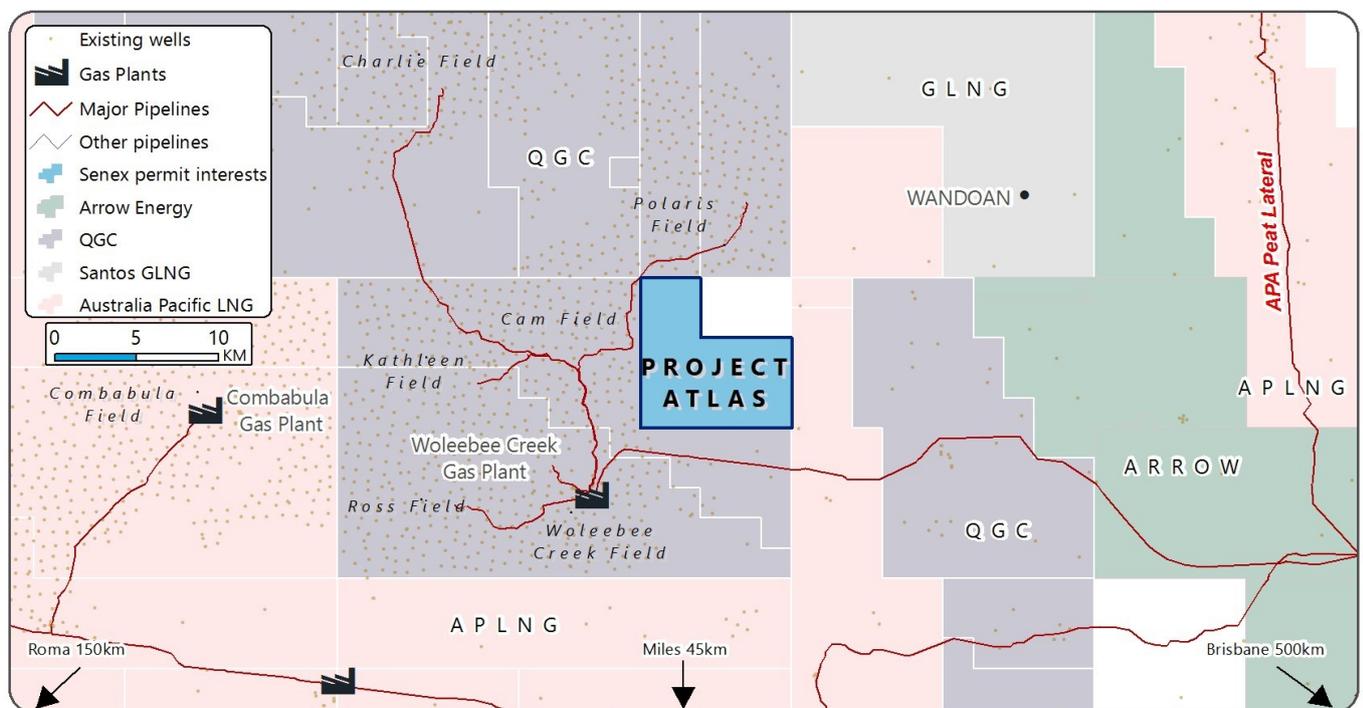
During the quarter, Senex submitted an Environmental Authority application with the Queensland Government to develop Project Atlas.

Project Atlas was awarded to Senex in September 2017 by the Queensland Government following a competitive tender. Senex will deliver first gas from the acreage in 2019, and is making best endeavours to accelerate the development of this high quality block, expecting to drill approximately 100 wells to sustain gas production of more than 30 terajoules per day at plateau.

Gas volumes will be sold to domestic customers on the east coast of Australia, with Senex to engage with interested parties in early 2018. During the tender process the Company received expressions of interest from domestic customers totalling over 150 terajoules per day of combined demand.

During the quarter the Company commenced discussions with neighbouring operators about the potential to share infrastructure for the processing and transmission of gas from the Atlas acreage, in parallel with advancing concept studies on an independent path to market.

Senex expects to obtain regulatory approvals over the acreage in mid-2018 and in anticipation, is working to progress field development planning, land access, cultural heritage agreements and environmental impact assessments.



18/01/2018
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SURAT BASIN

GAS | Western Surat Gas Project

Senex completed the 30 well, Phase 2 investment program on time and on budget during the quarter, and commenced gas sales from these wells.

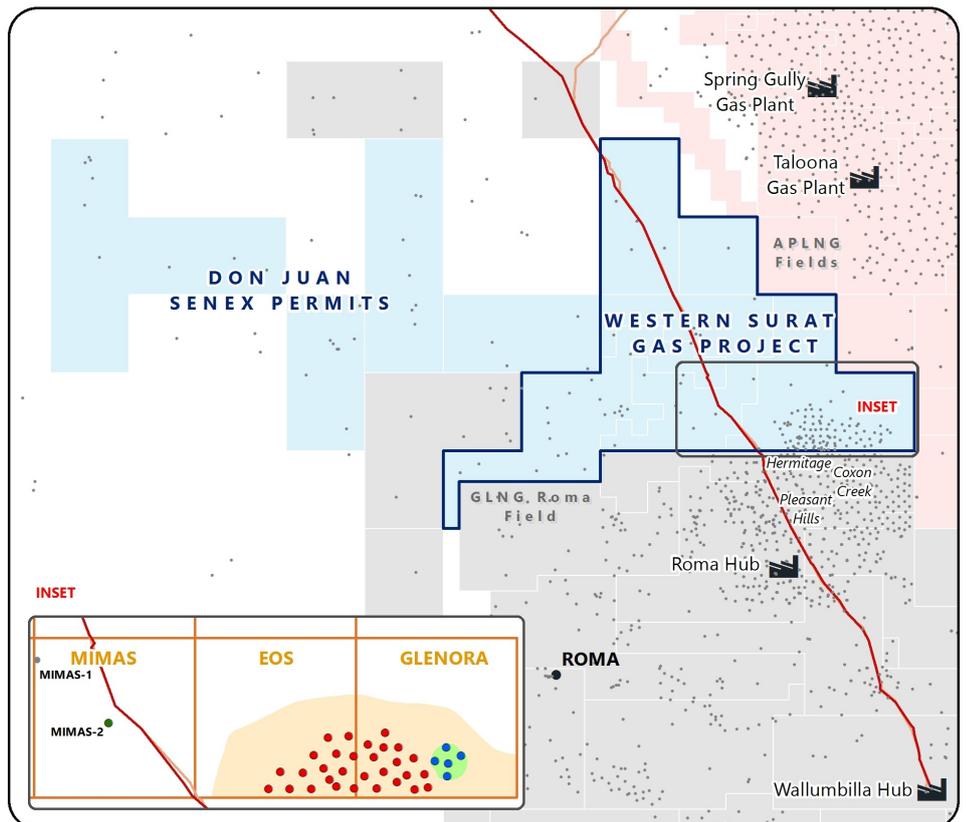
The Phase 2 program is Senex's first major investment in the Western Surat Gas Project and was sanctioned in February 2017. The program involves 30 appraisal wells on the Glenora and Eos blocks, located directly north of GLNG's producing Roma field.

The final Phase 2 wells were drilled during the quarter and overall the program was delivered at a cost of \$1.2 million per installed well.

Drilling results from the Phase 2 wells demonstrate net coal measurements slightly ahead of P50 estimates. The wells were

brought online over the course of the quarter, with immediate free gas produced to surface. Production from the Phase 2 wells has since stabilised at around two terajoules of sales gas per day, noting that several wells are experiencing downtime due to commissioning issues in the field. Notwithstanding these initial operational challenges, the production rate is ahead of P50 expectations, indicating good permeability and partial dewatering in the area from GLNG Roma production located directly to the south.

Senex and GLNG reached agreement in December 2017 for the sale of raw gas from the Phase 2 wells on the Western Surat Gas Project. Gas produced during the appraisal stage is now being sold to GLNG on competitive terms on an as-available basis through a tie-in point south of the Glenora block. A second tie-in point south of the Eos block is expected to be operational during the first half of 2018.



- Mimas-2
 - Phase 1 drilled wells
 - Phase 2 drilled wells
 - Existing wells
 - Comet Ridge to Wallumbilla pipeline
 - Wallumbilla to Gladstone pipeline
 - Senex Energy
 - Santos GLNG
 - Australia Pacific LNG
 - Drill ready acreage
 - Pilot production
- 0 15 30 km

SURAT BASIN

GAS | *Western Surat Gas Project (continued)*

Senex also reached milestones on full field development during the quarter, receiving Environmental Authority from the Queensland Government.

This key regulatory milestone gives Senex environmental approval to develop the Western Surat Gas Project area with up to 425 wells, gas and water gathering networks, compression facilities and water management infrastructure. Senex expects to receive all remaining State and Commonwealth regulatory approvals for the development of the Western Surat Gas Project by mid-2018.

In preparation for the achievement of this milestone, Senex has identified the locations of the next development phase of 40 to 50 wells to be drilled in the Glenora and Eos blocks, with execution of this program expected to commence in the first half of FY19.

Senex also continues to progress the exploration and appraisal program west of Eos with the objective of establishing the next development-ready area on the project acreage. The Mimas-2 well was drilled during the quarter in an area with limited well control. Results from logs and drill stem tests undertaken on the well show net coal and permeability in line with expectations and similar to the quality of the Eos and Glenora blocks. A pilot program is expected to be undertaken in this area later in 2018.

Senex is on track to achieve all key milestones on both projects in the Surat Basin, summarised in the table below.

KEY MILESTONES FOR FY18

WESTERN SURAT GAS PROJECT	EXPECTED TIMING
Phase 2 wells online	Achieved December 2017
Investment decision on gas processing infrastructure	Early 2018
Deliver whole of company financing solution	Early 2018
Regulatory and environmental approvals secured	Mid 2018
Investment decision on next phase of drilling	Mid 2018
Bring two additional pilots online	Second half 2018
PROJECT ATLAS	EXPECTED TIMING
Commence regulatory and environmental approvals processes	Achieved December 2017
Deliver whole of company financing solution	Early 2018
Engage with domestic gas customers	Early 2018
Secure regulatory and environmental approvals	Mid 2018

COOPER BASIN

OIL | *Exploration and Development*

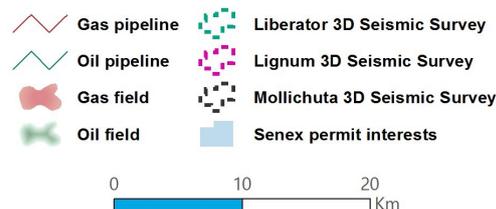
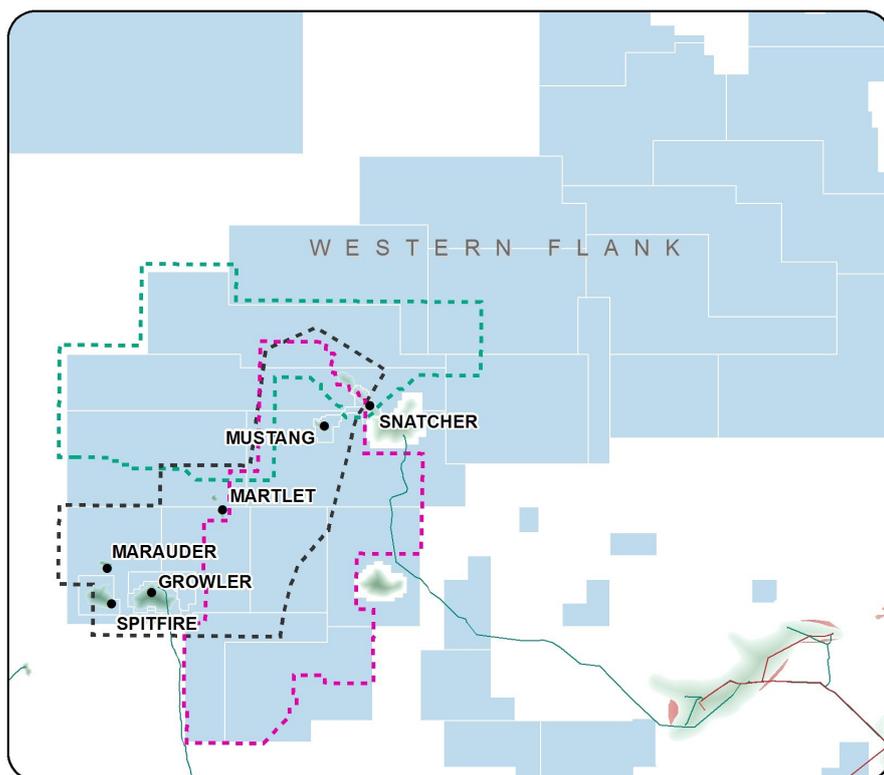
During the quarter Senex and its joint venture party finalised plans to drill the first horizontal well on the Growler field

The **Growler-15H well** (*ex-PEL 104: Senex 60% and operator*) will be drilled during Q3 FY18 to accelerate production and increase overall recovery from the field, and is the first horizontal well in the Birkhead reservoir on the western flank.

Follow-on exploration and development targets on and around the **Marauder field** (*ex-PEL 104: Senex 60% and operator*) will form part of the same drilling campaign. These targets aim to delineate the extent of the field and to test the potential connection between Marauder and other producing western flank fields.

In parallel, new drilling opportunities have been developed from initial interpretation of the **Liberator 3D seismic survey** (*ex-PEL 111: Senex 60% and operator*), which was acquired during FY17 and covers an unmapped northern section of the western flank. This data set has

been merged with existing 3D seismic data on the western flank. Interpretation of the **merged seismic data set** has resulted in over 15 new exploration prospects in the western flank, including large, high materiality targets and several near-field opportunities which have been mapped near producing Senex fields. Senex is working to mature these prospects for inclusion in drilling programs in 2018 and beyond.



COOPER BASIN

GAS | Exploration and Development

Vanessa gas field

Senex is on track to bring the Vanessa gas field (PEL 182: Senex 57% and operator) online during the second half of FY18, with the construction of a new pipeline to connect this asset to market having commenced in January.

The Senex led project received \$5.82 million in funding from the South Australian Government in July 2017 through the PACE Gas Grant Program, with the joint ventures to match the government funding received.

Gemba gas opportunity

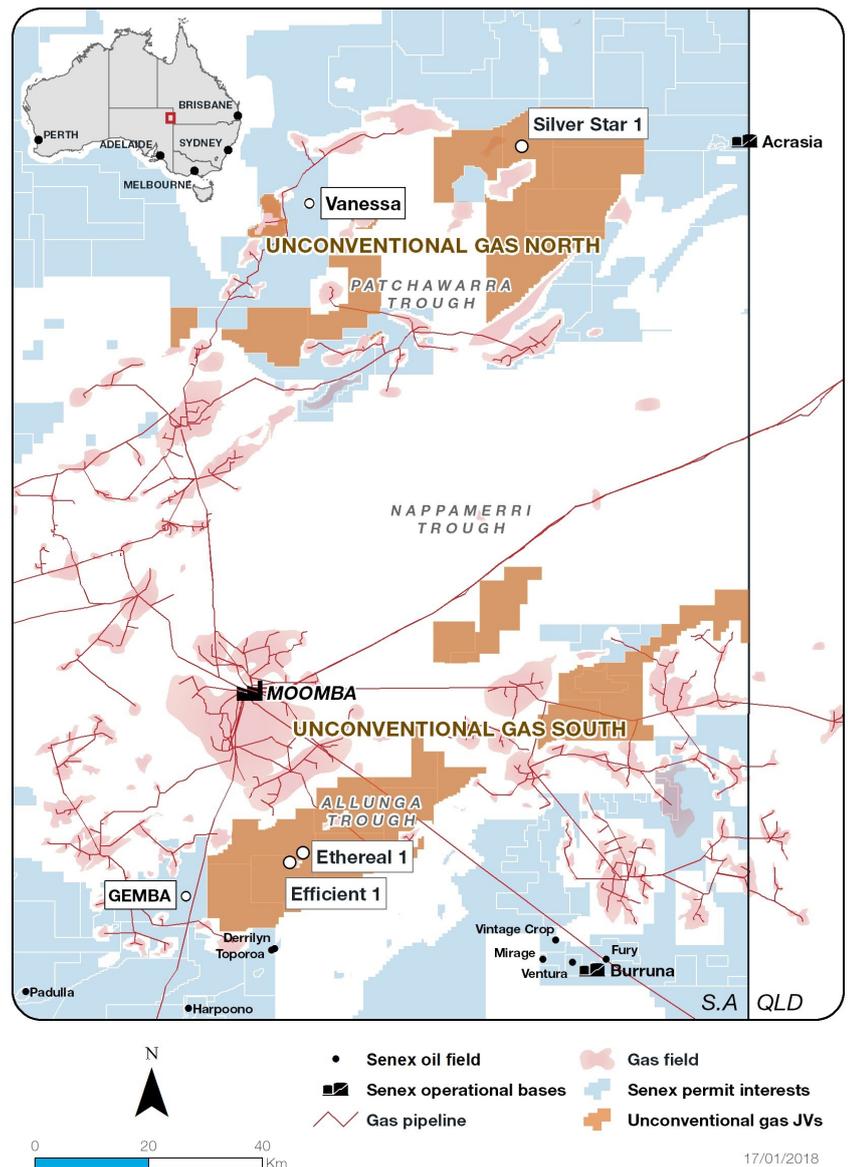
Senex was granted a further \$5.26 million by the South Australian Government's PACE Gas Grant Program round 2 call for proposals in December 2017 to progress the Gemba project, a conventional tight sands gas exploration/appraisal opportunity in the southern Cooper Basin (PEL 516: Senex 100% and operator).

Located in the proven gas fairway of the Allunga Trough, Gemba is a large structure which will test the highly prolific gas-saturated sands of the Patchawarra Formation. Senex is progressing plans to drill this well later in FY18.

Unconventional gas exploration project with Lattice Energy

Senex continues to work with its joint venture parties to progress follow up drilling opportunities in the two areas of this unconventional gas exploration project. Three wells have been drilled thus far in PEL 637 (Senex and Lattice) and PEL 638 (Senex, Lattice and Planet), all intersecting gas saturated sands within the target zones.

Senex is free carried by Lattice (pending its acquisition by Beach Energy) for its share of expenditure under the farm-in arrangement. Approximately \$45 million of Lattice Energy committed funds remain to be spent on the project under the farm-in arrangement, planned for deployment during calendar year 2018.



17/01/2018
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Conference Call

Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Graham Yerbury will hold a briefing to discuss the December quarterly results, as follows:

Date: Friday 19 January 2018

Time: 10am AEST (10am Brisbane time, 11am Sydney and Melbourne time)

The audio briefing will be streamed live and can be accessed via the Senex company page on the Open Briefing website: <http://www.openbriefing.com/OB/2736.aspx>

A recording of the teleconference will be available from 5pm AEST via the same link.

FURTHER INFORMATION

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ABOUT SENEX

Senex is an ASX listed oil and gas exploration and production company focused on generating shareholder value by growing reserves and production. It holds extensive onshore oil and gas acreage in the Cooper and Surat Basins, two of Australia's most prolific onshore energy regions. Senex is well capitalised and has built strong operating credentials over its 30 year history. Senex operates the majority of its low cost oil producing assets, and is progressing a portfolio of gas projects including the Western Surat Gas Project and Project Atlas in Queensland.

GLOSSARY

\$ means Australian dollars unless otherwise stated

1P means proved (developed plus undeveloped) reserves in accordance with the SPE PRMS

2P means proved plus probable reserves in accordance with the SPE PRMS

3P proved, probable plus possible reserves in accordance with the SPE PRMS

ASX means the Australian Securities Exchange operated by ASX Limited ACN 008 624 691

ATP means authority to prospect granted under the *Petroleum Act 1923 (Qld)* or the *Petroleum Gas (Production and Safety) Act 2004 (Qld)*

AVO means Amplitude Versus Offset; an enhanced seismic interpretation technique using the changes in seismic reflection amplitude to determine rock-type and fluid content

Barrel/bbl means the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons

boe means barrels of oil equivalent, the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy

bopd means barrels of oil per day

Bcf means billion cubic feet

Cooper Basin means the sedimentary basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland

Eromanga Basin means the Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales

ESP means electric submersible pump

Exploration means drilling, seismic or technical studies to identify and evaluate regions or prospects with the potential to contain hydrocarbons

FY means financial year

JV means joint venture

LPG means liquefied petroleum gas

mmbbls means a million barrels

mmboe means a million barrels of oil equivalent

mmscf/d means million standard cubic feet of gas per day

mscf/d means thousand standard cubic feet of gas per day

Net pay means the smaller portions of the gross pay that meet local criteria for pay, such as porosity, permeability and hydrocarbon saturation

OGIP means original gas in place

Patchawarra East Joint Venture parties are Santos, Delhi Petroleum and Lattice Energy

PEL means petroleum exploration licence granted under the *Petroleum and Geothermal Energy Act 2000 (SA)*

PJ means petajoule

PL means a petroleum lease granted under the *Petroleum Act 1923 (Qld)* or the *Petroleum Gas (Production and Safety) Act 2004 (Qld)*

PPL means petroleum production licence granted under the *Petroleum and Geothermal Energy Act 2000 (SA)*

PRL means petroleum retention licence granted under the *Petroleum and Geothermal Energy Act 2000 (SA)*

Production is the volume of hydrocarbons produced in production operations (including extended production testing)

Reserve means commercially recoverable resources which have been justified for development, as defined in the SPE PRMS

SACB JV means South Australian Cooper Basin Joint Venture (between Santos, Beach Energy and Lattice Energy)

Sales volumes are equal to production less volumes of hydrocarbons consumed in operations (fuel, flare, vent and other shrinkage) and inventory movements

Senex means Senex Energy Limited ABN 50 008 942 827

SPE PRMS means the Petroleum Resources Management System 2007, published by SPE

Surat Basin means the sedimentary basin of Jurassic to Cretaceous age in southern QLD and northern NSW

Tcf means trillion standard cubic feet