

Surat Basin gas projects advance on milestone achievements

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Senex Energy Limited (Senex, ASX: SXY) continues to progress its 100% owned projects in the Surat Basin, with excellent initial results demonstrated from the Western Surat Gas Project.

Key points:

- **Western Surat Gas Project** Phase 2 wells are online on schedule and on budget
- Initial gas volumes ahead of expectations at over four terajoules per day (> 4 TJ/day)
- Results from Mimas core well show subsurface characteristics in line with Eos and Glenora blocks
- **Project Atlas** Environmental Authority application submitted to the State government

Managing Director and CEO Ian Davies said that Senex was making excellent progress on its projects in the Surat Basin, with the Company entering an exciting stage of realisation in building a material gas business.

"I am pleased to report that we have delivered Phase 2 of the Western Surat Gas Project on time and on budget, with all-in costs of A\$1.2 million per well.

"Phase 2 initial production results are ahead of expectations, producing over four terajoules of gas per day. Further, the Mimas core well encountered good quality coals with excellent permeability, with initial results suggesting an extension of the high quality Eos and Glenora blocks.

"We have strong appetite from lenders to support both our projects in the Surat Basin as part of the whole of company financing package that we expect to close in the coming months. 2018 is set to be an exciting year of delivery for Senex, particularly in our gas business," Mr Davies said.

In preparation for full field development of the **Western Surat Gas Project**, Senex is undertaking detailed design on sales gas processing infrastructure. Full sanction in the coming months will see this facility online in late 2018, in readiness for the next phase of wells to be brought online.

In parallel, Senex is applying the learnings from the Western Surat Gas Project as it establishes the foundations for **Project Atlas**. Senex will commence gas marketing activities with Australian domestic gas users in early 2018 and deliver first gas sales in 2019.

Western Surat Gas Project update

Phase 2 wells	<ul style="list-style-type: none"> 30 wells brought online on schedule and on budget at \$1.2 million per installed well Gas production of > 4 TJ/day, indicating high permeability, high gas saturation, and partial dewatering in the area from GLNG Roma production Phase 2 production expected to moderate as free gas production decreases and desorbed gas production increases, rising to plateau production in 12 to 18 months
Appraisal and exploration	<ul style="list-style-type: none"> Results from testing of the Mimas-2 core well show net coal and permeability in line with the Eos and Glenora blocks
Infrastructure	<ul style="list-style-type: none"> Sales gas processing infrastructure FEED now complete, detailed design underway Infrastructure investment to be sanctioned in early 2018
Next phase of gas development	<ul style="list-style-type: none"> Environmental Authority received from Queensland Government December 2017 Remaining approvals to be secured by end FY18 Senex has identified the locations of the next 40 to 50 wells Drilling to commence after remaining approvals secured

Project Atlas update

Approvals	<ul style="list-style-type: none"> Senex has submitted the Environmental Authority application with the Queensland Government Approvals expected to be secured by mid-2018
Gas marketing	<ul style="list-style-type: none"> Engagement with Australian domestic gas customers will commence in early 2018 Targeting first gas sales in 2019

FURTHER INFORMATION

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ABOUT THE WESTERN SURAT GAS PROJECT AND PROJECT ATLAS

Senex holds 100% interest and operatorship of the **Western Surat Gas Project**, involving the delivery of coal seam gas from approximately 915 square kilometres of acreage in Queensland's Surat Basin. Senex has executed a gas sales agreement with GLNG for the supply of up to 50 terajoules per day of gas from the project area over 20 years.

Senex holds 100% interest and operatorship of **Project Atlas**, involving the delivery of coal seam gas from approximately 58 square kilometres of acreage in Queensland's Surat Basin. Senex was awarded the acreage by the Queensland Government in September 2017 and is targeting first gas in 2019, to be sold to domestic customers on the east coast of Australia.

ABOUT SENEX ENERGY

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 low cost oil producing assets in the Cooper Basin and is progressing a portfolio of gas projects including the Western Surat Gas Project and Project Atlas in Queensland.

Figure 1 – Senex Surat Basin gas projects

