

ASX Announcement



To: Company Announcement Office **From:** Senex Energy Limited

Company: ASX Limited **Pages:** 23

Date: 13 September 2017

Subject: Presentation to RIU Good Oil Conference 2017

Please find enclosed a copy of a presentation delivered at the RIU Good Oil Conference in Perth today by Chief Operating Officer, Darren Greer.

The presentation gives an overview of Senex's business and strategic priorities, including progress on the company's **Western Surat Gas Project** in Queensland and the introduction of **Project Atlas** to the Senex portfolio. Project Atlas is the name given to the gas tender acreage recently awarded to Senex in Queensland's Surat Basin.

Regards

Frank Connolly
Company Secretary

FURTHER INFORMATION

Investor Enquiries:
Tess Palmer
Investor Relations Manager
Phone: (07) 3335 9719

Media Enquiries:
Rhianne Bell
Corporate Communications Manager
Phone: (07) 3335 9859



Darren Greer, Chief Operating Officer
13 September 2017

Darren Greer, Chief Operating Officer
13 September 2017



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. Distribution of this presentation outside Australia may be restricted by law. Recipients of this document in a jurisdiction other than Australia should observe any restrictions in that jurisdiction. This presentation (or any part of it) may only be reproduced or published with Senex's prior written consent.

Risk and assumptions

An investment in Senex shares is subject to known and unknown risks, many of which are beyond the control of Senex. In considering an investment in Senex shares, investors should have regard to (amongst other things) the risks outlined in this presentation and in other disclosures and announcements made by Senex to the ASX. Refer to the 2016 Annual Report for a summary of the key risks faced by Senex. This presentation contains statements (including forward-looking statements), opinions, projections, forecasts and other material, based on various assumptions. Those assumptions may or may not prove to be correct. All forward-looking statements involve known and unknown risks, assumptions and uncertainties, many of which are beyond Senex's control. There can be no assurance that actual outcomes will not differ materially from those stated or implied by these forward-looking statements, and investors are cautioned not to place undue weight on such forward-looking statements.

No investment advice

The information contained in this presentation does not take into account the investment objectives, financial situation or particular needs of any recipient and is not financial advice or financial product advice. Before making an investment decision, recipients of this presentation should consider their own needs and situation, satisfy themselves as to the accuracy of all information contained herein and, if necessary, seek independent professional advice.

Disclaimer

To the extent permitted by law, Senex, its directors, officers, employees, agents, advisers and any person named in this presentation:

- give no warranty, representation or guarantee as to the accuracy or likelihood of fulfilment of any assumptions upon which any part of this presentation is based or the accuracy, completeness or reliability of the information contained in this presentation; and
- accept no responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation.



Company snapshot

3

- A growth focused oil and gas exploration and production company
- Onshore oil and gas assets in Australia's Cooper and Surat Basins
- > 30 years operating experience
- Diversified portfolio of conventional and unconventional oil and gas assets
- Well capitalised to convert opportunities in the structurally short east coast gas market
- Strategic relationship with EIG Global Energy Partners announced February 2017



Key metrics

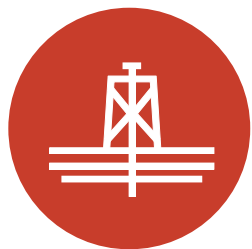
Market capitalisation	~A\$500 million
FY18 production guidance	0.75 – 0.90 mmboe
2P reserve base	84 mmboe
Employees	~170
Cash	A\$135 million



Strategic priorities

4

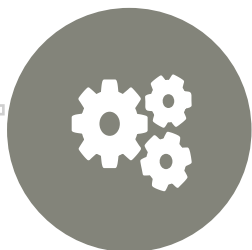
For personal use only



Focusing our material exploration and production position in Australia's leading onshore oil region



Realising the near-term potential in the east coast gas market



Pursuing opportunities that strengthen our foothold in the upstream value chain



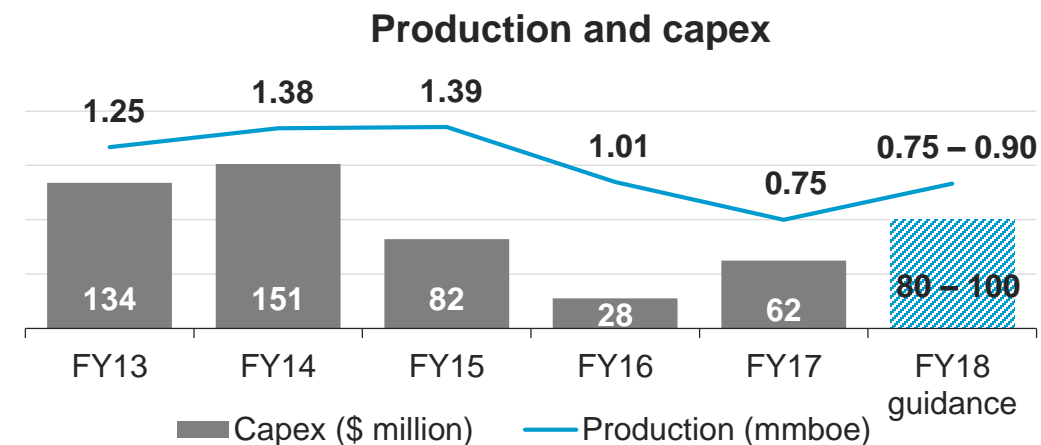
Focusing our material exploration and production position in Australia's leading onshore oil region



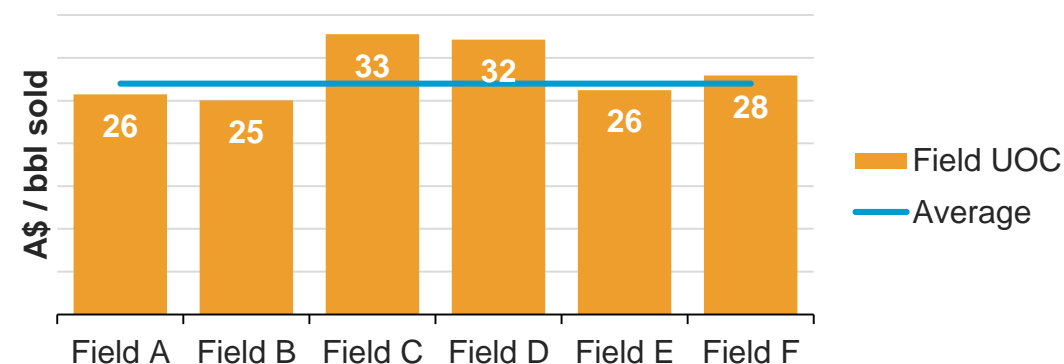
Cooper Basin oil

6

- Strong production from base oil portfolio (declining at lower end of 2 – 4% per month guided range)
 - Production impacted by materially lower capex since FY15
- Strong cost control from base oil portfolio (A\$27/bbl operating costs in the western flank)
 - Production growth required to materially reduce unit operating costs
- Oil sales hedged until March 2018 guaranteeing a floor price of US\$50/bbl, with full participation in oil prices above that level



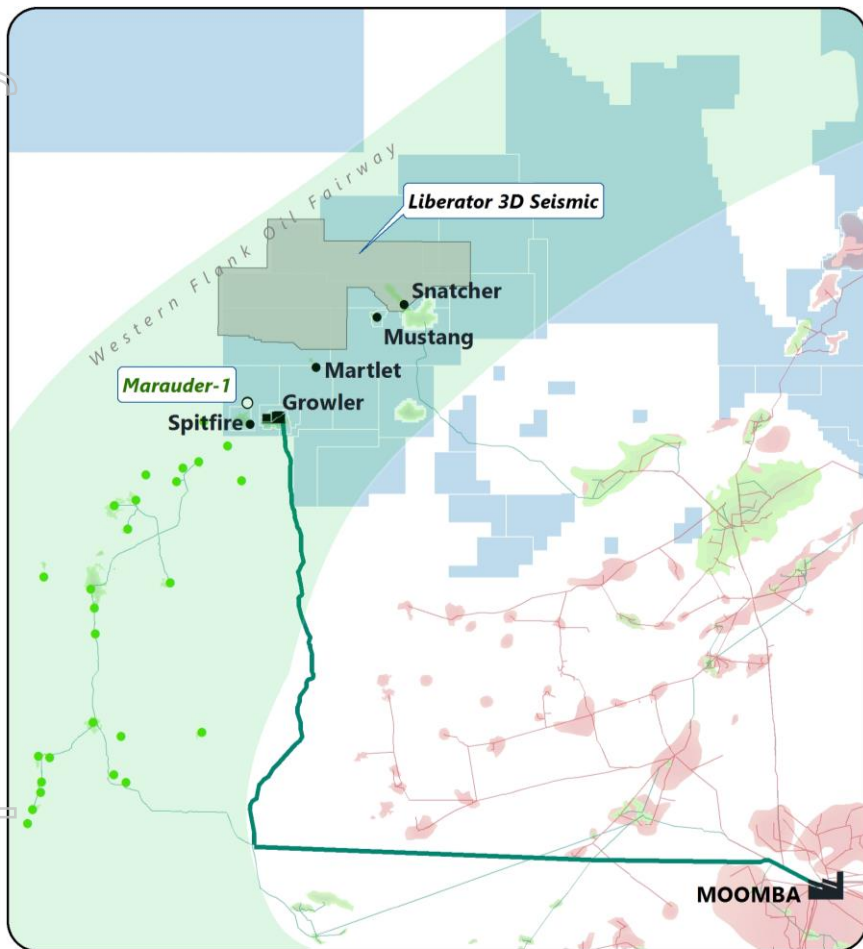
FY17 western flank operating costs per barrel sold (before royalties)





Cooper Basin oil

7



- High margin core business driving cash generation, with material upside potential
- Controlling expenditure given the continued low oil price environment
- Focusing on high value oil opportunities on the western flank of the Cooper Basin:
 - Success case IRR > 50% for all FY18 drilling targets
 - Birkhead oil discovery made in July 2017: Marauder-1 exploration well
- All other areas in the Cooper Basin will be a second order priority while we focus on delivering free cash flow:
 - Active farm-down process is underway, with all commercialisation strategies under consideration



- Senex operational bases
- Moomba processing facility
- Senex gas field
- Senex oil field
- Beach operated fields
- Gas pipeline
- Oil pipeline
- Gas field
- Oil field
- Senex permit interests



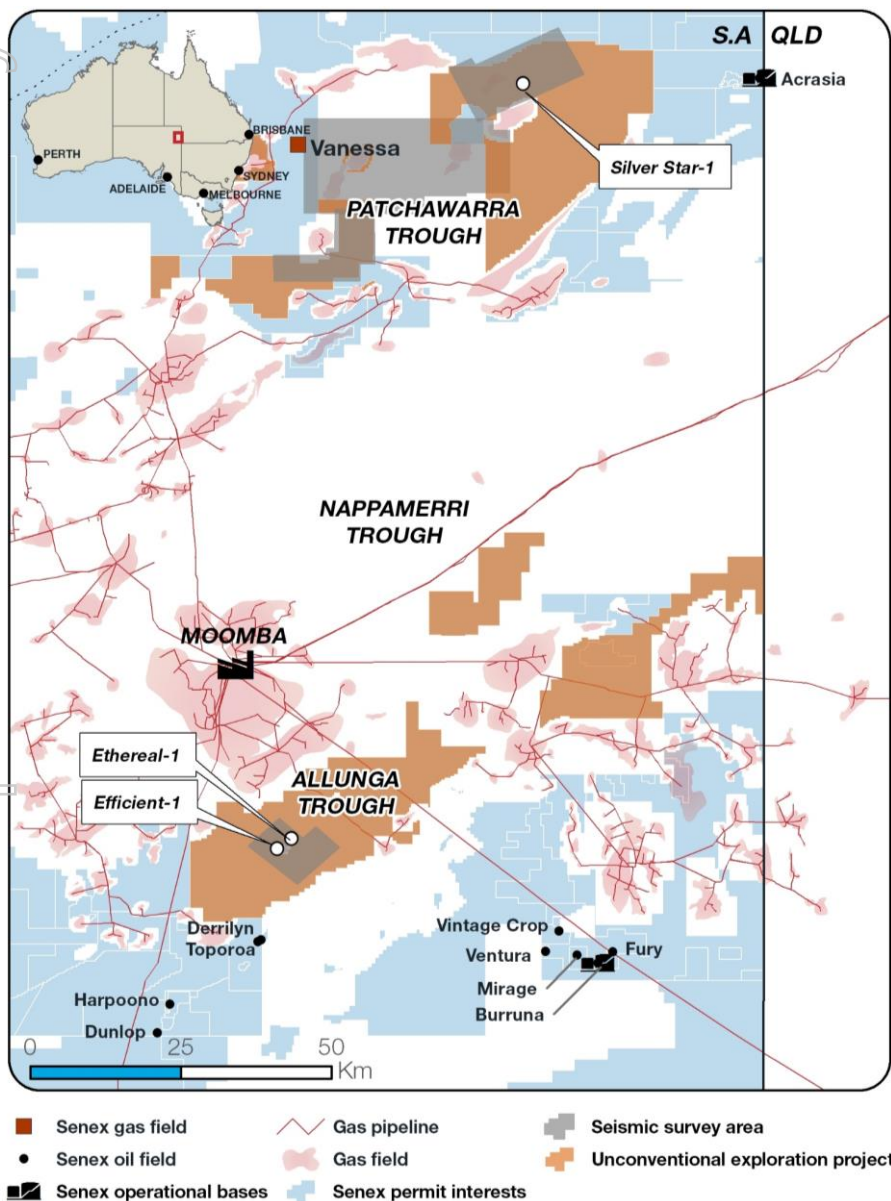


Realising the near-term potential in the east coast gas market



Cooper Basin gas

9

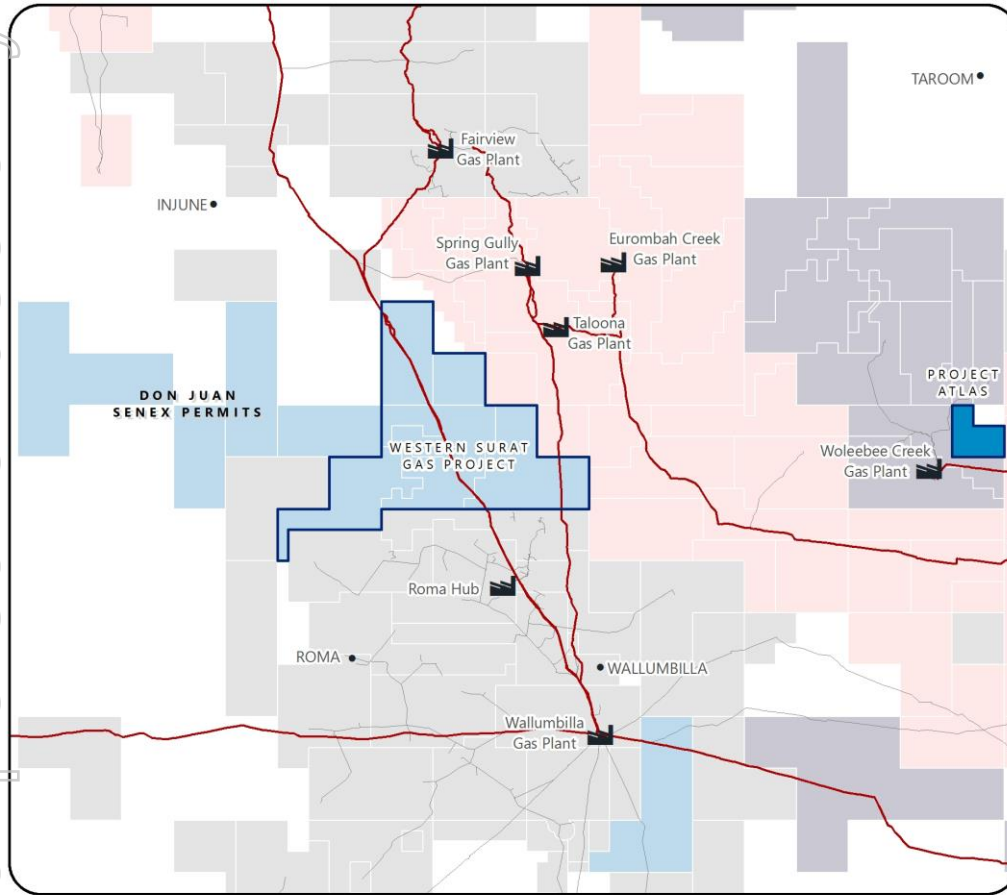


- The Cooper Basin is a proven hydrocarbon system with large gross intervals of conventional and unconventional gas
- Conventional Vanessa gas field:
 - Gas flowed to surface at 5 mmscfd on test
 - Project awarded PACE grant in March 2017 to accelerate bringing this field online during FY18
- Unconventional gas exploration project with Lattice Energy has multi-Tcf potential:
 - Senex free-carried for its share of expenditure under A\$105 million work program, with approximately \$50 million left to spend (at 30 June 2017)
 - Evaluating commerciality in tight gas and basin centred gas play

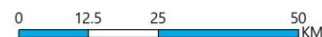
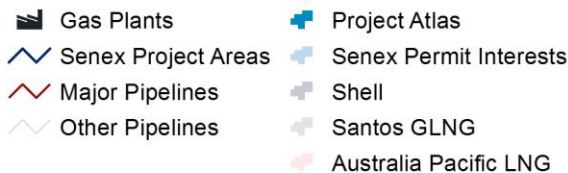


Surat Basin gas

10



- Senex is delivering new gas supply to the market through its Western Surat Gas Project and new acreage, Project Atlas
- Strategically located permits (over 2,000km²), close to existing infrastructure and transmission facilities
- Material 2P reserves position of 438 PJ at 30 June 2017, with a further 201 PJ of recoverable gas volumes estimated¹
- Opportunities for value uplift:
 - Expanding equity positions through safe, efficient operations and cost leadership
 - New releases of acreage for exploration and development



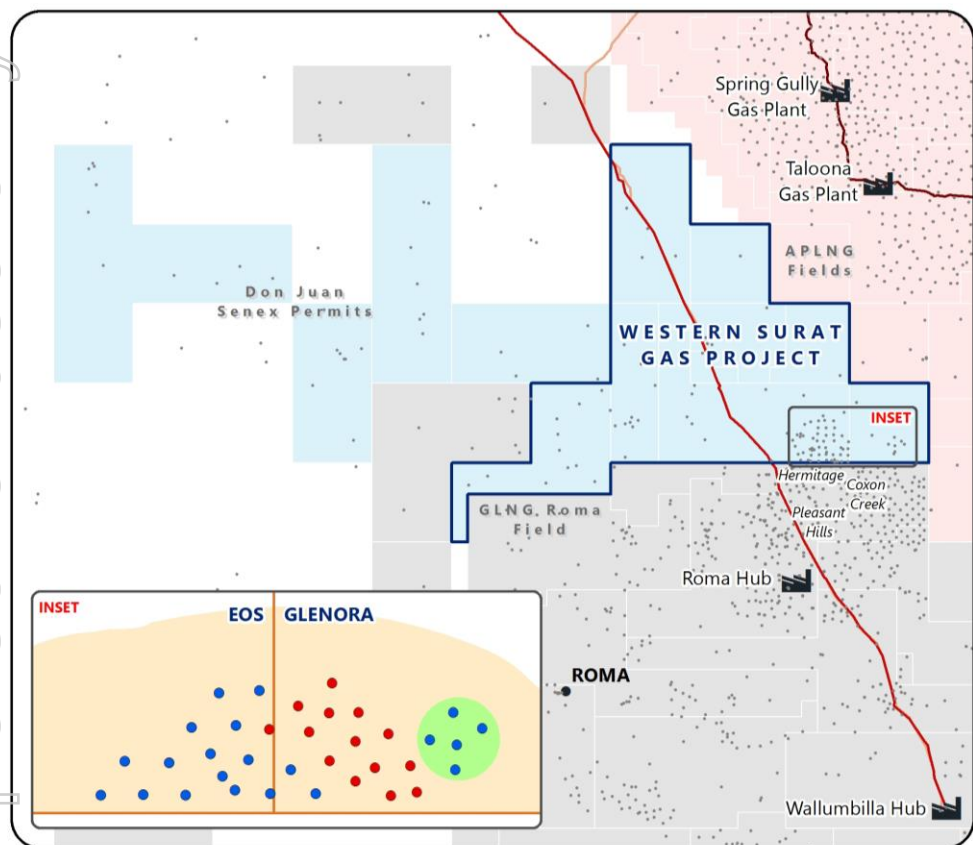
¹ P50 volumes estimated by SRK Consulting Pty Ltd via the Queensland Government Australia-only gas pilot project tender PLR2016/17-1C





Western Surat Gas Project: summary

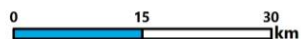
11



- Senex is 100% owner and operator of the project
- Flexible 20 year gas sales agreement with GLNG at JCC oil-linked pricing
- Project to support up to 425 wells over 20+ years
- Targeting lowest quartile operating and capital costs
- Appraisal testing commenced November 2016 (Phase 1)
- 30 well work program (Phase 2) in 2017¹
- EIG development funding of up to US\$300 million for project acceleration²



- Phase 2 work program
- Phase 1/2 drilled wells
- Wells
- Comet Ridge to Wallumbilla pipeline
- Wallumbilla to Gladstone pipeline
- Senex Energy
- Santos GLNG
- Australia Pacific LNG
- Drill ready acreage
- Pilot production



¹ The permits for Glenora and Eos include commitments for 20 appraisal wells, which this work program will satisfy.

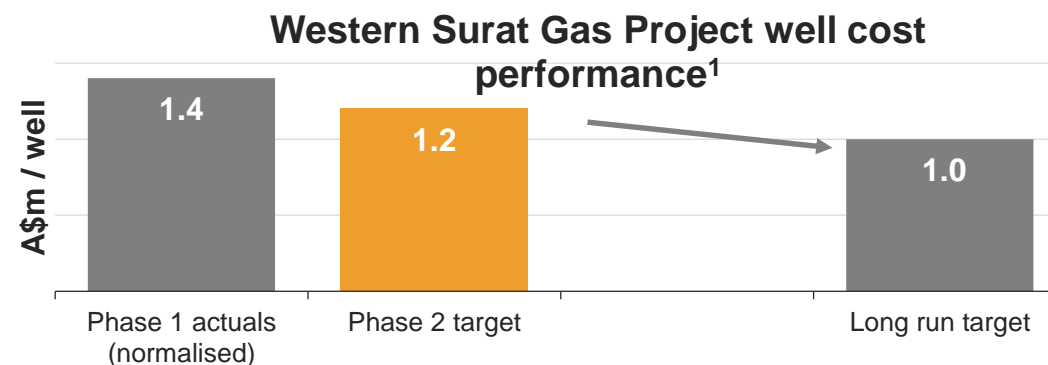
² Any future transaction or agreement between Senex and EIG regarding development funding will be subject to due diligence, any relevant internal or regulatory approvals, and the parties reaching agreement on terms.



Western Surat Gas Project: cost management

12

- Cost management is key driver of project value
- Senex targeting lowest quartile operating and capital costs
- Phase 2 capital management: opportunity to test and embed all cost management processes for full field development



1. Installed cost per well includes engineering, procurement, approvals, land access, project management, civil construction, drill, complete, equip and connect costs per well.

Full field development approach to capital management

Civil construction

- Senex to self-manage local contractors

Drilling and completions

- Fit for purpose, efficient and low cost
- No requirement for fracture stimulation given excellent reservoir permeability
- Lump sum contract executed, de-risking a material proportion of the projected capital cost of the project

Wellhead facilities

- Fit for purpose, efficient and low cost
- Skid mounted packages

Gathering

- Work packages bid to Tier 2 contractors (no EPCM head contractor)
- Small in-house team – minimal owner's costs

Gas and water processing facilities

- Senex owned or to toll through adjacent facilities
- Significant opportunity to utilise low cost modular design

Gas sales

- Several sales gas pipelines within WSGP acreage, accessing both export and domestic markets
- GLNG pipeline access agreed



Western Surat Gas Project: milestones

13

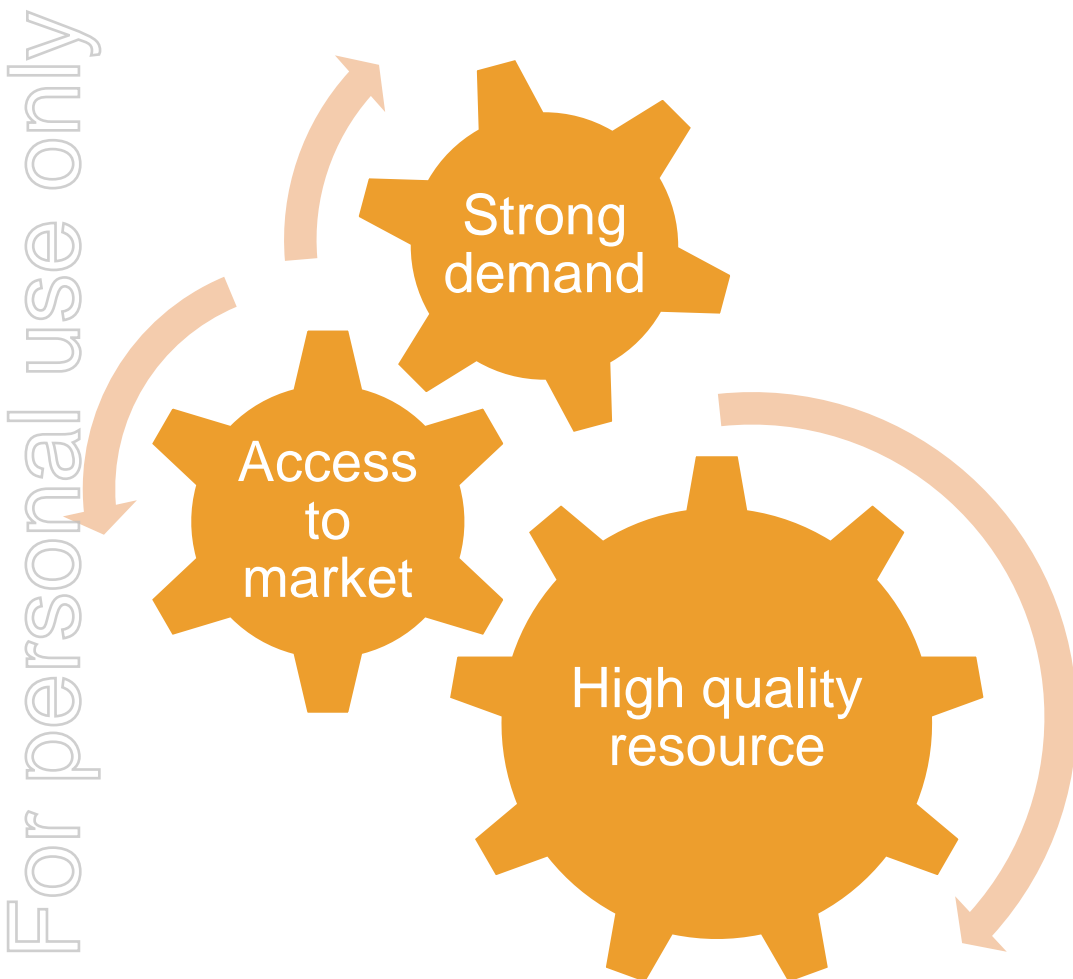
For personal use only

Key milestones for FY18	Expected timing
Phase 2 wells online	September – December 2017
Investment decision on sales gas infrastructure	November – December 2017
Deliver whole of company financing solution	March 2018
Regulatory and environmental approvals secured	April – May 2018
Investment decision on next phase of drilling	June 2018
Bring two additional pilots online	June – September 2018



Introducing Project Atlas

14



- 58km² coal seam gas acreage awarded in September 2017 by the Queensland Government for Australian domestic gas supply, for nil consideration
- Senex is 100% owner and operator of the project
- First gas targeted for 2019 (approvals, land access and impact assessments are the initial focus)
- Acreage capable of sustaining plateau production of >30 TJ/day
- Confidence in Project Atlas driven by:
 - High quality resource: development ready, top tier acreage
 - Access to market: multiple solutions to process and transport gas from the acreage
 - Strong demand: expressions of interest for >150 TJ/day of combined demand received during bid phase



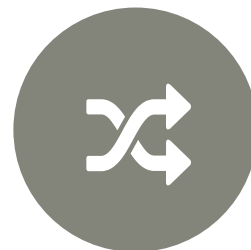
Investment proposition

15

Exploiting core capabilities to return Senex to growth in FY18



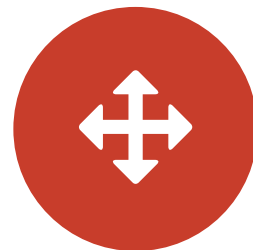
Valuable acreage position in Cooper Basin: low operating cost business with material growth options



Strong financial position to actively progress high quality growth projects



Major growth projects underway in Surat Basin: best in class safety and cost performance to drive returns



Strength and momentum to address supply opportunities in the east coast gas market

For personal use only



Contact and Further Information

Investor Enquiries

Tess Palmer
Investor Relations Manager
(07) 3335 9719

Media Enquiries

Rhianne Bell
Corporate Communications Manager
(07) 3335 9859



144 Edward Street
Brisbane, Queensland, 4000
Australia



info@senexenergy.com.au



(07) 3335 9000



www.senexenergy.com.au

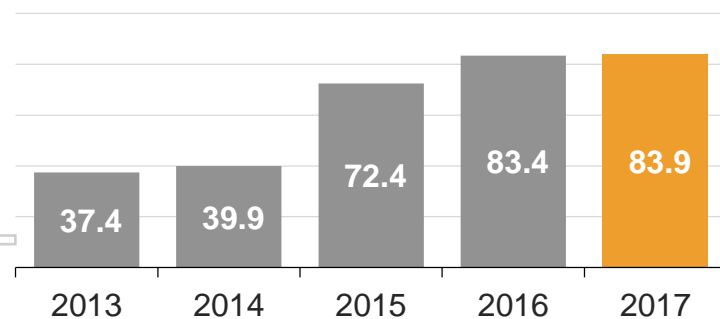


Appendix: Reserves and resources

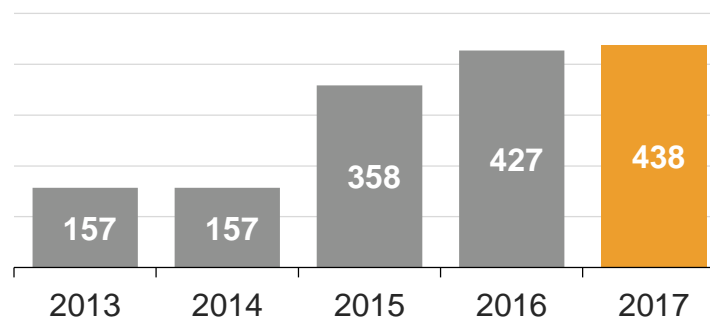
17

	30 June 2016	Production	Revisions	30 June 2017	% change yoy
1P reserves	12.1	(0.7)	5.3	16.7	38%
2P reserves	83.4	(0.7)	1.3	83.9	1%
2C resources	208.0	-	0.1	208.1	0%

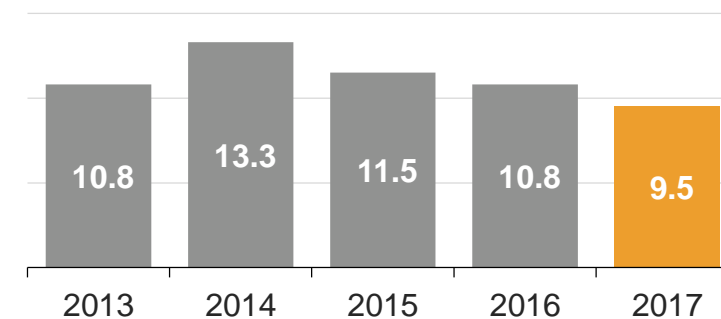
2P reserves (oil and gas) - mmboe



2P reserves Surat Basin - PJs



2P reserves Cooper Basin - mmboe



All reserves charts have been adjusted for the sale of the Maisey block in 2015

Excludes any gas volumes associated with Project Atlas which was awarded to Senex by the Queensland Government in September 2017



Appendix: FY18 outlook

18

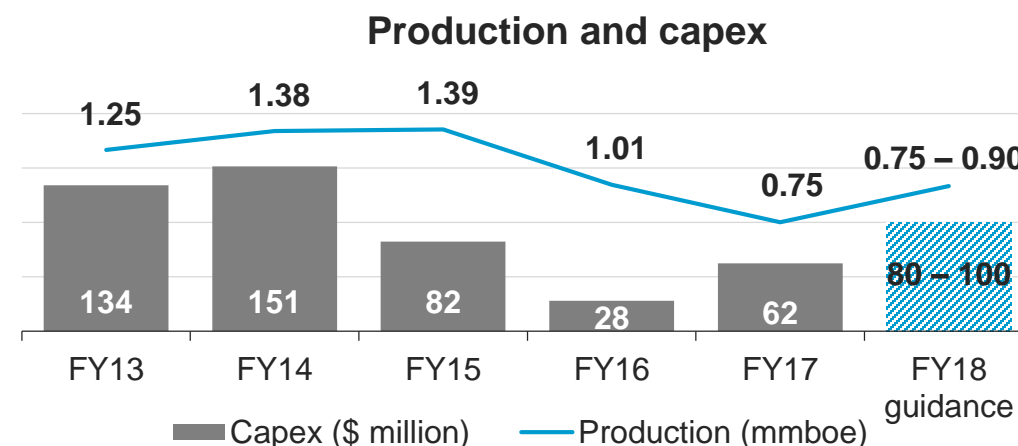
FY18 forecast production

- Cooper Basin: Stabilising and growing production
- Surat Basin: ramping up throughout FY18 with material gas production expected in FY19

FY18 forecast capex

- Cooper Basin oil: focus on high-value drilling targets (success case IRR >50%); seismic acquisition in the undeveloped south-west region (PELA 639)
- Cooper Basin gas:
 - Connection of the Vanessa gas field
 - Approx. \$50 million of Lattice Energy committed funds to be spent on unconventional gas exploration project
- Surat Basin: Balance of the Phase 2 capital program; expanded appraisal activities (including two pilots)
- Excludes potential capital associated with the Western Surat Gas Project sales gas infrastructure and next phase drilling program (both of which are subject to future investment decisions to be made during FY18)

Production mmboe	FY18 guidance	FY17 actual
Total production	0.75 – 0.90	0.75
Capital spend \$ million	FY18 guidance	FY17 actual
Cooper Basin	30 – 40	26
Surat Basin	45 – 55 ¹	37
Corporate	5	-
Total equity capex	80 – 100	62
Lattice Energy committed funds	50 ²	30



Senex

1. Approximately 70% of this capital spend was sanctioned in February 2017 (Phase 2 capital program and appraisal activities).

2. Relates to calendar year 2018.



Appendix: Net profit after tax and EBITDAX

	FY17	FY16
Revenue	43.6	69.3
Operating costs	(25.1)	(30.6)
Gain on sale of Maisey block	-	38.2
Other revenue/costs ¹	(11.2)	(13.3)
EBITDAX	7.3	63.6
Exploration expense	(8.7)	(2.3)
Amortisation & depreciation	(21.1)	(23.6)
Impairment	-	(69.7)
Net Finance Costs	(0.2)	(1.2)
Statutory NPAT	(22.7)	(33.2)
Impairment	-	69.7
Restructuring costs	0.1	1.8
Gain on sale of Maisey block	-	(38.2)
Underlying NPAT	(22.5)	0.0

1. Other revenues/costs includes flowline revenue, other income, other operating expenses, general and administrative expenses
Numbers may not add due to rounding

	FY17	FY16
Statutory net profit (loss) after tax	(22.7)	(33.2)
<i>Add/(less):</i>		
Net interest	0.2	1.2
Tax	-	-
Amortisation & depreciation	21.1	23.6
Impairment	-	69.7
EBITDA	(1.4)	61.3
<i>Add/(less):</i>		
Oil and gas exploration expense	8.7	2.3
EBITDAX	7.3	63.6



Western Surat Gas Project: reference data

20

For personal use only

Resource	
Surat Basin reserves	<ul style="list-style-type: none">• 81 PJ of net proved (1P) reserves• 438 PJ of net proved and probable (2P) reserves
Infrastructure	
Pilot Gas	<ul style="list-style-type: none">• Pipeline connects the Glenora pilot to the GLNG low pressure gathering network• Minimal compression and water handling facilities required
Sales Gas	<ul style="list-style-type: none">• Proximity to GLNG's existing transmission facilities• Potential shared use of existing GLNG gas processing and water treatment infrastructure or Senex constructed infrastructure (competitive tender process for sales gas infrastructure is currently underway)• Delivery of sales gas into the GLNG Comet Ridge to Wallumbilla Pipeline at a point on Senex's permits
Government take	
QLD royalty regime	<ul style="list-style-type: none">• 10% of wellhead value¹
PRRT	<ul style="list-style-type: none">• Shield of \$917 million as at 30 June 2017

1. Wellhead value revenue minus above ground costs (including processing and transport) and depreciation of above ground costs (again for processing and transport).



Western Surat Gas Project: reference data

21

For personal use only

Market	
Pilot Gas	<ul style="list-style-type: none">• Sales from the Glenora pilot to GLNG commenced in April 2017 (Senex receives a USD JCC oil-linked price for raw, unprocessed gas to be supplied at its option)• Exploring all marketing options for other pilot gas prior to 'first FID'
Gas Sales Agreement with GLNG	<ul style="list-style-type: none">• GSA for gas from the Western Surat Gas Project area over a 20-year contract term• GSA provides for, at Senex's election, the staged ramp up in sales volumes to a maximum of 50 TJ/day following 'first FID'• USD market pricing based on a JCC oil-linked formula• Ability to sell up to 15% of gas volumes to domestic gas customers, subject to certain conditions
Funding	
Sources of funding	<ul style="list-style-type: none">• Cash of \$135 million at 30 June 2017• Senex and EIG to work together to develop an appropriate funding model for Western Surat Gas Project, including EIG participation in such funding• EIG development funding of up to US\$300 million for Western Surat Gas Project acceleration¹

1. Any future transaction or agreement between Senex and EIG regarding development funding will be subject to due diligence, any relevant internal or regulatory approvals, and the parties reaching agreement on terms. Refer to ASX Announcement dated 1 February 2017.



Supporting information for estimates

22

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 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.

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'.

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

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

Evaluation dates:

- Cooper-Eromanga Basin: 30 June 2017
- Surat Basin gas reserves and resources (Western Surat Gas Project): 30 June 2017
- Surat Basin gas reserves and resources (Don Juan): 19 July 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, and the probabilistic method was used to prepare the estimates of resources in this presentation.

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: 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. Fuel, flare and vent consumed to the reference point are included in reserves estimates (c. 5% of 2P oil reserves estimates may be consumed as fuel in operations depending on operational requirements).
- Surat Basin: Wallumbilla gas hub, approximately 45 kilometres south east of Roma, Queensland. Fuel, flare and vent consumed to the reference point are excluded from reserves estimates (c. 7% of 2P gas reserves estimates have been assumed to be consumed as fuel in operations).

Reserves replacement ratio: The reserves replacement ratio is calculated as the sum of estimated reserves additions and revisions divided by estimated production for the period, before acquisitions and divestments.