Senex Energy Limited

ASX Announcement

Senex 2013/14 guidance

Release Date: 17 July 2013

Key points

- Strategic focus on high-growth, high-margin oil business with more than 30 wells planned
- Net oil production guidance of 1.4 million to 1.6 million barrels for 2013/14, up from 1.24 million barrels in 2012/13
- Net 2P oil reserves growth guidance of 4 million to 6 million barrels[1] for 2013/14, up from 3.9 million barrels in 2012/13
- Appraisal and development planning at the successful Hornet gas field discovery, with plans to introduce a partner at an early stage
- Capital expenditure program designed to preserve balance sheet strength

For 2013/14, Senex Energy Limited (Senex, ASX: SXY) will maintain its focus on the rapid development of its high-margin oil business in the South Australian Cooper Basin and preserve its strong balance sheet while planning for the early development of Senex's Hornet gas field discovery, located less than 30 kilometres from the APA Group (ASX: APA) Moomba to Sydney gas pipeline.

Metric	2013/14 Guidance	2012/13 Actual
Net oil production	1.4 million to 1.6 million barrels	1.24 million barrels
Net 2P oil reserves growth	4 million to 6 million barrels	3.9 million barrels
Oil exploration, appraisal and development	More than 30 oil wells planned	11 oil wells drilled
Gas exploration and appraisal	Appraisal and development planning at Hornet discovery prioritised	3 gas exploration wells successfully drilled, completed and fracture stimulated with discovery of the Hornet gas field

HIGH GROWTH, HIGH MARGIN OIL FOCUS

Senex estimates net oil production of between 1.4 million and 1.6 million barrels (**mmbbls**) for 2013/14, an increase of 13% to 28% on the 2012/13 result of 1.24 mmbbls. Both the northern and southern oil provinces will contribute to this production increase through existing fields and new wells from the current drilling program.

A detailed review of Senex's oil field assets identified a significant number of high-return opportunities at existing oil fields to increase reserves and production. These opportunities are located adjacent to existing oil handling facilities and infrastructure. Additionally, the on-going analysis and interpretation of the Lignum and Cordillo 3D seismic surveys is likely to generate a material number of new prospects and drilling targets.

Senex is targeting net oil reserves growth of between 4 mmbbls and 6 mmbbls for 2013/14[1], generating a reserves replacement ratio of over 300%[2].

Senex expects that cash flow generated in the oil business during 2013/14 will be re-invested in oil drilling and 3D seismic, which will establish a solid base for further material increases in reserves and production in coming years.

HORNET GAS FIELD PRIORITISED

Having achieved material success in the gas exploration program with the discovery of a 2.4 trillion cubic feet 3C contingent gas resource at Hornet, Senex will now focus on appraisal and field development planning.

Senex Managing Director Ian Davies said it makes sense to focus on the rapid commercialisation of the Hornet gas discovery.

"We have certified more than sufficient gas at Hornet to justify a major field development, particularly given the proximity to major east coast gas infrastructure.

"Senex is in the process of evaluating potential development scenarios for the Hornet gas field and will look to introduce a partner at an early stage to assist with funding, marketing and technical expertise," he said.

PROGRESSING OUR CSG BUSINESS

Senex is committed to continuing the process of building proved and probable (**2P**) reserves while concurrently investigating options for monetisation of its coal seam gas (**CSG**) assets at in Queensland's Surat Basin. This will include an 11-well campaign during 2013/14 across both eastern and western Surat Basin permits.

"Our CSG assets are located near major LNG linked pipelines and sit within prime CSG fairways. We will invest a measured amount of capital to develop these assets so as to maximise their value," Mr Davies said.

PROTECTING OUR BALANCE SHEET

Senex has designed the 2013/14 capital expenditure program to continue delivering rapid growth while maintaining a strong balance sheet.

Capital expenditure on exploration, appraisal, development and facilities is currently expected to be between A$120 million and A$140 million. The majority of funds will be allocated to Senex's high-margin, low-risk oil business.

"In a global climate of uncertainty, Senex is in the enviable position of being able to maintain our strong financial position, with no debt, while funding significant development in both our oil and gas businesses," Mr Davies said.

For further information contact:

Ian Davies
Managing Director
Senex Energy Limited
Phone: (07) 3837 9900

Andrew Barber
Corporate Affairs Manager
Senex Energy Limited
Phone: (07) 3335 9821 or 0418 783 701

1. Before production and divestments
2. At midpoint of production and 2P reserves growth guidance