

Managing Director's Address, 2014 AGM

Release date: 19 November 2014



Good morning ladies and gentlemen,

We are living in interesting times for oil and gas companies

For the last four years, we have proven that Senex can create and realise opportunities, with an unbroken track record of production growth and reserves growth. We have successfully executed innovative ideas, enhanced our operating capability, and diversified our asset base to secure our future. We have grown the business that Senex is today with your loyal support, for which we are thankful.

For the next four years, we are continuing our dual focus on oil and gas, and we are committed to our *Growth Acceleration Strategy* to grow your investment. As all of you here today well know, the energy sector by its very nature is cyclical, and there is no denying we are coming off the record high oil prices of 2011 through to recent times, into a period of volatility. As an oil-producing business we expect to ride the peaks and troughs of the global energy market. What we have focused on in the last four years is building a business that is strong enough and solid enough to ride out troughs like these and prosper.



Agenda

1. FY14 summary
2. Purpose – our Vision for growth
3. Direction – overview of Growth Acceleration Strategy
4. Focus – progress against FY15 guidance and outlook

2 Photo: Burruna oil field

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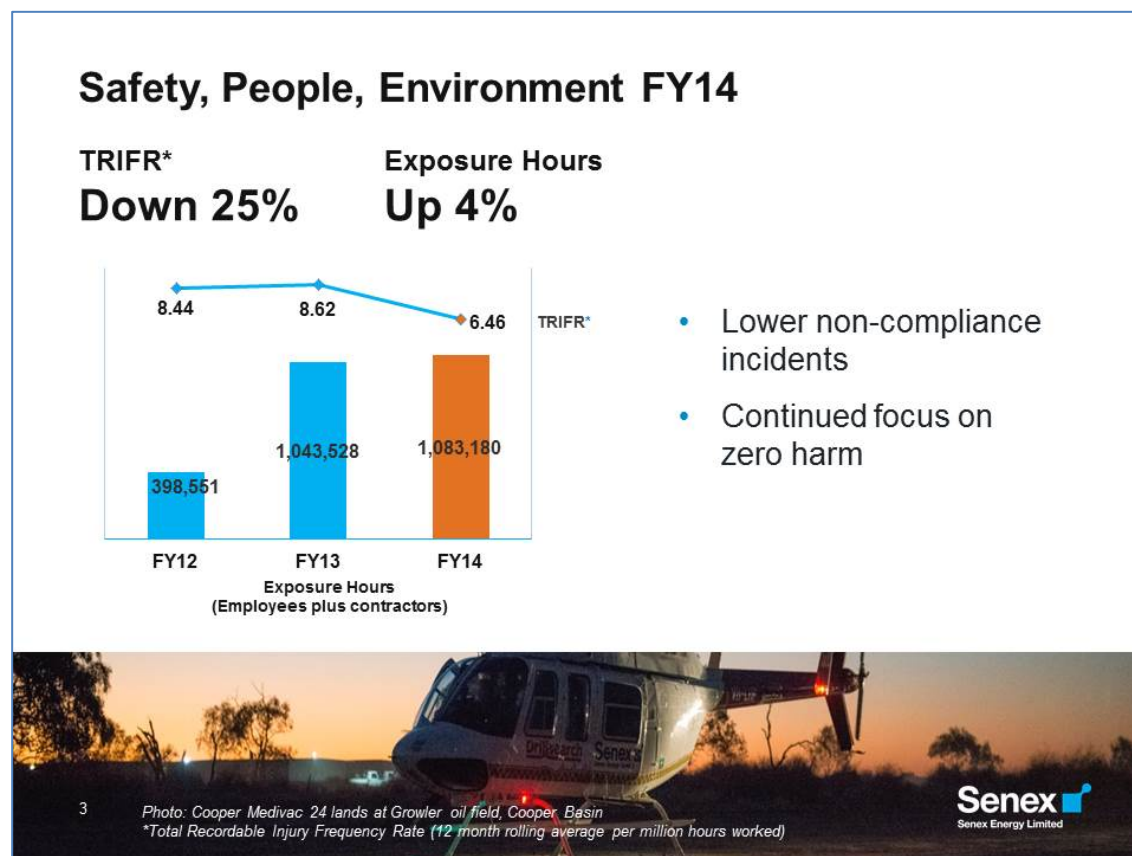
So today I will briefly revisit the highlights of the 2014 financial year, although primarily I want to use this time to talk about three things:

Purpose – I will expand on the Vision behind our strategy and the attributes that continue to differentiate Senex;

Direction – I will revisit the near term and long term aspects of our *Growth Acceleration Strategy*; and

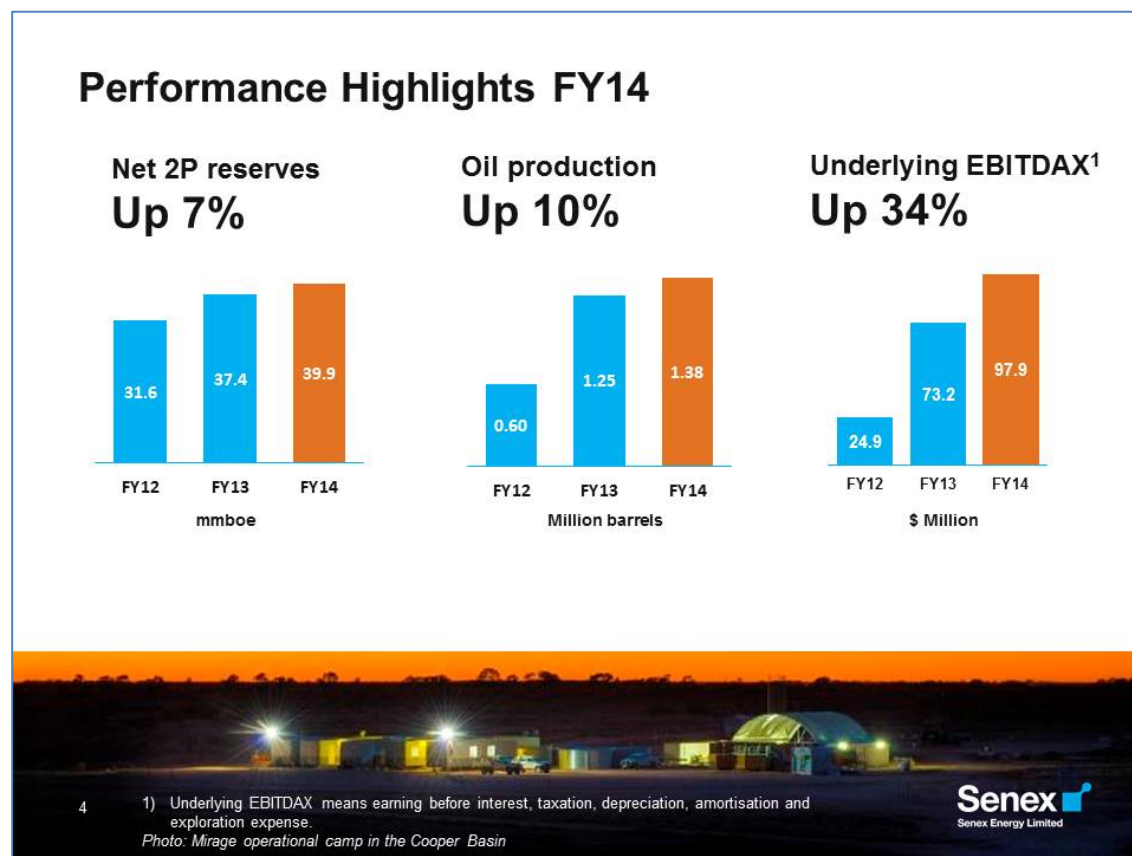
Focus – I will reiterate the solid platform we have from which to achieve our 2015 guidance and longer term targets.

But first a reflection on safety, which is core to our culture and underpins everything we do.



As we have ramped up our oil production operations since 2012, the exposure hours of employees and contractors has nearly tripled. During our second year of higher exposure hours, I was pleased to see a sharp decline in lost time injuries and recordable incidents. Alongside that I can share with you that our number of environmental non-compliances has also fallen since 2012. I am proud of the team for achieving these improvements, but continue to ask all of us to do better – one incident is too many.

Let me recap on our 2014 financial year.



It was a year of solid growth for Senex with significant progress made in delivering a material, sustainable energy business:

- We delivered an improved safety result against the backdrop of our biggest year yet in terms of activity;
- We increased 2P oil and gas reserves by 7%, through a combination of our largest drilling program to date and focused field development planning of our existing operations;
- We increased production by 10% by delivering exceptional cycle times on new well connections in the second half of the year, after changes in our program delayed our development drilling;

- We increased our operational cashflow, that is our underlying earnings before interest tax depreciation amortisation and exploration expense (EBITDAX), to \$97.9 million, attributable to both high oil prices and a sharpened focus on reducing operating costs; and
- We secured an exceptional partner in our Cooper Basin tight and unconventional gas business through our farm-in deal with Origin Energy.

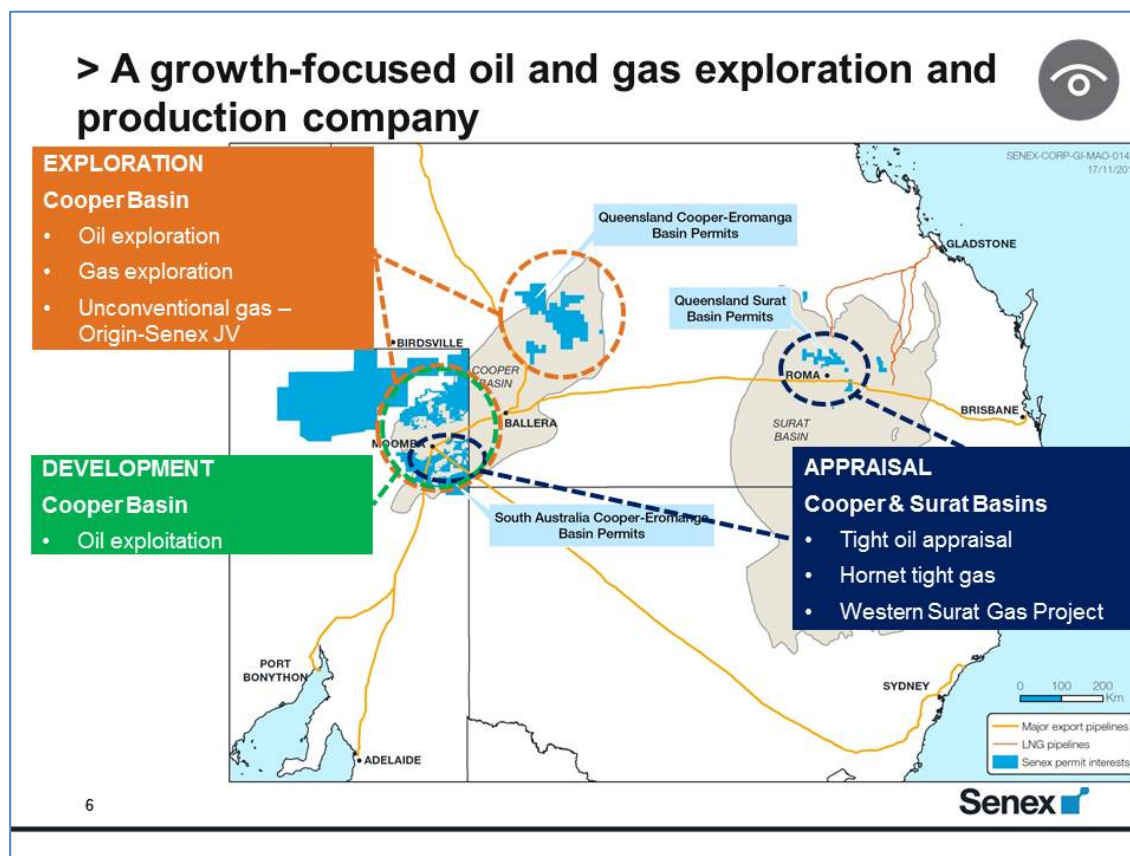
FY14 was solid year for Senex, and one that lays the foundations for our next phase of growth.

Before I talk about that further, let me take some time to crystallise our Vision and what this means for your investment.



Our vision relies on our assets, our people and our execution capability to create a successful energy business. Gathering the raw elements for this Vision together has been what the last four years have been about.

There are five parts to this Vision.



Firstly our portfolio – the *quality assets*.

At the end of the 2014 financial year, Senex had increased its oil and gas reserves across the Cooper-Eromanga and Surat Basins to a record level.

We have retained our position as the largest operator in the South Australian Cooper Basin by acreage, and with our 100% owned Western Surat Gas Project announced in September, we have the scale required to build a material Surat Basin gas business. We are successfully diversifying our business both by geography and product.

With such a commanding presence in these regions, we recognise that Senex has an important role to play in the sustainable development of these communities.

> We care about and support the communities in which we operate



- Cooper Medivac 24 helicopter
- Royal Flying Doctor Service partnership
- Onshore Petroleum Centre of Excellence
- Contribution to local infrastructure
- Staff gifting program

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Photo: Cooper Medivac 24 pilot Jason with Nathan, Alicia, Lachlan, Chloe and Hudson

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We are very proud of our partnership with Royal Flying Doctor Service, and during the year we worked with them to enhance our own emergency response capability in the Cooper. In the year ahead we will continue to build on this partnership as we jointly develop programs that will benefit the wider South Australian community.

Early in our operatorship within the Cooper Basin we experienced the challenges of getting unwell or injured workers to medical aid at night. Having to drive for hours to get emergency assistance simply wasn't good enough.

So for the first time, we established a night-vision equipped helicopter service to operate 24/7 in the region. The helicopter has been called out four times both for industry and general community service since we launched this initiative in August. Cooper Medivac 24 will save vital time by delivering patients to the RFDS at the nearest airstrip.

During the year Senex also became a founding member of the Onshore Petroleum Centre of Excellence. This state-of-the-art training centre will provide industry-recognised accreditation to onshore oil and gas professionals and a pathway for school leavers pursuing a career in the sector. Our team is working closely with the industry to bring this educational initiative to life and the first official intake is on track for early 2015.

Collaboration really is one of our core Values.

> We aim to attract and retain the best people and partners



- Executive Committee scaled and strengthened
- Senex team growth in line with projects
- Operator for 10 joint venture partners
- Three-year service contract with Baker Hughes

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Photo: Senex employees at the Cool Night Classic fun run in Brisbane


Which brings me to our *talented people*.

The scaling of our Executive team to take the business forward was an important step in our journey. Our Executive Committee comprises some of the best minds in the industry with extensive experience in building oil and gas businesses.

The broader Senex team has also continued to grow and evolve as our business has matured and grown in complexity. We have built teams to work on our unconventional gas program with Origin Energy in the Cooper and for the initiation of our Western Surat Gas Project in Queensland.

Our operations also draw on expertise beyond our own staff, and we embrace the fresh perspectives and technical challenge that our joint venture partners bring to our operations. We operate on behalf of 10 joint venture partners and I personally welcome the further breadth and depth they bring to our team.

Equally, another milestone was our three-year services contract announced in October with leading oil services company Baker Hughes, providing access to their people, technology and processes. Our companies share a similar focus on innovation and collaboration, and I am confident this partnership will help to realise cost efficiencies and exploit subsurface opportunities in the Cooper Basin.

The right combination of people, experience and strategy will be key to delivering sustainable growth for you, our shareholders.

> We aim to consistently deliver enhanced returns to shareholders





Hornet gas field ramping up for first gas sales this quarter

- Low cost producer
- Operator for all key assets
- Maximum flexibility to defer or accelerate capital
- No debt
- Driving efficient exploration, development and operating activities

9 Photo: Gas flare at Hornet-1



So let me talk about your investment.

We know the share price of Senex, like its peers, has not escaped the impact of global market sentiment for oil and gas producers.

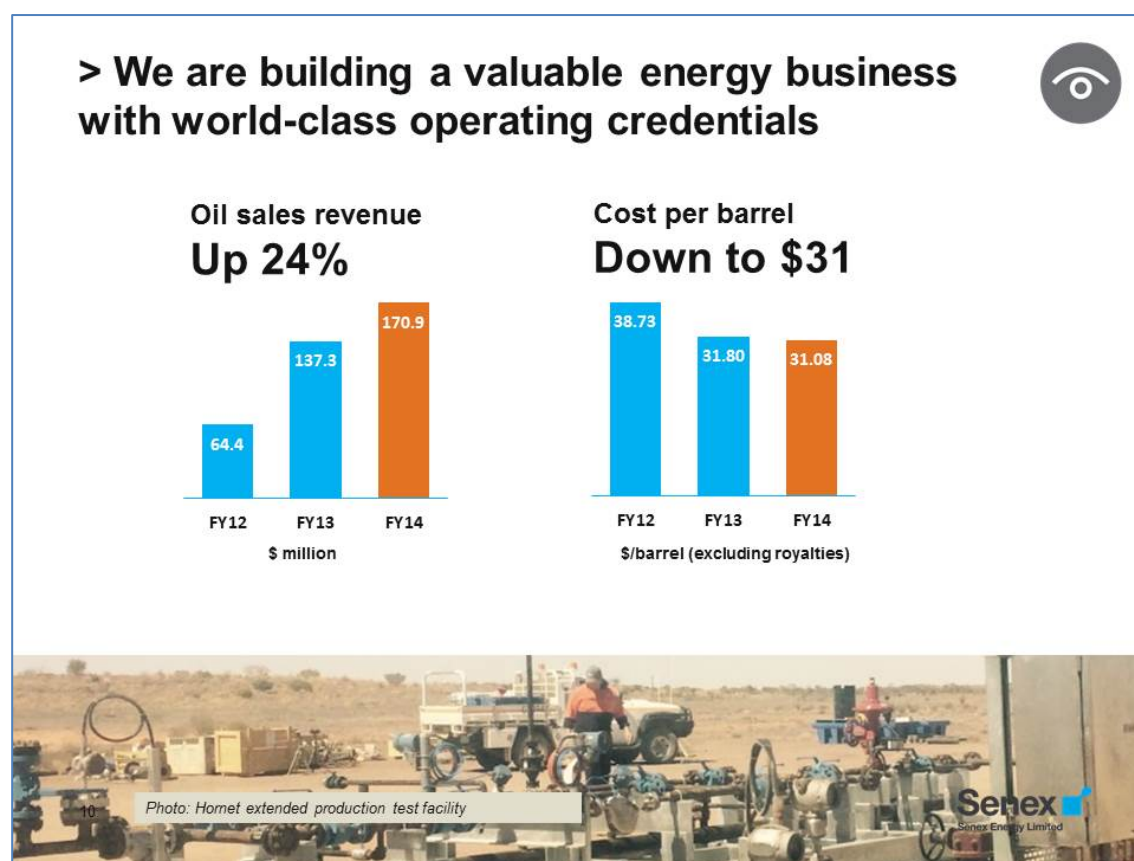
Although the US dollar Brent oil price has fallen since June 2014, the fundamentals of the global energy sector remain strong. The impact of the falling oil price globally has been softened with a weakened Australian dollar. In the September quarter, we realised an average Australian dollar oil price of \$113 per barrel. While the average price has continued to fall since, current pricing still offers a significant margin on our cost base of only \$31 per barrel excluding royalties. Senex is a low cost producer which leaves us well-armed during periods of pricing weakness.

Maintaining low cost operations is critical in times like this, but equally important is a company's ability to respond to market conditions by modifying its capital spend as required.

Senex is the operator of all its key oil and gas assets, meaning we have maximum flexibility in deferring or accelerating our capital programs. This is no accident, and is an enviable position that not many of our peers can boast. And with no debt on our balance sheet, we have the added freedom of no debt covenants to restrict or colour our decision-making in the near term.

So as the global supply and demand for energy fluctuates and as we work through the potential of our assets, Senex remains in a position of strength. But we are not complacent, and we continue to focus on driving efficiency in our business.

This is closely linked to the last element of our four-year Vision.



Last year I spoke about adopting a manufacturer's mindset and the rapid development of our oil discoveries. This hasn't changed. We are being smarter, planning ahead, standardising, and embracing continuous improvement throughout the Senex business.

Our focus on continually improving cycle times is ongoing, to minimise the time between capital expenditure and cash inflows, and to drive efficiencies in execution.

Senex connected 20 of the 26 wells cased and suspended in the 2014 drilling program, with rig off to online times as low as 26 days, surpassing previous records. This timing compares very favourably with our peers, and is one example of how our efforts are generating results.

I can assure you that for every member of our team, *flawless execution* is a daily pursuit.

Our Growth Acceleration Strategy will be the compass to drive success.

Direction...our Growth Acceleration Strategy

- Delivering growth for our existing oil business
- Achieving material production for our gas business

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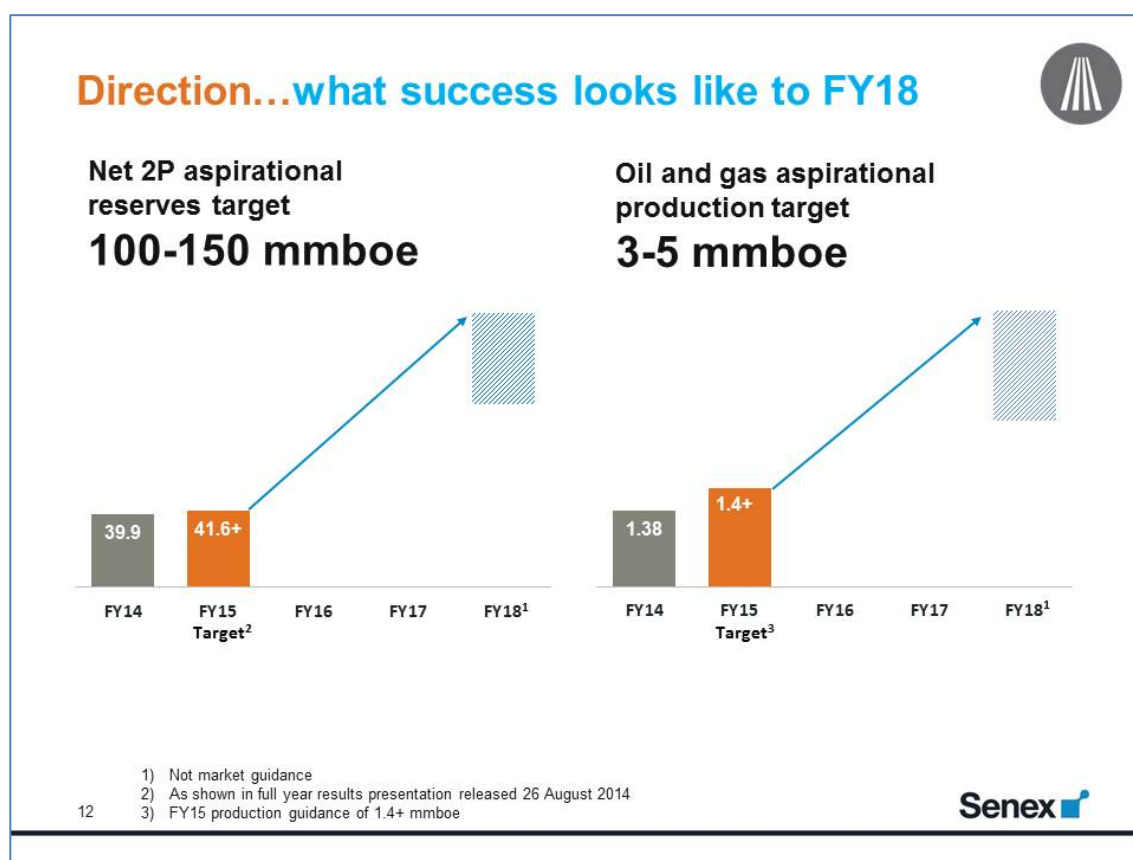
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This four-year strategy is centred around two areas:

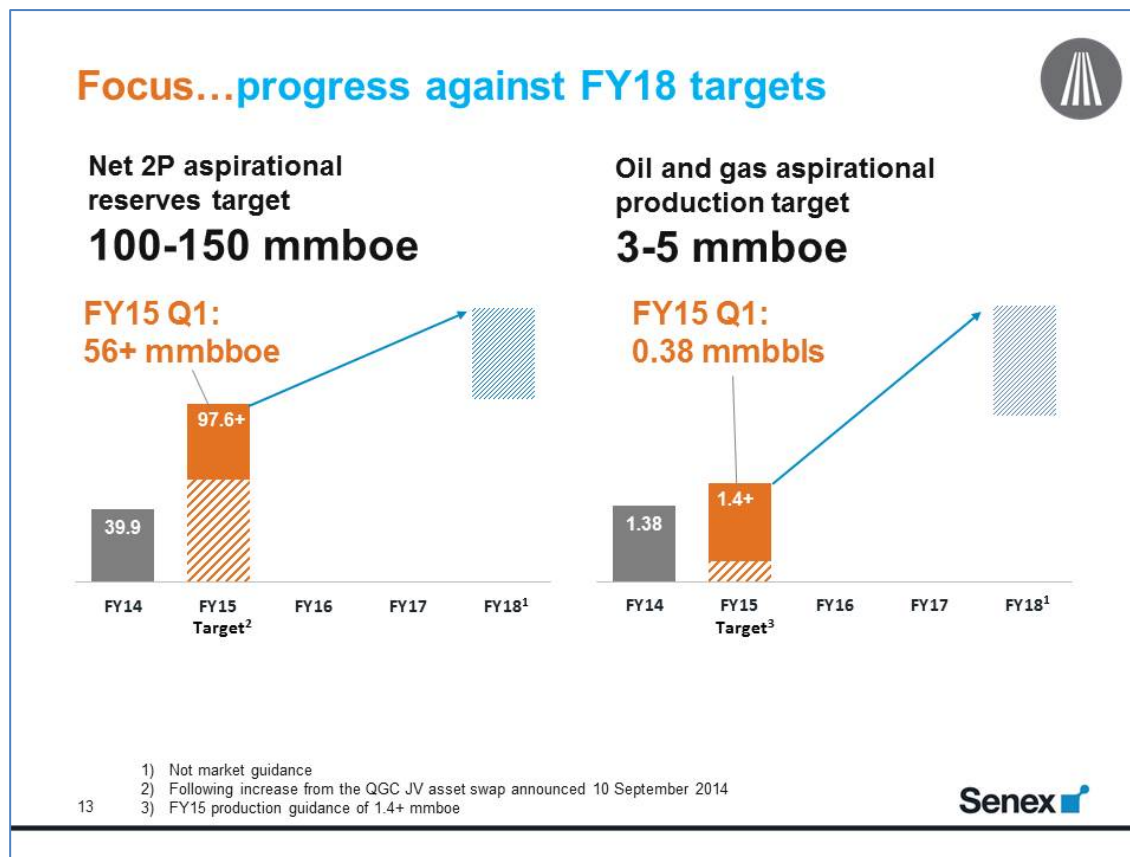
continuing to deliver sustainable growth in our oil business; and

achieving material production for our gas business.

We understand the delicate balance of risk and reward needed to achieve growth. So we are choosing to be proactive in high grading our portfolio, complementing our organic growth initiatives in oil and gas with a new ventures strategy. Considering new ventures is not about adding more ground – we are being selective, and opportunities need to bring something new to the risk reward balance in our portfolio.



You will be able to judge our success in this strategy very easily, as we have laid out the benchmarks by which we will be measured. By FY18, Senex is targeting more than double our current reserves and flowing barrels. Our aspirational targets are to grow our reserves from 40 mmboe to 100-150 mmboe and do the same for oil and gas production, growing it from 1.38 mmboe to 3-5 mmboe.



I am pleased to report that we remain on track to exceed 1.4 mmboe production and to meet our full year guidance for reserves growth and capital expenditure.

In exploration, we are progressing our largest and most greenfield exploration drilling program to date, with seven exploration wells to be drilled back-to-back.

Phase 1 of our western flank program closed on a successful note with the discovery of Martlet-1, which opened up the Namur potential of our western flank acreage. With a new play type across our acreage, we expect future drilling programs to seek to further explore this play in the area.

Our northern program has yet to yield a commercial discovery after four wells which is clearly disappointing, but what is exciting is that we have intersected hydrocarbons in multiple horizons in three of those four wells. This is building out our subsurface modelling and our understanding of play types and migration in the northern flank. We have two wells left in the

current exploration campaign. Following this, we will focus on incorporating the drilling results into the next stage of our seismic interpretation ahead of future drilling campaigns in the area.

Focus...our Strategy in action FY15 Q1





August:

- Offer of permits CO2013-A and D in Cooper Basin

September:

- Coal seam gas swap announced with QGC JV in Surat Basin

14 *Photo: Cooper Basin operations*


Our strategy in action was again demonstrated in August with the offer of two highly contested permits in the Cooper Basin. These permits will add 3,000 square kilometres of acreage in what we consider to be some of the most prospective flank acreage in the Cooper Basin to our portfolio. This acreage adjoins our existing portfolio, offering us operational synergies.

In September we also announced a coal seam gas swap in the Surat Basin with the QGC joint venture. Gas production is a natural complement to our oil business and a logical and fundamental plank in our growth strategy. The annuity style cash flow that comes from a gas business is inherently less volatile than oil, perfectly complementing our high margin oil business. Current market conditions are a case in point – oil prices globally have fallen, with an uncertain outlook over the next 6-12 months. In contrast the outlook for east coast gas

demand, and prices, is very strong as Queensland's CSG to LNG projects near commissioning.

With investments across both product streams, Senex has the portfolio to proactively manage cash flow in response to the opportunities or challenges of global and domestic markets.

Focus...our Strategy in action FY15 : GAS



Cooper tight gas	• Hornet-1 in pre-commissioning • Ongoing identification and evaluation of potential tight gas opportunities in our existing portfolio
Cooper conventional gas	• Vanessa-1 to commence flow test • Ongoing seismic evaluation to inform exploration drilling
Cooper tight gas – Origin JV	• Commencement of farm-in program: seismic and exploration drilling¹
Surat gas	• Continued focus on monetisation options

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1) Senex is free-carried for \$185 million of this program



During this quarter, we expect our first gas sales from our Hornet gas field. Yesterday we updated the market on our progress, with the well testing at a flow rate of more than two million standard cubic feet per day in pre-commissioning. We are also moving the Vanessa gas field project forward, having reached joint venture agreement this week to complete and test the well. The rig is expected to arrive at the Vanessa field next week to commence completion activities.

Our exploration team is also progressing a number of conventional and tight gas leads across our portfolio, and we hope to be drilling our first gas exploration wells in the Origin joint venture in mid 2015.

Our Western Surat Gas Project is on track with a core team assembled and detailed planning under way. Just last week, I was in Roma speaking to members of the community and business owners operating within the Surat Basin. Senex is committed to building a long-term business in the Surat, and we are investing the time upfront in developing our operating model to ensure we can deliver returns to our shareholders and also to the community in which we will be operating.



A position of strength

- Fundamentals of global energy sector remain strong
- Operatorship of all key assets
- Significant 2P reserve base of 97.6 mmboe¹
- Dual focus on oil and gas, targeting first gas sales in 2014
- A growing earnings base and strong balance sheet
- A bold four year *Growth Acceleration Strategy*

1) Following increase from the QGC JV asset swap announced 10 September 2014
Photo: Senex Land Access Manager John with Innamincka Regional Reserves Ranger

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For decades, Senex was focused on exploring for oil. In just four years, we have transformed your company into an oil producer and gas explorer. And very soon, we will also be a gas producer.

We are delivering on our promise of continual improvement in our oil production operations and embarking on the greenfield phase of our oil exploration program that commenced with our seismic operations over two years ago.

We are on track to achieve our first gas sales in the Cooper Basin and we are progressing our Western Surat Gas Project.

Your company is delivering on the promises we made when we started this journey four years ago and is in a position of strength to meet the challenges of the future.

Before I conclude my presentation and on a slightly different note, I would like to extend my sincere thanks to Denis for his guidance and leadership during my time with Senex. Denis has been Chairman of this company for almost seven years, and has led us through some bold and transformational decisions. We have grown from a small oil explorer into an ASX 200 oil and gas E&P business under Denis' stewardship – a company that I am very proud to be CEO of today. For me personally, Denis has been a rock and his relentless focus on creating a truly efficient business has been both challenging and inspirational. It is with much gratitude that I acknowledge his time as Chairman.



With that, I would like to open the floor to questions.

Ian Davies

Managing Director and Chief Executive Officer

19 November 2014

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Important information

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Reserve and resource estimates

Please refer to the information on slide 19 for details of the qualified reserves and resources evaluator as well as the supporting information required by Chapter 5 of the ASX Listing Rules.

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Supporting information for estimates

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 information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, qualified petroleum reserves and resource evaluators. The relevant qualified reserves and resources evaluator statements can be found:

- in respect of the Cooper Basin, at page 17 of the Senex annual report released to the ASX company announcements platform on 26 August 2014 (in the reserves and resources statement); and
- in respect of the Western Surat Gas Project, at page 3 of the release to the ASX company announcements platform titled "Senex agrees Surat Basin gas asset swap with QGC" on 10 September 2014.

Senex confirms that it is not aware of any new information or data that materially affects the information or data that materially affects the information included in this presentation and that all the material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

Aggregation method: The method of aggregation used in calculating estimated reserves was 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 due to the portfolio effects of arithmetic summation.

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 date: 30 June 2014 for all reserves estimates in this presentation.

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 in this presentation.

Ownership: All reserves estimates in this presentation are reported according to Senex's economic interest.

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.
- Surat Basin: Wallumbilla gas hub, approximately 45 kilometres south east of Roma, Queensland.

Reserves replacement ratio: The reserves replacement ratio is calculated as the sum of estimated reserves additions and revisions divided by estimated oil production for the period 1 July 2013 to 30 June 2014, before acquisitions and divestments.

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