

Senex reduces FY15 capital expenditure by 20% and realises material corporate cost savings

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Senex Energy Limited (Senex, ASX: SXY) has reduced FY15 capital expenditure and other costs to retain its strong funding position in the current volatile oil price environment.

Key Points:

- FY15 capital expenditure guidance reduced from \$100 - \$120 million to \$85 - \$90 million
- Capital program to high-grade opportunities and continue valuable growth projects
- No change to FY15 production guidance of 1.4+ mmboe
- Additional cost savings of \$6 million annualised have been implemented
- Hedging instruments with floor oil price in place to protect Q3 and Q4 oil sales revenue
- Set to end FY15 in strong net cash position

The reductions in expenditure are in response to the expected decrease in full year revenues as a result of current energy market conditions.

Senex has reduced its total FY15 capital spend by 20%, deferring higher risk exploration spend, and focusing its program on development and production enhancing activities.

As a result, the FY15 drilling program and associated expenditure has been reduced from 26 wells to around 16 wells. In addition, annualised cost savings of \$6 million per year have been implemented across the Company's corporate and operating cost base.

The expenditure review does not impact FY15 production guidance of 1.4+ mmboe, and allows for continued progression of key growth projects. In light of current volatile energy market conditions, the review reflects continued careful allocation of capital across Senex's large portfolio of growth projects.

Senex Managing Director Ian Davies said the Company had undertaken the spending review to ensure it remained in a position of financial strength.

"We have a very large portfolio of growth projects with long term tenure. In this environment we must continue to show discipline in the prioritisation of these projects.

"The right sizing of our spending program, in combination with our recently implemented hedging program, will ensure we preserve our strong funding position and exit FY15 in a strong net cash position", he said.

FURTHER INFORMATION

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ABOUT SENEX ENERGY

Senex is an S&P/ASX 200 exploration and production Company with significant oil and gas acreage in Australia's Cooper and Surat Basins. Senex currently produces over 1 million barrels of oil each year, and has successfully diversified its business with the commencement of gas sales in 2014 and initiation of the Western Surat Gas Project.