Quarterly Report

Senex
Senex Energy Limited

Q3 FY15 | March 2015

HIGHLIGHTS

Senex Energy (Senex, the Company) achieved a number of progress milestones during the March quarter. Key highlights during the period include:

- **Cooper Basin oil and gas portfolio**: continued high grading of exploration and development activities, including lower risk near-field oil exploration drilling at the Dunoon Ridge and the first phase of secondary recovery at the Growler field.
- **Unconventional gas joint ventures** with Origin Energy (Cooper Basin): progressing the stage 1 $105 million guaranteed work program, with tight gas plays across a range of horizons, 3D seismic surveys progressed, and agreed preliminary well design and long lead drilling items.
- **Western Surat Gas Project** (Surat Basin): continued planning for pilot production testing and appraisal activities, initiation of the environmental approvals process, and concept select engineering under way. The concept select study is expected to be closely followed by the front end engineering design phase.
- **Unsecured corporate debt facility** of $80 million established subsequent to the end of the period, strengthening the Company's liquidity profile and financial flexibility. Senex held a **cash balance** of $63 million as at 31 March 2015 with total liquidity of $143 million, and no requirement to draw down on the facility. In addition to **hedging instruments** for sales in the second half of FY15, Senex put a series of oil hedges in place for a portion of sales revenues in the 2016 financial year.
- **FY15 capital expenditure guidance**: further revised down to between $80 and $85 million, from the $85 to $90 million guidance provided in January[1]. Senex expects to drill 14 wells for FY15 for the Cooper Basin business in line with current capital allocation criteria. Detailed planning is underway for the FY16 growth agenda.
- **FY15 full year production guidance**: following a material reduction in expenditure and activity in H2 FY15, Senex expects full year production of between 1.36 mmboe and 1.41 mmboe[1]. Further, three oil wells – Martlet North-1, Growler-14 and Dunoon-3 – have been cased and suspended pending completion and tie-in to production facilities. Given operational and capital efficiency considerations, production from these wells is expected in Q1 FY16.

Q3 FY15 operational results:

- **Net production** of 0.33 mmboe, down 8% on the previous quarter and up 10% on the previous corresponding period. This included three months of production from Martlet-1, offset by natural production decline in existing fields, a mechanical failure at a key Spitfire well and a period of wet weather in January.
- **Sales revenue** of $22.3 million, reflecting materially lower average realised oil price of A$72 per barrel and lower quarterly production volumes. Hedging instruments provided some revenue protection during the quarter, and additional hedging instruments were put in place over expected base production in FY16 underpinning confidence in capital allocation for FY16.

Seismic survey contractors in the Cooper Basin as part of Senex's unconventional gas work programs with Origin Energy.

1 Capital expenditure guidance for FY15 was reduced from $100 - $120 million in January 2015 in response to global oil market volatility. Refer to the ASX release dated 21 January 2015. Original production guidance of 1.4+ mmboe.

FINANCIAL SUMMARY

KEY PERFORMANCE METRICS	March Quarter Q3 FY15	December Quarter Q2 FY15	March Quarter Q3 FY14	Quarter on Quarter change
Net Production (mmboe)	**0.33**	0.36	0.30	(8.3%)
Net Sales volumes (mmboe)	**0.31**	0.35	0.29	(11.4%)
Sales revenue ($ million)	**22.3**	28.2	37.3	(20.9%)
Cash ($ million)	**63.0**	74.9	91.0	(15.9%)
Average realised oil price (A$ per barrel)	**72**	81	129	(11.1%)

Sales revenue decreased by 21% to $22.3 million in the March quarter, due to lower sales volumes and a lower average realised oil price.

- Sales volumes for the March quarter of 0.31 mmboe were down 11% on the previous quarter. Martlet-1 contributed three months of production, offset by natural production decline in existing fields, a mechanical failure on a key well at the Spitfire field and a period of wet weather in the Cooper Basin in January.
- The average realised oil price for the March quarter of $72 per barrel was 11% lower than the $81 per barrel realised during the previous quarter. This difference was primarily due to a 28% fall in average crude oil prices in US dollar terms, partially offset by the weakening of the AUD/USD exchange rate and hedging gains. Hedging instruments provided $3 per barrel of margin benefit during the March quarter[1].

SALES	March Quarter Q3 FY15	December Quarter Q2 FY15	March Quarter Q3 FY14	Quarter on Quarter change %
Sales (mmboe)	**0.31**	**0.35**	0.29	(11.4%)
Oil	**0.30**	**0.35**	0.29	(14.3%)
Gas and gas liquids	**0.00**[2]	**0.00**[2]	-	-
Sales revenue ($ million)	**22.3**	**28.2**	37.3	(20.9%)

In March, Senex put a series of oil price hedges in place for the 2016 financial year.

- The instruments provide revenue protection over one million barrels of oil sales in FY16, approximating expected production from existing well stock. Refer to the ASX release dated 13 March 2015 for details.
- The implementation of hedges has already provided Senex with some protection during the March quarter, and the extension of this protection for the next financial year allows the Company to allocate capital with confidence in FY16.

Refer to Glossary on page 11 for definition of production and sales volumes.
1 Net revenues received per barrel of oil sold after hedge costs.
2 ~3,000 boe sold during the March quarter (Q3 FY15), ~5,000 boe sold during December quarter (Q2 FY15).

FINANCIAL SUMMARY

Capital expenditure of $14.5 million was incurred in the quarter, with reduced spending in line with revised annual guidance.

- The major components of the capital expenditure for the quarter included the drilling of Martlet North-1 exploration well and Growler-14 appraisal well, the Jasmine 3D seismic survey in the northern Cooper Basin permit PEL 182, and completion of production facilities at the Hornet gas field.
- In January, Senex reduced its FY15 capital expenditure guidance by 20% to $85 - $90 million in response to the expected decrease in full year revenues as a result of volatile energy market conditions. As a result, the FY15 drilling program and associated expenditure was downsized from 26 wells to up to 16 wells, two of which were drilled during the March quarter.
- The Company has today further reduced its FY15 capital expenditure to between $80 and $85 million and expects to drill 14 wells for FY15, with Martlet North-1, Growler-14 and Dunoon-3 expected to be online in Q1 FY16.

CAPITAL EXPENDITURE	March Quarter Q3 FY15	December Quarter Q2 FY15	March Quarter Q3 FY14	Quarter on Quarter change %
Exploration and appraisal	**11.9**	**13.5**	22.0	(11.9%)
Development, plant and equipment	**2.6**	**14.2**	11.0	(81.7%)
Total	**14.5**	**27.7**	33.0	(47.7%)

Senex had cash reserves of $63.0 million at 31 March 2015, and further strengthened its financial position with the establishment of an $80 million unsecured corporate debt facility, subsequent to the end of the quarter.

- The facility was established in April to provide financial flexibility and to strengthen the Company's liquidity profile. The multi-currency facility has a three year term, contains appropriate and non-restrictive covenants, and was obtained through a competitive process resulting in attractive terms and pricing.
- Senex will continue to manage its balance sheet conservatively and has no requirement to draw down on the facility.


Martlet-1 well head


Storage tank at the Spitfire field

PRODUCTION - Cooper Basin

PRODUCTION	March Quarter Q3 FY15	December Quarter Q2 FY15	March Quarter Q3 FY14	Quarter on Quarter change
Net Production (mmboe)	**0.33**	**0.36**	0.30	(8.3%)
Oil	**0.31**	**0.36**	0.30	(13.9%)
Gas and gas liquids	**0.01**[1]	**0.00**[2]	-	N/A

Q3 FY15 figures do not add due to cumulative effects of rounding

OIL

Senex delivered net oil production of 0.31 mmboe for the three months to 31 March 2015, down 14% on the previous quarter and up 3% on the corresponding period in FY14.

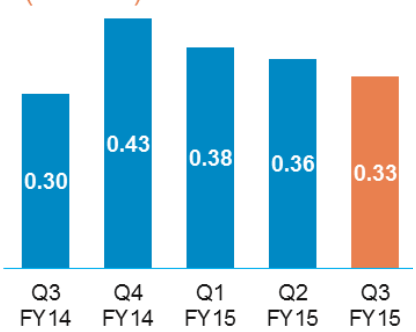
Martlet-1 (Senex 60% and operator) was commissioned in December, contributing three months of unconstrained production. The **Spitfire** oil field (Senex 60% and operator) continued to outperform expectations during the period, despite the impact of a premature ESP failure on a key producing well at the field. The affected well is back online with the technical issue successfully addressed following a remedial work over. The production result for the quarter was also impacted by a period of wet weather in the Cooper Basin in January. No new wells were connected during the period although three cased and suspended wells are pending completion and tie-in to production facilities (Martlet North-1, Growler-14 and Dunoon-3).

GAS

During the March quarter, Senex commissioned Kingston Rule-1 and continued production testing of the Hornet gas field to inform its understanding of the resource.

The **Kingston Rule-1** well was online from late March with an average production rate of 0.7 mmscf/d for the quarter and associated liquids production. The extended production test at the **Hornet-1** well continued during the period. Following a shutdown of the well in January, the well experienced difficulties achieving a stabilised rate of production due to liquid loading in the well bore, a characteristic typical of the Patchawarra formation. The extended production test is evaluating resource characteristics and reservoir performance, across multiple zones in a prospective tight gas resource. Irregular production performance is within the expected range of outcomes as the understanding of the reservoir is developed. Completion of the testing is expected by the end of 2015 and will provide valuable data on the decline curve and OGIP of the field, informing further appraisal and development opportunities.

Quarterly Net Production (mmboe)



The total gas and gas liquids produced for the quarter was derived from Kingston Rule-1 and Hornet-1 (approximately 3,000 boe produced and sold) and flared gas from the extended production test on Worrior-8, which produces both gas and oil.

1 ~13,000 boe produced during the March quarter (Q3 FY15).
2 ~5,000 boe produced during December quarter (Q2 FY15).

EXPLORATION & DEVELOPMENT - Cooper Basin

GAS | *Unconventional gas JVs with Origin Energy*

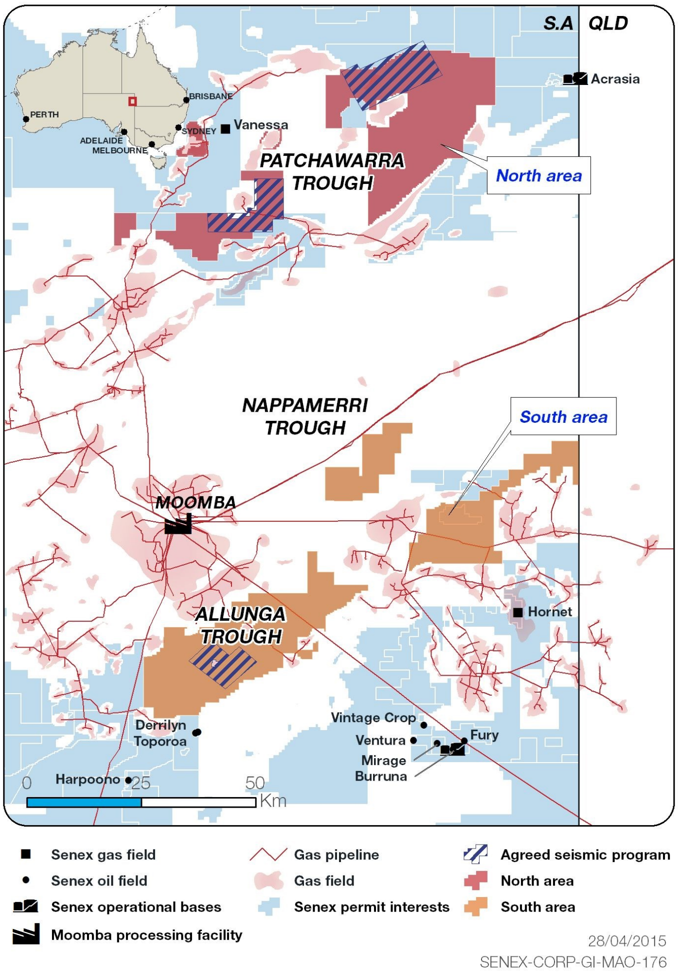
Senex and its joint venture partners materially progressed the stage 1 $105 million work program for the unconventional gas project in the Cooper Basin.

The JV partners are aligned on the program which remains on budget and on schedule. Under the Origin farm-in agreements Senex is free carried for its share of stage 1 expenditure.

The stage 1 work program focuses on achieving gas flows from prospects selected to target large and contiguous gas accumulations.

The JVs expect to spud two wells in the south area and two in the north area during FY16. Preliminary well design for the southern campaign has been completed and the procurement process for long lead drilling items has commenced.

Data acquisition was completed for two of the agreed seismic programs, with the third survey expected to be completed during the June quarter. The surveys are evaluating the identified Permian tight gas prospects with a range of risk profiles in the Allunga Trough in the south and the Patchawarra Trough in the north area of the Cooper Basin.



The characteristics of the target areas differ to those in the neighbouring Nappamerri Trough. Wells in the Allunga Trough are typically shallower and lower temperature, and wells in the Patchawarra Trough are expected to be deeper than the Allunga, but at lower temperatures and pressures than the Nappamerri Trough. Both regions have good potential for condensate.

Vanessa conventional gas field

In the first half of FY15, Senex reported strong production testing results at the **Vanessa** gas field (Senex 57% and operator). During the test gas flowed at an average rate of 5.0 mmscf/d on a 65% choke. Condensate was also produced at a rate of 15 barrels per mmscf/d.

The JV is continuing to evaluate an optimal connection point and final costs to install surface facilities, prior to sanctioning tie in to nearby transmission facilities. The JV remains on track to bring the well online during 2015.

EXPLORATION & DEVELOPMENT - Surat Basin

GAS | *Western Surat Gas Project*

Senex has taken significant steps to progress its Western Surat Gas Project, with engineering studies and environmental approval processes commenced in the quarter.

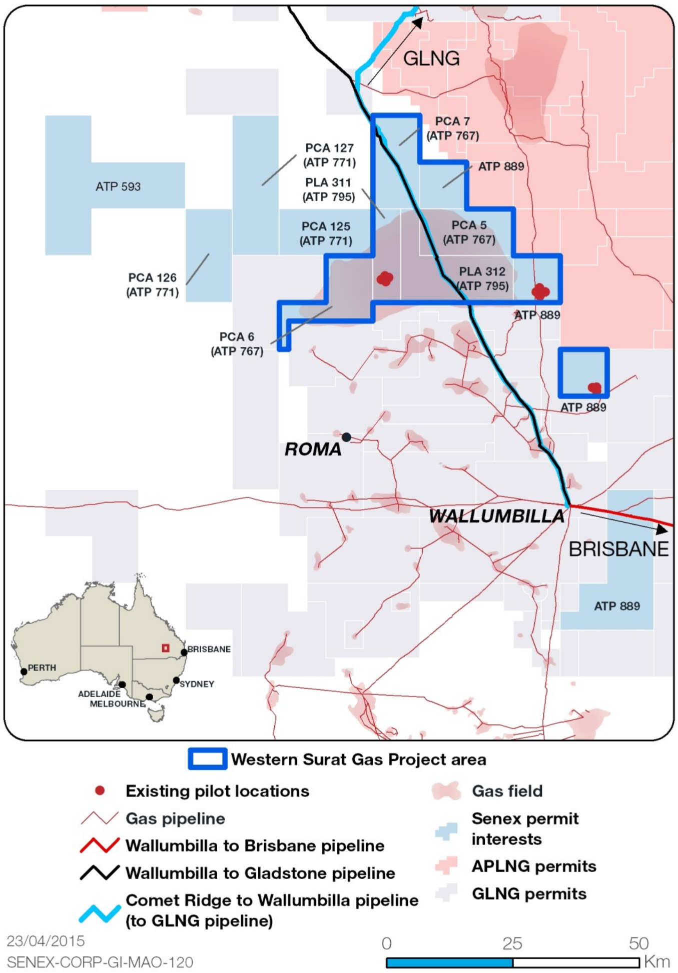
Senex continued planning for pilot production testing and appraisal activities, with field work expected to commence in FY16.

In parallel, Senex has appointed Canadian firm Equinox Engineering to deliver a concept select study for the development of surface facilities, which is expected to be completed during the June quarter. Equinox Engineering brings extensive coal seam gas project experience from Australia and North America with over 5,000 oil and gas projects completed worldwide by the firm.

Senex has commenced the Environmental Impact Assessment process for the project. An Environmental Impact Statement is expected to be submitted to the Queensland Government in mid 2016. Technical studies, environmental surveys and baseline assessments continued during the quarter, with key stakeholder consultation activities underway with landholders, the local community and the native title group for the area.

Senex holds over 2,000km^2 of prospective coal seam gas acreage in the Surat Basin. The proposed Western Surat Gas Project area involves approximately 990km^2 of this acreage across the 100% operated Senex permits of ATP 767, ATP 795 and part of ATP 889. These coal seam gas permits are in close proximity to existing gas fields and major transmission infrastructure.

Senex is targeting first gas production by the end of 2017.



The Western Surat Gas Project involves a proposed gas field development north of Roma and Wallumbilla in Queensland.

EXPLORATION & DEVELOPMENT - Cooper Basin

OIL | Drilling

During the March quarter, Senex and its joint venture partner drilled two wells on the western flank of the Cooper Basin, both of which were cased and suspended as future oil producers.

Senex is continuing its disciplined approach to capital efficiency and is working on the most economical field development scenarios to bring both wells online. First production from these wells is expected in Q1 FY16.

Martlet North-1 oil exploration well

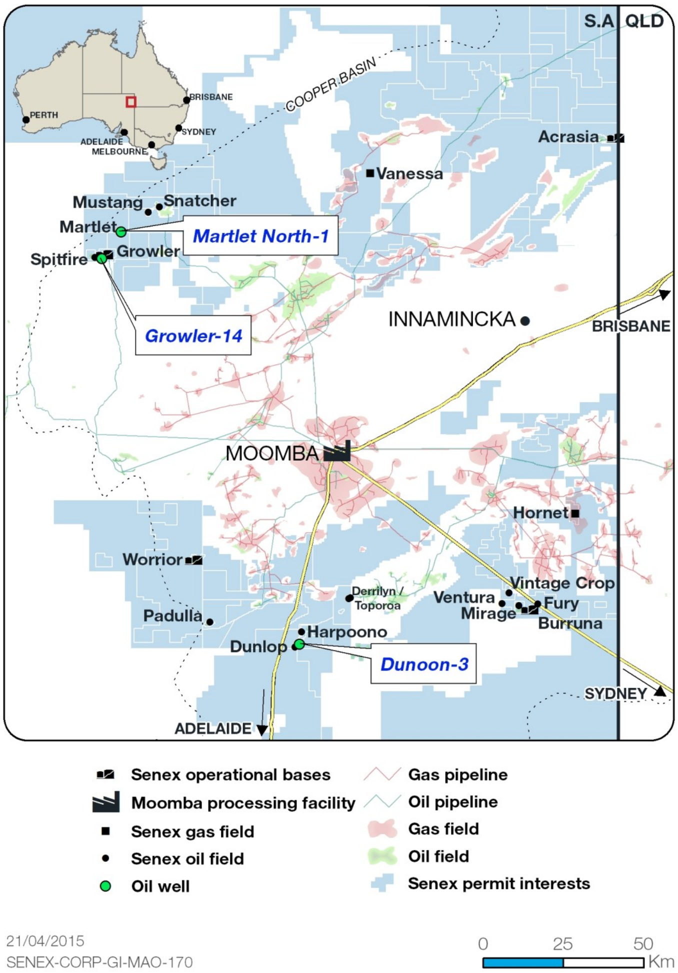
(PRL 148: Senex 60% and operator)

Marlet North-1 was cased and suspended as a future Namur oil producer. Field development planning across Martlet North-1 and the existing Martlet field is expected to be finalised during the June quarter.

Growler-14 oil appraisal well

(PPL 242: Senex 60% and operator)

Growler-14 was cased and suspended as a future Birkhead oil producer.



Senex continues to prioritise lower risk drilling with near-term oil production potential, with 14 wells expected to be drilled in FY15. In line with this and subsequent to the end of the March quarter, Senex commenced lower risk, near field exploration drilling at the currently producing Dunoon Ridge, in the southern Cooper Basin.

Dunoon-3 oil exploration well

(PRL 16: Senex 100% and operator)

Dunoon-3 reached total depth of 1,268 metres on 17 April, encountering 3 metres of net pay in the McKinlay Formation. The well also intersected encouraging oil shows in the Murta Formation, providing further validation over the Dunoon Ridge portion of the Murta fairway being targeted as part of the Company's tight oil growth project. The well was cased and suspended as a future McKinlay oil producer with initial production from this well expected in Q1 FY16.

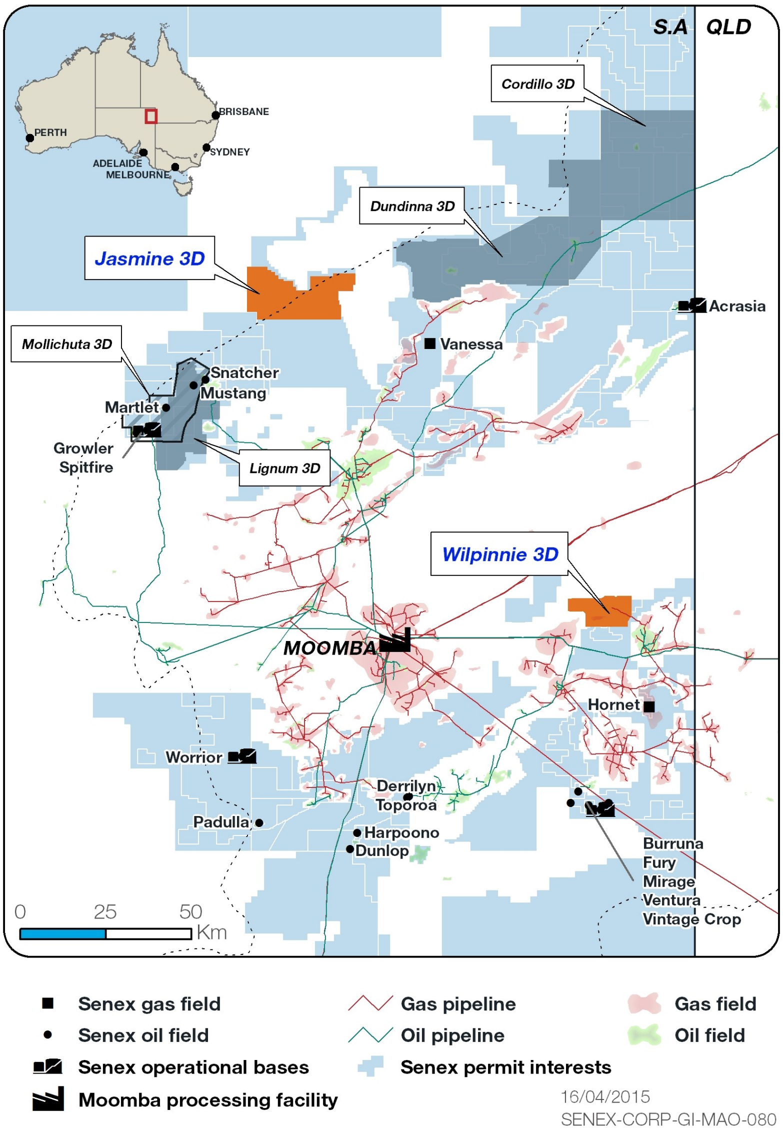
EXPLORATION & DEVELOPMENT - Cooper Basin

SEISMIC

Processing of the **Wilpinnie 3D** seismic survey (Senex 100%) was completed during the March quarter on budget and on schedule. The 140km^2 survey targets Namur and Birkhead oil prospects, and secondary gas prospects in the Patchawarra and Toolachee formations, west of the Dullingari oil field in the southern Cooper Basin. Evaluation of potential drilling targets is underway.

Data acquisition from the **Jasmine 3D** seismic survey (Senex 57% and operator) was completed in mid April, on budget and on schedule. The JV expects to complete the processing and interpretation of this data in the first half of FY16. Covering 310km^2 in the northern Cooper Basin, the survey is on trend with the western flank fairway, with prospectivity in the Namur, Birkhead, Poolowanna, Toolachee and Patchawarra horizons. The survey area has had minimal prior exploration.

In the first half of FY15, Senex completed a six-well drilling campaign of targets identified from the **Dundinna** and **Cordillo 3D** seismic surveys, in the northern Cooper Basin. During the March quarter, Senex progressed the analysis of shear sonic data gained from those wells, required for AVO and inversion processing. The aim of these processes is to identify stratigraphic traps with favourable reservoir qualities and large reserves potential. Senex has successfully applied this same two-phase approach on the western flank of the Cooper Basin.



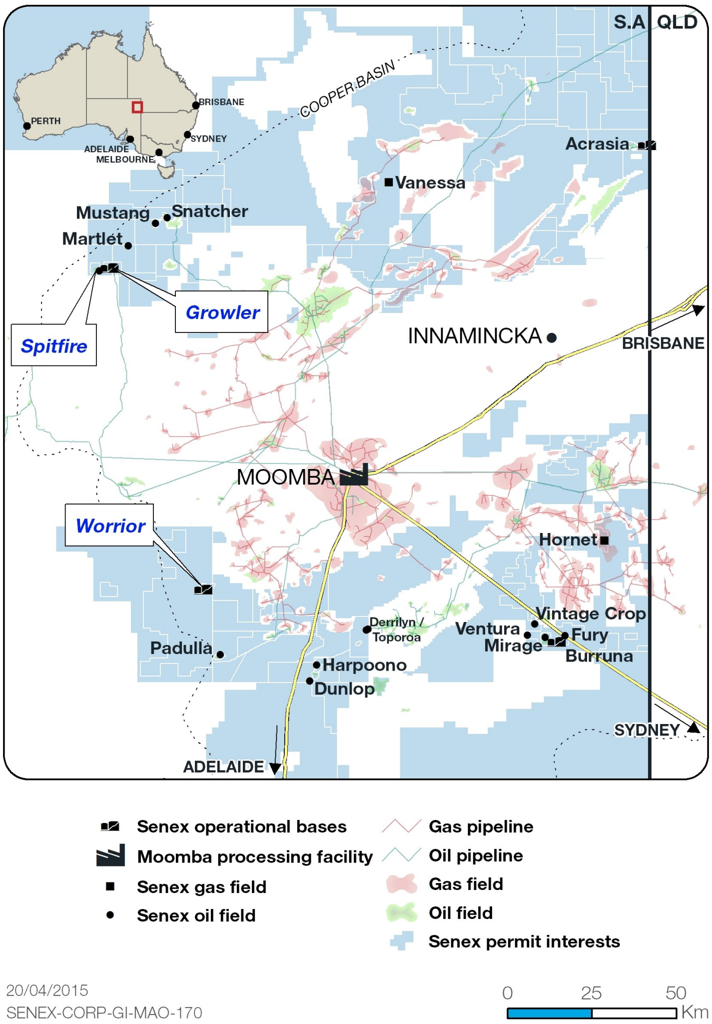
EXPLORATION & DEVELOPMENT - Cooper Basin

FIELD DEVELOPMENT

The **Spitfire** oil field (Senex 60% and operator) continued to outperform expectations during the quarter, with planning under way to extend the field beyond known limits. The AVO and inversion processing and further interpretation of the merged Aquillus and Mollichuta 3D seismic data is expected to be completed during the June quarter. New exploration drilling targets generated out of the process will be considered by the JV for drilling in the 2016 financial year.

The **Growler** oil field (Senex 60% and operator) continues to perform to expectations. Key activities are under way in the evaluation of water flood, which represents the first phase of secondary recovery at the field. These activities include the drilling of Growler-14, for which the result was on prognosis during the quarter, and a shut-in test of Growler-6 planned for the first quarter of FY16. Production data from both activities will inform further field development plans for the water flood project.

At the **Worrior** oil field (Senex 70% and operator), an extended production test of Worrior-8 began in late December. During the test, the well recorded a peak daily production rate of 446 bopd with cumulative production of approximately 13,500 barrels of oil. Analysis of the pressure and flow rate data from the test is being undertaken to determine the most effective way to maximise recovery from the well.




Work at the Spitfire oil field

CORPORATE

Appointment of Executive General Manager Exploration

Senex has appointed David Spring as Executive General Manager Exploration, commencing in early May 2015. He brings a wealth of technical and leadership experience from over thirty years in the oil and gas industry. David began his career as a geophysicist with Esso Australia where he gained experience in the Cooper Basin, and he spent a decade with BHP Billiton Petroleum in Australia and overseas. David joins Senex from a senior exploration role at Mubadala Petroleum in Abu Dhabi. Senex has released a separate announcement to the ASX today with further details on this appointment.

Permit interest acquisition

In March, Senex entered into a binding agreement to acquire Orca Energy Limited's 20% share of certain Cooper Basin interests for approximately $2 million in cash. The agreement is subject to regulatory approvals with settlement expected to occur on or before 31 May 2015.

Conference Call

Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Andrew Price will hold a briefing to discuss the March quarterly results, as follows:

Date: Wednesday 29 April 2015

Time: 10am AEST

The audio briefing will be streamed live at this time and can be accessed via the Senex company page on the Open Briefing website:

http://www.openbriefing.com/OB/1768.aspx

A recording of the teleconference will be available from 5pm AEST via the same link.

FURTHER INFORMATION

Investor Enquiries:

Ian Davies
Managing Director
Senex Energy Limited
Phone: +61 7 3335 9900

Tess Palmer
Investor Relations Manager
Senex Energy Limited
Phone: +61 7 3335 9719

Media Enquiries:

Rhianne Bell
Corporate Communications Manager
Senex Energy Limited
Phone: +61 7 3335 9859

SENEX ENERGY LIMITED
ABN 50 008 942 827

Securities Exchange
ASX: SXY

Share Registry
Link Market Services
Phone: 1300 554 474

Registered Office
Level 14, 144 Edward Street
Brisbane, Queensland 4000

Postal Address
GPO Box 2233
Brisbane, Queensland 4001

Phone +61 7 3335 9900
Facsimile +61 7 3335 9999

Web www.senexenergy.com.au

ABOUT SENEX
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.

GLOSSARY

$ means Australian dollars unless otherwise stated

1C means

1P means proved (developed plus undeveloped) reserves in accordance with the SPE PRMS

2P means proved plus probable reserves in accordance with the SPE PRMS

3P proved, probable plus possible reserves in accordance with the SPE PRMS

ASX means the Australian Securities Exchange operated by ASX Limited ACN 008 624 691

ATP means authority to prospect granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

AVO means amplitude variation with offset, an enhanced seismic interpretation technique using the changes in seismic reflection amplitude to determine rock-type and fluid content

Barrel/bbl means the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons

boe means barrels of oil equivalent, the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy

bopd means barrels of oil per day

Bcf means billion cubic feet

Cooper Basin means the sedimentary basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland

Eromanga Basin means the Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales

ESP means electric submersible pump

Exploration means drilling, seismic or technical studies to identify and evaluate regions or prospects with the potential to contain hydrocarbons

FY means financial year

JV means joint venture

LPG means liquefied petroleum gas

mmbbls means a million barrels

mmboe means a million barrels of oil equivalent

mmscf/d means million standard cubic feet of gas per day

Net pay means the smaller portions of the gross pay that meet local criteria for pay, such as porosity, permeability and hydrocarbon saturation

OGIP means original gas in place

PEL means petroleum exploration licence granted under the *Petroleum and Geothermal Energy Act 2000 (SA)*

PJ means petajoule

PL means a petroleum lease granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

PPL means petroleum production licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)

PRL means petroleum retention licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)

Production is the volume of hydrocarbons produced in production operations (including extended production testing)

Reserve means commercially recoverable resources which have been justified for development, as defined in the SPE PRMS

SACB JV means South Australian Cooper Basin Joint Venture (between Santos, Beach Energy and Origin Energy)

Sales volumes are equal to production less volumes of hydrocarbons consumed in operations (fuel, flare, vent and other shrinkage) and inventory movements

Senex means Senex Energy Limited ABN 50 008 942 827

SPE PRMS means the Petroleum Resources Management System 2007, published by SPE

Surat Basin means the sedimentary basin of Jurassic to Cretaceous age in southern QLD and northern NSW

Tcf means trillion standard cubic feet