Senex Energy Limited

# Senex welcomes EIG Global Energy Partners as a substantial shareholder

**Release Date:** 1 February 2017

**Senex Energy Limited (ASX:SXY, "Senex") today announces that specialist energy investor EIG Global Energy Partners ("EIG") will become a substantial shareholder, with Senex and EIG to work together to establish a funding model to accelerate development of the Company's flagship Western Surat Gas Project.**

**Key points:**

- Senex has conducted a raising of approximately A$55 million via a placement to certain EIG-managed funds and other institutional investors at a subscription price of A$0.315 per share
- Senex is offering eligible shareholders the ability to participate in a Share Purchase Plan, to be capped at A$40 million
- Senex and EIG to work together to develop an appropriate funding model for the Western Surat Gas Project and other growth projects within Senex's portfolio, including EIG participation in such funding
- EIG development funding of up to US$300 million for Western Surat Gas Project acceleration[1]
- EIG currently holds approximately 2.7% of Senex issued capital following on-market purchases. EIG will hold approximately 12% of the expanded Senex issued capital following completion of the Institutional Placement and Share Purchase Plan[2]

**Senex Managing Director and CEO Ian Davies** said that the transactions would provide Senex the strength and momentum to develop and expand its significant upstream positions in both the Surat and Cooper Basins, to address substantial opportunities in the east coast gas market.

"We know the Western Surat Gas Project is a great asset, given our understanding of the subsurface and our ability to operate safely and at low cost. EIG is a respected global energy investor and their support shows they also see the opportunity for Senex to build a significant east coast gas business," he said.

**EIG Chief Executive Officer R. Blair Thomas** said, "The Western Surat Gas Project is in prime position to supply gas into the structurally short east coast gas market. EIG has been an early investor in coal seam gas in Queensland since the late 1990's, and we believe now is the opportune time to develop these assets as fundamentals are supportive. Senex has the right people to develop the project and in long-term partnership with EIG we believe the Company will build a tier-one asset."

**Senex Chairman Trevor Bourne** said, "The Senex Board welcomes EIG to our register. As a leading global investor in energy projects and infrastructure, EIG has a 35-year track record of investing in the

[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.
[2] Proforma percentage of issued share capital assuming FIRB approval and a fully subscribed SPP with an issue price of A$0.315.

energy sector. In due course, we look forward to having a representative of EIG join the Senex Board[3]. Establishing a long term relationship between Senex and EIG will greatly facilitate the implementation of our growth strategy when coupled with the quality of our people and assets."

Senex today announced it has conducted a successful raising of approximately A$55 million via a placement to EIG and other institutional and sophisticated investors at a subscription price of A$0.315 per share ("Institutional Placement"). Part of the EIG placement is subject to Foreign Investment Review Board ("FIRB") approval. The Institutional Placement will be followed by an offer to all eligible shareholders to participate in a Share Purchase Plan ("SPP"). The SPP is capped at A$40 million.

**Senex Managing Director and CEO Ian Davies** said, "We have received strong endorsement for these transactions from our existing institutional shareholder base, reflected in the substantial take-up of the offer alongside EIG."

The proceeds from the Institutional Placement and SPP will be used as follows:

- To progress and accelerate development of the Western Surat Gas Project, maximising the value of Senex's material gas reserves in the Surat Basin;
- To exploit Senex's large acreage position in the Cooper Basin to support building a material gas business and increasing oil production; and
- To actively pursue growth opportunities to deliver gas into the undersupplied east coast gas market.

In summary, the arrangements announced today will provide whole of business funding to strengthen the balance sheet and give Senex the financial flexibility to actively progress high quality growth projects, including the Western Surat Gas Project.

## Institutional Placement

Approximately 173 million new fully paid ordinary shares, representing 15% of Senex issued capital, will be placed with EIG and institutional and sophisticated investors at an issue price of A$0.315 per share:

- 146 million shares, representing approximately 12.6% of Senex issued capital, will be placed with EIG in two tranches pursuant to a Subscription Agreement. Under the first tranche, approximately 96 million shares will be placed with EIG, to be settled on usual terms. The second tranche of approximately 50 million shares are conditional on FIRB approval.
- Approximately 27 million shares were taken up by institutional and sophisticated investors.

New Senex shares issued under the Institutional Placement will rank equally with existing Senex shares and are expected to settle on Monday, 6 February 2017 and be issued, and commence trading on ASX, on the following business day, Tuesday, 7 February 2017. The second tranche of the EIG placement shares will settle after FIRB approval.

[3] Subject to necessary shareholder and regulatory approvals being obtained

## Share Purchase Plan

Each eligible[4] Senex shareholder at 7.00pm (AEDT) on 31 January 2017 will have the opportunity to subscribe for up to A$15,000 of new Senex shares, subject to scale back, without incurring brokerage or transaction costs. An SPP Offer Booklet with further details on the SPP will be dispatched to eligible shareholders in the coming weeks.

The issue price of the new Senex shares under the SPP will be the lesser of:

- the issue price under the Institutional Placement; and
- a 5% discount to the volume weighted average price of fully paid ordinary Senex shares traded on ASX over the five trading days up to, and including, the last day of the SPP offer period.

Senex reserves the right to scale back applications under the SPP. New Senex shares issued under the SPP will rank equally with existing Senex shares. Refer to the 2016 Annual Report for a summary of the key risks faced by Senex.

Senex was advised on the Institutional Placement and SPP by Morgans as Lead Manager and Clayton Utz as legal adviser.

### FURTHER INFORMATION

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### ABOUT SENEX ENERGY

*Senex is a growth focused exploration and production company based in Brisbane. With a 30-year operating history, Senex holds extensive onshore oil and gas acreage in the Cooper and Surat Basins. Senex operates the majority of its assets, produces around one million barrels of oil annually, and is successfully developing a gas business including the Western Surat Gas Project in Queensland.*

### ABOUT EIG GLOBAL ENERGY PARTNERS

*EIG Global Energy Partners ("EIG") specializes in private investments in energy and energy-related infrastructure on a global basis and had US$14.3 billion under management as of September 30, 2016. Since 1982, EIG has been one of the leading providers of institutional capital to the global energy industry, providing financing solutions across the balance sheet for companies and projects in the oil and gas, midstream, infrastructure, power and renewables sectors globally. EIG has invested more than US$23 billion in more than 310 portfolio investments in 36 countries. EIG is headquartered in Washington, D.C., with offices in Houston, London, Sydney, Rio de Janeiro, Hong Kong and Seoul. For more information, please visit www.eigpartners.com.*

[4] Eligible Shareholders being holders of fully paid ordinary shares in Senex at 7.00pm (AEDT) on 31 January 2017 and whose address on the share register is in Australia or New Zealand, provided that such shareholder is not in the United States, or acting for the account or benefit of a person in the United States. The SPP is also being extended to eligible shareholders who are custodians to participate in the SPP on behalf of certain eligible beneficiaries on the terms and conditions to be set out in the SPP Offer Booklet.

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Ends.