



FY18 half year results

Ian Davies, Managing Director and CEO
Graham Yerbury, Chief Financial Officer
22 February 2018

Agenda

Performance overview

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Project updates

Key takeaways

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Gas project reference data



Senex 

Drilling on the Western Surat Gas Project



Key takeaways

Project Atlas accelerates Senex's growth trajectory

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Strong underlying H1 FY18 performance

- Improved oil pricing, solid production and cost control from base oil business



Comprehensive asset portfolio review completed

- Rationalisation of non-core assets to focus the business on delivering high-value opportunities



East coast gas business to drive step-change in production and earnings growth

- Strategic focus and capital allocation to be prioritised to core assets
- Financing discussions with lenders are progressing positively and on schedule for financial close in mid-2018



Performance overview

Ian Davies, Managing Director and CEO





FY18 strategic priorities and half year performance

Senex delivers milestones for high value opportunities

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Realising the near-term potential in the east coast gas market

- Awarded Project Atlas, with first gas to be delivered to domestic customers in 2019
- Delivered first major investment in Western Surat Gas Project (Phase 2), determined path to market, and sanctioned long-lead items on sales gas compression facility
- Awarded grants by the South Australian government to progress conventional gas projects in the Cooper Basin
- Corporate and development financing discussions with lenders progressing positively, on schedule for financial close in mid-2018



Focusing our material exploration and production position in Australia's leading onshore oil region

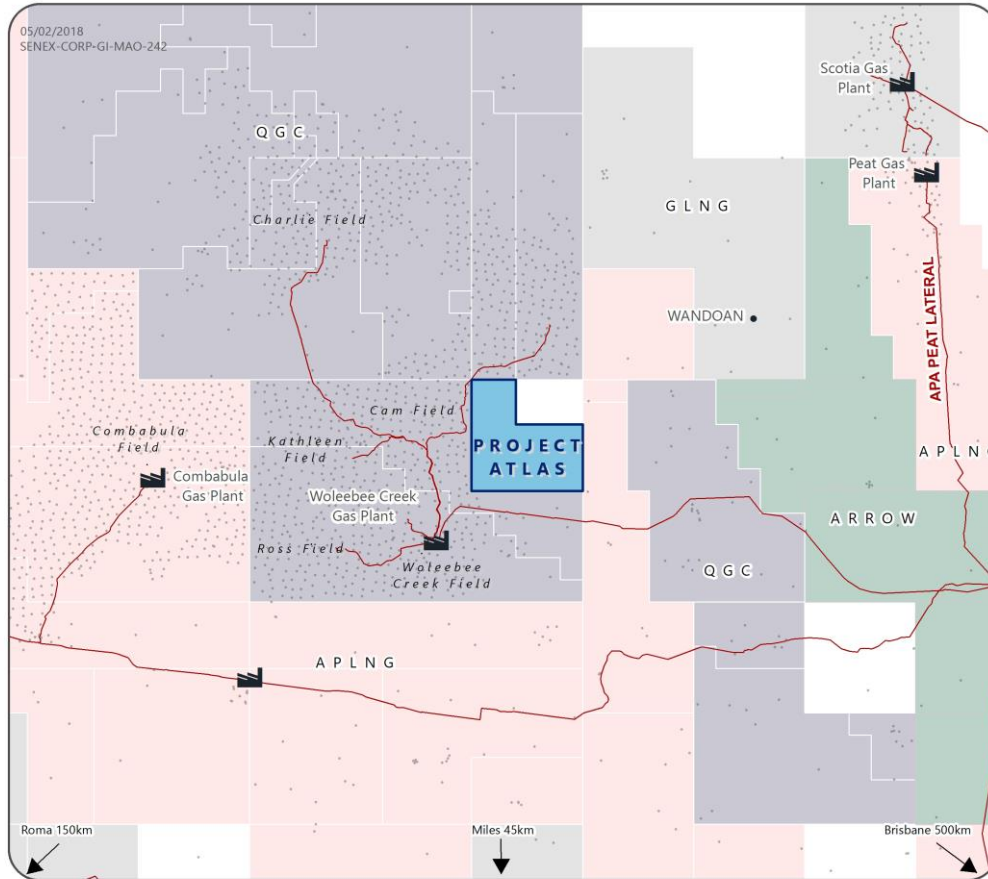
- Completed asset portfolio review, to prioritise capital allocation on core assets and rationalise non-core assets
- Birkhead oil discovery on the western flank in early FY18
- Continued focus on low operating costs and maximising production from base oil portfolio



Delivering Project Atlas

Senex prioritising accelerated development of top tier asset

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- Existing wells
- Gas Plants
- Major Pipelines
- Senex permit interests
- Arrow Energy
- QGC
- Santos GLNG
- Australia Pacific LNG

0 10 20 KM

- Coal seam gas acreage awarded in September 2017 by the Queensland Government for Australian domestic gas supply
- Accelerated development to drive major production and earnings growth from 2019
- Acreage capable of sustaining plateau production of >30 TJ/day, with first gas targeted for 2019
- Senex submitted Environmental Authority application with the Queensland Government in December 2017
- Confidence in Project Atlas driven by:
 - High quality resource: development ready, top tier acreage
 - Access to market: multiple solutions to process and transport gas from the acreage
 - Strong demand: expressions of interest for >150 TJ/day of combined demand received during bid phase





FY18 outlook

Production on-track with capex to match growth strategy

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Production

- Solid production from Cooper Basin oil portfolio (including Marauder), with development drilling currently underway
- Surat Basin gas volumes to ramp up throughout FY18, with the Vanessa gas field expected online during H2 FY18

Capex

- Capex guidance under review given sanction of long-lead items on Western Surat Gas Project sales gas compression facility and award of Project Atlas
- Surat Basin capex deployed to the Phase 2 investment program and expanded appraisal activities
- Cooper Basin capex deployed on the western flank, and to the connection of the Vanessa gas field

Production mmboe	H1 FY18 actual	FY18 guidance
Total production	0.37	0.75 – 0.90
Capital spend \$ million	H1 FY18 actual	FY18 guidance ¹
Surat Basin	32	45 – 55
Cooper Basin	12	30 – 40
Corporate	2	5
Total equity capex	46	80 – 100
Beach Energy committed funds	7	50 ²

1. FY18 capex guidance under review

2. Approx. \$43 million committed Beach Energy funds to progress unconventional gas exploration project. Relates to calendar year 2018.



Our focus on working sustainably

Maintaining our licence to operate

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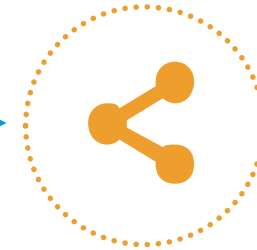
Challenging safety performance

- Increase in TRIFR mainly due to injuries sustained in drilling and completions activities
- Continual vigilance required – collaboration with industry to share learnings



Strong environmental track record

- Zero serious reportable environmental incidents
- Maintaining and improving well-established Cooper Basin operations
- Progressing environmental approvals and a strong environmental management framework in the Surat Basin



Creating a positive legacy in our communities

- Strengthening relationships with the local community, landholders, Native Title holders, business and industry groups
- Effective two-way communication and engagement with stakeholders



Financial results

Graham Yerbury, Chief Financial Officer



Key financial headlines

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	H1 FY18	H1 FY17	Change
Production (mmboe)	0.37	0.41	(10%)
Sales volumes (mmboe)	0.35	0.39	(10%)
Average realised oil price (\$ per bbl)	88	59	49%
Capital spend (\$ million)	45.9	24.7	86%
Sales revenue (\$ million)	29.8	22.8	31%
Operating cost ex royalties (\$ per bbl produced)	31.5	29.1	8%
EBITDAX (\$ million)	10.0	3.0	233%
Underlying NPAT (\$ million)	(2.8)	(8.8)	68%
Statutory NPAT (\$ million)	(82.3)	(8.8)	(838%)
Net cash (\$ million)	81.9	82.8	(1%)
Drawn debt (\$ million)	4.4	3.1	42%

- Asset portfolio review resulting in prioritisation of capital to core assets and a non-cash impairment charge of \$80 million relating to non-core Cooper Basin assets
- Progressing a process to rationalise non-core assets to focus on delivering high-value opportunities for Senex



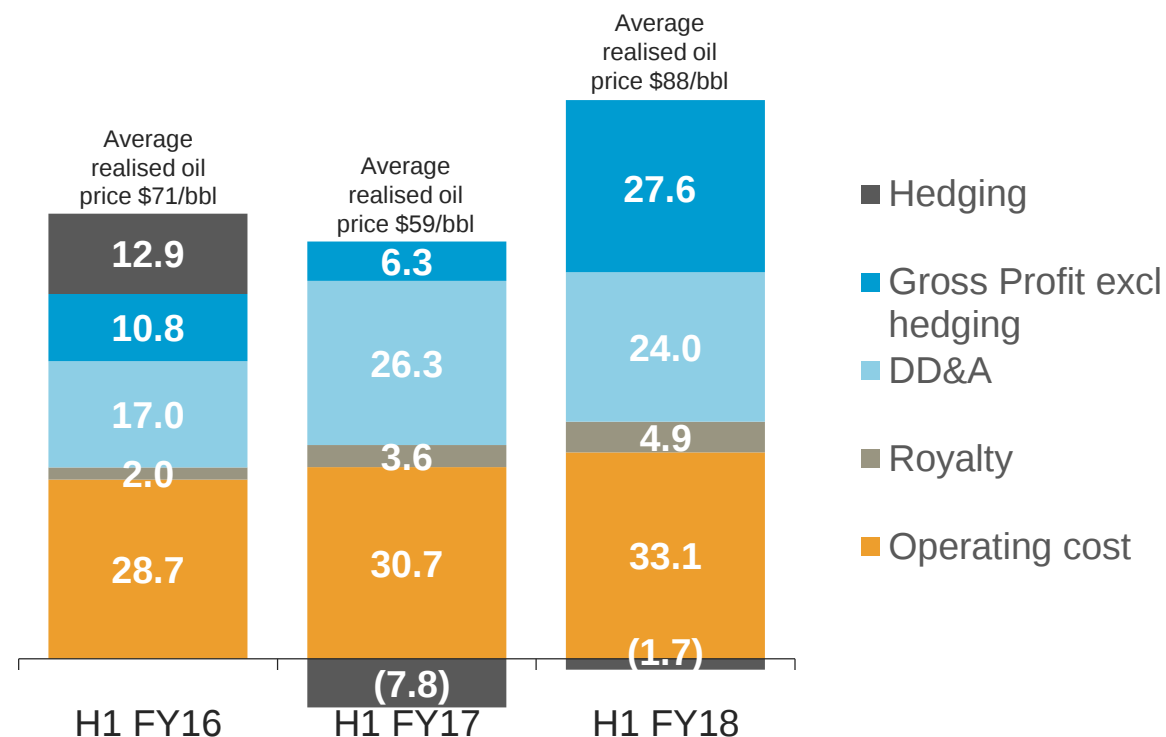
Margins from oil sales

Stronger margins driven by improved oil pricing

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- Oil sales margins primarily reflect higher oil pricing achieved, combined with:
 - Reduced cost of hedging
 - Continued strong operating cost performance on slightly lower volumes
- Majority of oil sales hedged to June 2019, providing exposure to upside in oil prices and downside protection below:
 - US\$51 per barrel on average for H2 FY18 volumes
 - US\$56 per barrel on average for FY19 volumes

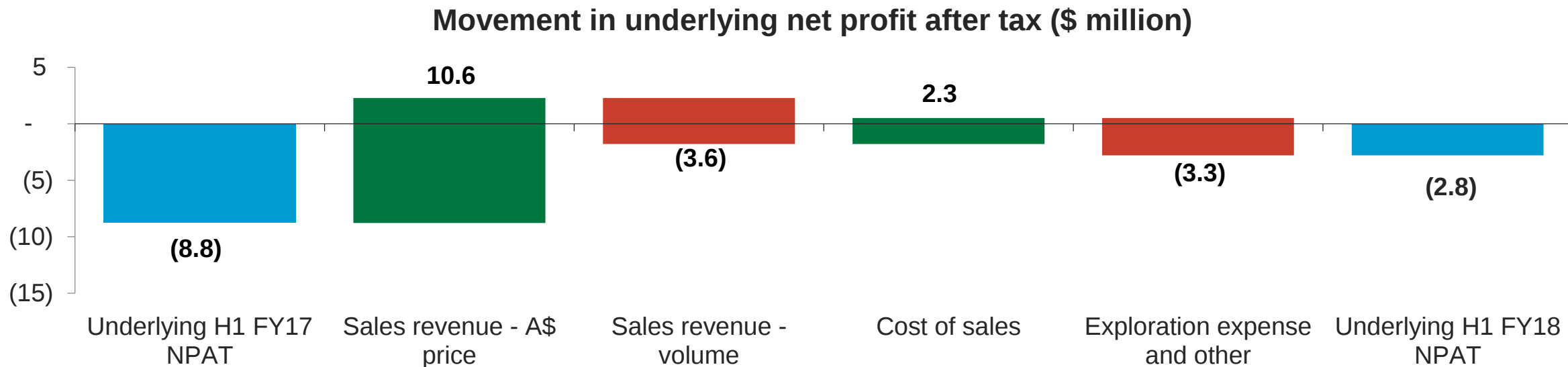
Oil margins (\$ per barrel sold)





Underlying NPAT reconciliation

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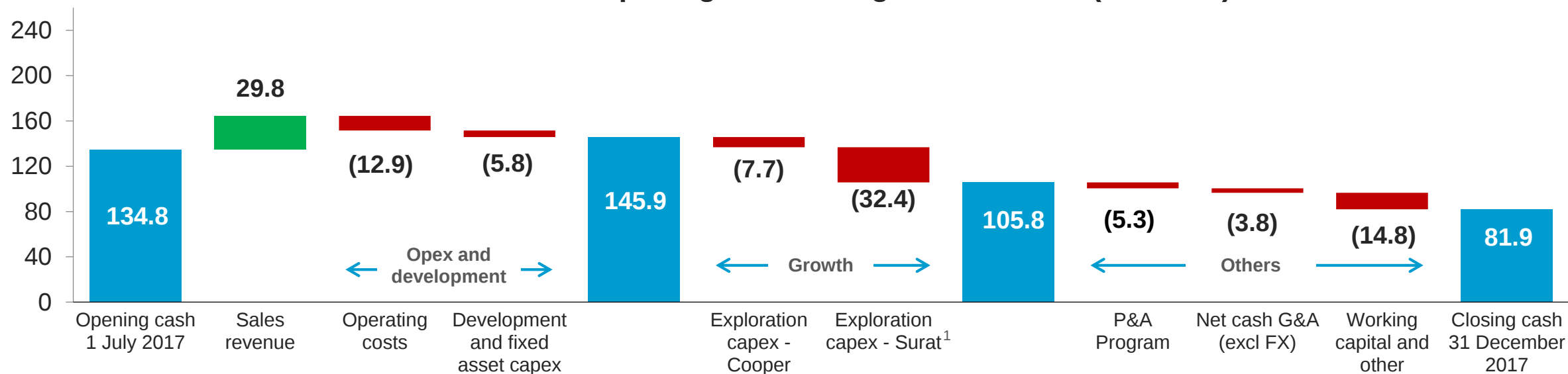
- Sales revenue up on higher average realised oil price partially offset by lower volumes, with a commensurate lower cost of sales



Operating cash reconciliation

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Movement in opening and closing cash balance (\$ million)



- Significant increase in growth capex primarily reflecting delivery of Western Surat Gas Project Phase 2
- Majority of P&A program now complete (Senex received \$20 million from QGC in 2014 to complete this work)
- Net working capital change principally from higher receivables due to less frequent oil shipments and a decrease in provisions

1. Western Surat Gas Project capital expenditure treated as exploration capex until Petroleum Leases (PLs) are granted



Project updates

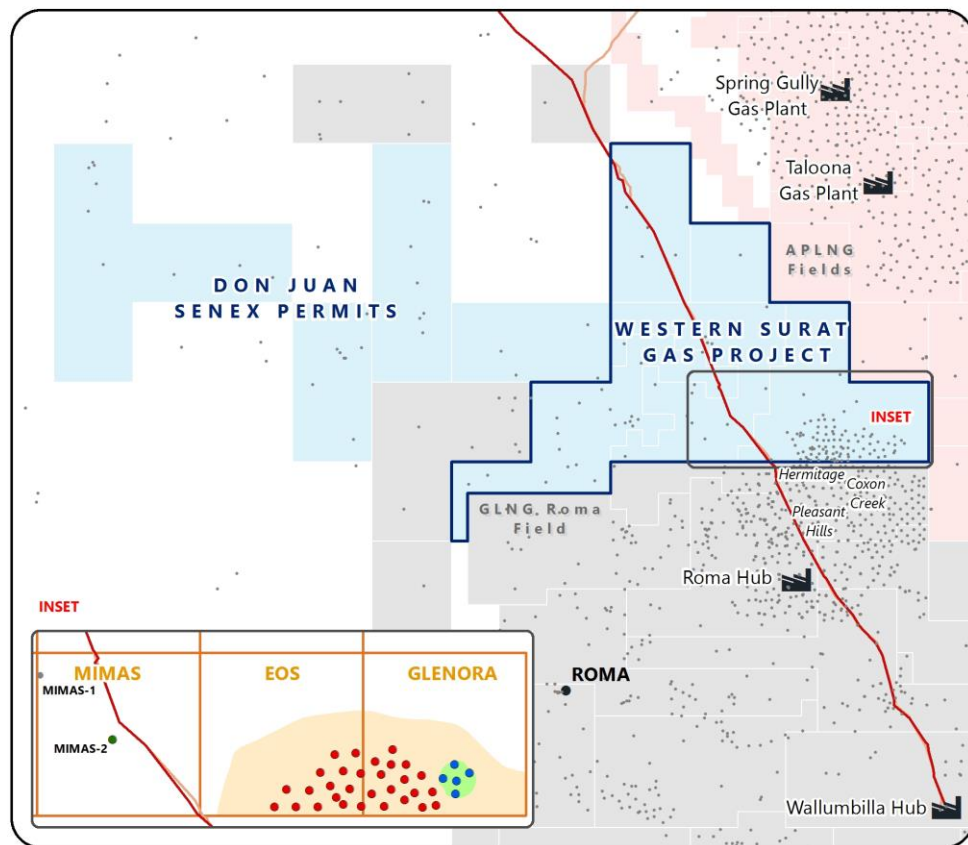
Ian Davies, Managing Director and CEO



Western Surat Gas Project

Progressing staged development

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During H1 FY18:

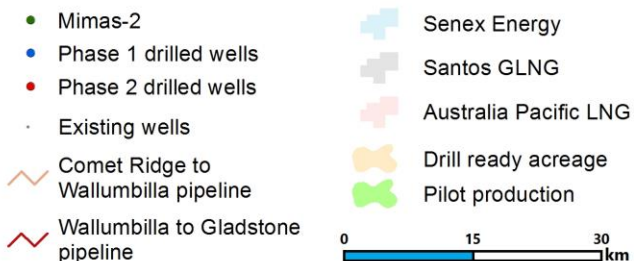
- Delivered the Phase 2 capital program, bringing 30 wells on Glenora and Eos online
- Executed agreement with GLNG for sale of appraisal gas from Phase 2 wells on an as-available basis
- Continued field development planning, received Environmental Authority from the Queensland Government
- Approved long lead items on sales gas infrastructure in February 2018

Ongoing strategy:

- Progressing development of this project to deliver sales gas to GLNG under a 20-year gas sales agreement
- Near term focus on:
 - Securing all regulatory and environmental approvals
 - Investment decision on full infrastructure and development drilling
 - Expanding appraisal program across the project



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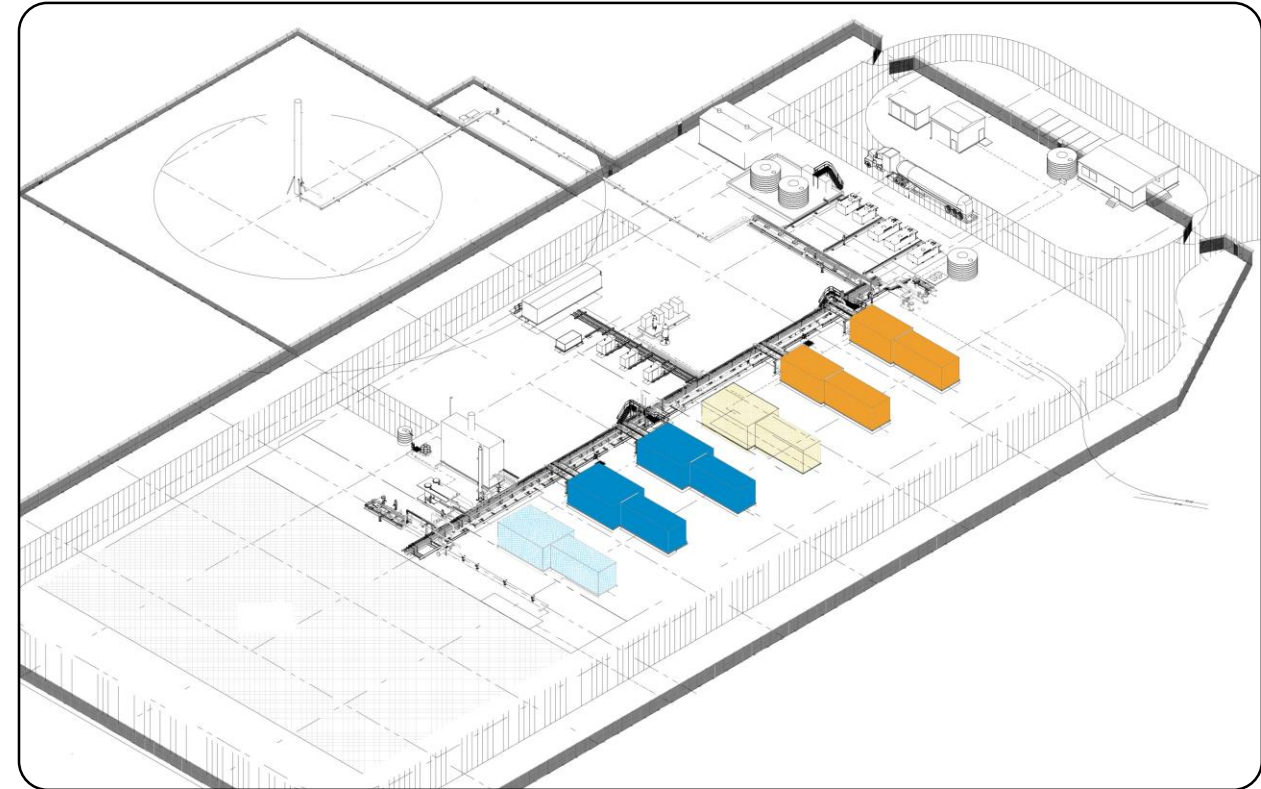


Western Surat Gas Project

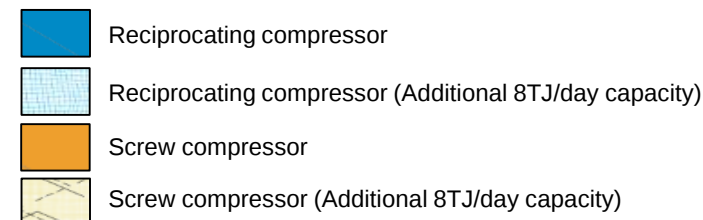
Defining our path to market

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- Sales gas processing infrastructure to transform raw gas into sales gas
- Long-lead items sanctioned in February 2018
- Senex owned infrastructure provides most economically effective export solution whilst maintaining operational control of field to optimise overall performance
- Design of facility is modular to allow for staged increase in capacity up to 48 TJ/day
 - Initial capacity of 16 TJ/day
 - Additional 8 TJ/day of capacity can be added easily and at low-cost
- Suction pressure to maximise productivity from development wells



3D render of compression facility

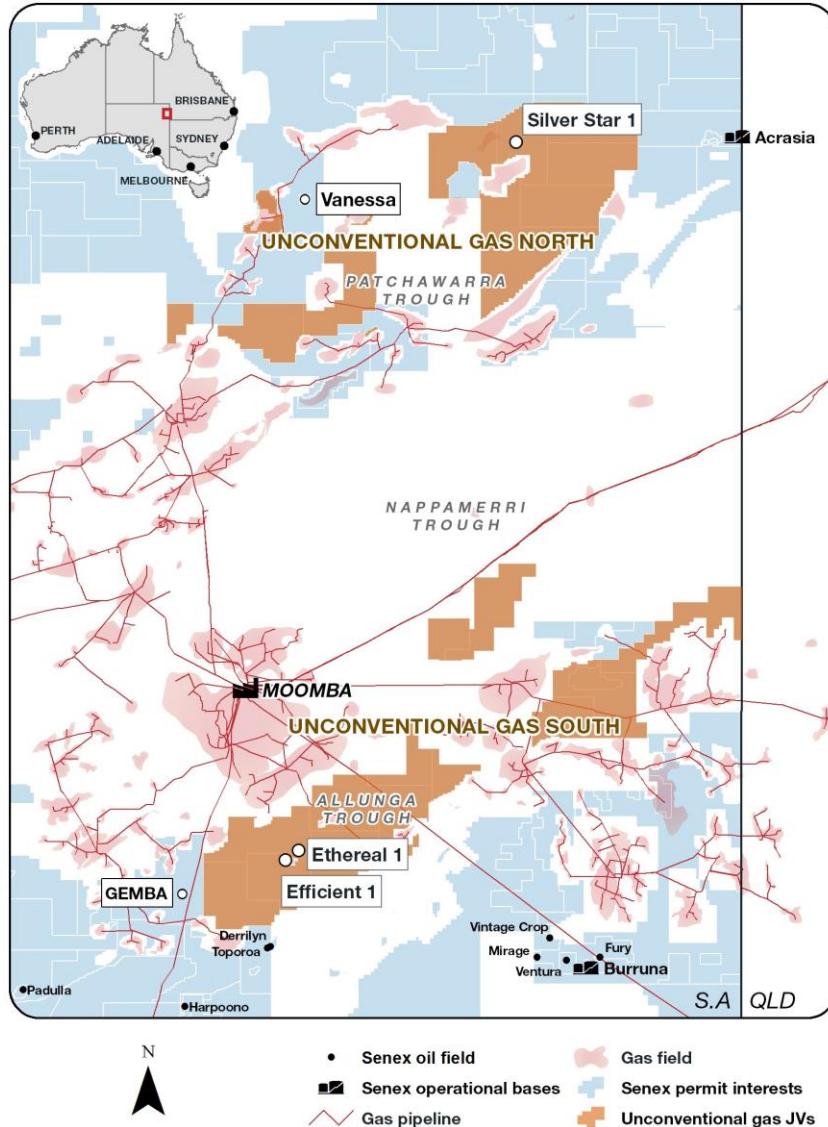




Cooper Basin gas

Bringing new gas volumes to market

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During H1 FY18:

- Vanessa and Gemba gas fields: projects received funding under the South Australian Government's PACE Gas Grant Program (funds to be matched by recipients)
- Unconventional gas project with Beach Energy: progressed follow-up drilling opportunities in the Patchawarra Trough and Allunga Trough

Ongoing strategy:

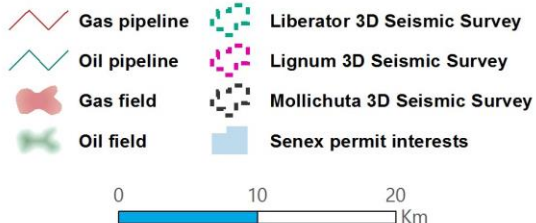
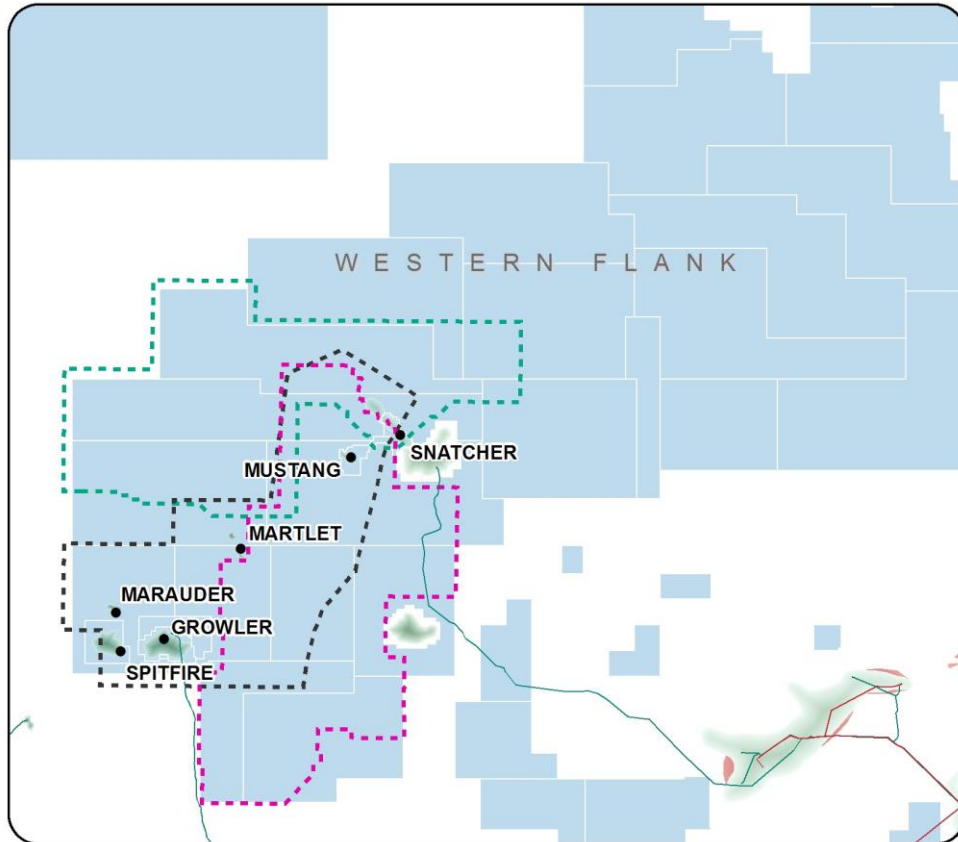
- Targeting material resources to bring to market to meet the east coast demand opportunity
- Near term focus on:
 - Bringing the Vanessa gas field online during H2 FY18 and contracting with domestic gas customers
 - Drilling the Gemba tight sands gas exploration/appraisal opportunity in H2 FY18
 - Evaluating commerciality on unconventional gas project with Beach Energy, with approximately \$43 million of work program free carry remaining



Cooper Basin oil

Western flank focus

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During H1 FY18:

- Strong production and cost control from base oil portfolio
- Marauder field discovered and brought online during Q1 FY18
- Liberator seismic survey merged with existing 3D seismic data and interpreted, identifying over 15 new exploration prospects

Ongoing strategy:

- High margin core business driving cash generation
- Focusing spend on exploration, appraisal and development on the western flank
- Undertaking a rationalisation process on non-core Cooper Basin assets (may include divestment, farm-out or relinquishment)



Key takeaways

Ian Davies, Managing Director and CEO



Key takeaways

Project Atlas accelerates Senex's growth trajectory

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Strong underlying H1 FY18 performance

- Improved oil pricing, solid production and cost control from base oil business



Comprehensive asset portfolio review completed

- Rationalisation of non-core assets to focus the business on delivering high-value opportunities



East coast gas business to drive step-change in production and earnings growth

- Strategic focus and capital allocation to be prioritised to core assets
- Financing discussions with lenders are progressing positively and on schedule for financial close in mid-2018



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Appendix: Net profit after tax and EBITDAX

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	H1 FY18	H1 FY17
Revenue	29.8	22.8
Operating costs	(12.9)	(13.2)
Gain on sale of assets	0.4	-
Other revenue/costs ¹	(7.3)	(6.6)
EBITDAX	10.0	3.0
Exploration expense	(3.2)	-
Amortisation & depreciation	(9.1)	(11.4)
Impairment	(79.9)	-
Net Finance Costs	(0.1)	(0.4)
Statutory NPAT	(82.3)	(8.8)
Impairment	79.9	-
Gain on sale of assets	(0.4)	-
Underlying NPAT	(2.8)	(8.8)

	H1 FY18	H1 FY17
Statutory net profit (loss) after tax	(82.3)	(8.8)
Add/(less):		
Net interest	0.1	0.4
Tax	-	-
Amortisation & depreciation	9.1	11.4
Impairment	79.9	-
EBITDA	6.8	3.0
Add/(less):		
Oil and gas exploration expense	3.2	-
EBITDAX	10.0	3.0

1. Other revenues/costs includes flowline revenue, other income, other operating expenses, general and administrative expenses
Numbers may not add due to rounding



Project Atlas: reference data

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Resource	
Recoverable gas volumes	201 PJ of P50 recoverable gas volumes estimated by SRK Consulting Pty Ltd as part of tender process
Infrastructure	
Gas processing and transmission	- Acreage is strategically located near several transmission/transportation infrastructure hubs (potential to share infrastructure with neighbouring operators) - In parallel, Senex advancing concept studies on an independent path to market
Government take	
QLD royalty regime	10% of wellhead value¹
PRRT	Shield of \$917 million as at 30 June 2017

1. Wellhead value revenue minus above ground costs (including processing and transport) and depreciation of above ground costs (again for processing and transport).



Project Atlas: reference data

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Market

Domestic customers

- Gas will be sold to domestic customers on the east coast of Australia
- Senex received expressions of interest from domestic customers of >150 TJ/day of combined demand during tender process

Funding

Sources of funding

- Cash of \$82 million at 31 December 2017
- Corporate and development financing discussions with lenders are progressing positively and on schedule for financial close in mid-2018



Western Surat Gas Project: reference data

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Resource	
Surat Basin reserves	• 81 PJ of net proved (1P) reserves • 438 PJ of net proved and probable (2P) reserves
Infrastructure	
Appraisal Gas	• Pipeline connects the Glenora pilot to the GLNG low pressure gathering network, with second connection being constructed from the Eos pilot • Minimal compression and water handling facilities required
Sales Gas	• Long-lead items for Senex-constructed sales gas processing facility sanctioned in February 2018 • Delivery of sales gas into the GLNG Comet Ridge to Wallumbilla Pipeline at a point on Senex's permits
Government take	
QLD royalty regime	• 10% of wellhead value¹
PRRT	• Shield of \$917 million as at 30 June 2017

1. Wellhead value revenue minus above ground costs (including processing and transport) and depreciation of above ground costs (again for processing and transport).



Western Surat Gas Project: reference data

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Market	
Pilot Gas	• Sales to GLNG from the Phase 1 wells commenced in April 2017, and from the Phase 2 wells in December 2017 (Senex receives a USD JCC oil-linked price for raw, unprocessed gas to be supplied on an as-available basis)
Gas Sales Agreement with GLNG	• GSA for gas from the Western Surat Gas Project area over a 20-year contract term (right of termination for both parties at September 2020 if 'first FID' not reached) • GSA provides for, at Senex's election, the staged ramp up in sales volumes to a maximum of 50 TJ/day following 'first FID' • USD market pricing based on a JCC oil-linked formula • Ability to sell up to 15% of gas volumes to domestic gas customers, subject to certain conditions
Funding	
Sources of funding	• Cash of \$82 million at 31 December 2017 • Corporate and development financing discussions with lenders are progressing positively and on schedule for financial close in mid-2018



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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 reserves and resources statement is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator, Mr David Spring BSc (Hons). Mr Spring is a member of the *Society of Petroleum Engineers* and is Executive General Manager of Exploration. He is a full time employee of Senex. Mr Spring has approved this statement as a whole and has provided written consent to the form and context in which the estimated reserves, resources and supporting information are presented.

Aggregation method: The method of aggregation used in calculating estimated reserves and resources was the 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, as the arithmetic method does not account for 'portfolio effects'.

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 dates:

- Cooper-Eromanga Basin: 30 June 2017
- Surat Basin gas reserves and resources (Western Surat Gas Project): 30 June 2017
- Surat Basin gas reserves and resources (Don Juan): 19 July 2014

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, and the probabilistic method was used to prepare the estimates of resources in this presentation.

Ownership: Unless otherwise stated, all references to reserves and resources in this statement relate to Senex's economic interest in those reserves and resources.

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. Fuel, flare and vent consumed to the reference point are included in reserves estimates (c. 5% of 2P oil reserves estimates may be consumed as fuel in operations depending on operational requirements).
- Surat Basin: Wallumbilla gas hub, approximately 45 kilometres south east of Roma, Queensland. Fuel, flare and vent consumed to the reference point are excluded from reserves estimates (c. 7% of 2P gas reserves estimates have been assumed to be consumed as fuel in operations).

Reserves replacement ratio: The reserves replacement ratio is calculated as the sum of estimated reserves additions and revisions divided by estimated production for the period, before acquisitions and divestments.