

Final Investment Decisions for Project Atlas and Roma North

Release Date: 29 October 2018

Senex Energy Ltd (Senex, ASX: SXY) is pleased to announce that following financial close of its \$150 million debt facility, Final Investment Decisions have been taken and multi-year work programs sanctioned for Project Atlas and Roma North. These projects underpin a targeted increase in annual oil and gas production to 4 mmboe, establishing Senex as a material supplier of natural gas to the east coast market.

Surat Basin work program highlights (FY19 – FY21):

- Integrated drilling across Project Atlas and Roma North, with priority focus on Project Atlas
 - ~110 development wells to be drilled over 18 months commencing late Q3 FY19
- Targeting plateau gas production run rate of 3 mmboe per annum by end FY21¹
 - Roma North initial gas processing capacity of 16 TJ/day (~1 mmboe per annum); modular design for rapid low-cost expansion to 24 TJ/day
 - Project Atlas gas processing capacity of 32 TJ/day (~2 mmboe per annum), plus 8 TJ/day of installed redundant capacity; modular design for rapid low-cost expansion
- Total Surat Basin capital expenditure of \$220 – 250 million²

Financial close of Senex's \$150 million debt facility, as announced on 29 October 2018, has allowed Final Investment Decisions to be taken for the Project Atlas and Roma North natural gas development programs and sanctioning of their multi-year work programs. These projects aim to establish Senex as a material supplier of gas to the east coast market and a highly cash generative oil and gas operator. With a targeted increase in annual production across the Cooper and Surat basins to 4 mmboe, low-cost modular expansion of gas processing infrastructure provides opportunity for further production growth from strong well performance and future investment decisions on existing acreage.

Commenting on these milestones, Managing Director and CEO Ian Davies said:

"Final Investment Decisions for Project Atlas and Roma North and sanctioning of their work programs are significant milestones for Senex.

"The work programs set the roadmap for development of our long-life natural gas assets as we become a material supplier of gas to the east coast market. We now embark on a cornerstone year for Senex, creating the foundation for a step-change in production and cash flow over the near term, while maintaining significant optionality for ongoing growth from our existing acreage.

¹ Subject to gas production ramp-up profiles, reservoir performance, well availability and execution of work programs as planned

² May reduce through potential sale and leaseback of Roma North gas processing infrastructure; excludes ~\$140 million of expenditure to be incurred by Jemena for construction of the Project Atlas gas processing facility and pipeline

“A more than four-fold increase in annual production to four million barrels of oil equivalent demonstrates the step-change Senex is targeting.”

Outlined below are overviews of the Project Atlas and Roma North natural gas development programs.

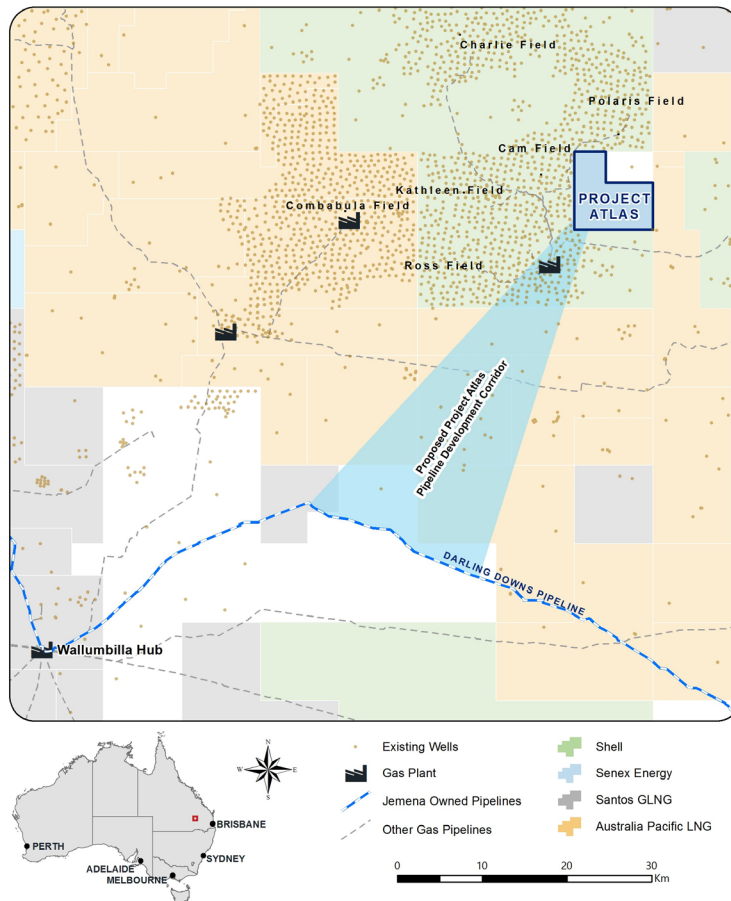
Project Atlas natural gas development program

Project Atlas is a top tier resource which is expected to produce material volumes of gas for the domestic market. The primary objective of the Project Atlas natural gas development program is to reach plateau production of 32 TJ/day (~2 mmboe per annum), with an additional 8 TJ/day of installed redundant capacity available. Maintenance wells will then be drilled on an ongoing basis to sustain plateau production.

A summary of the development program is set out below.

Project Atlas natural gas development program	
Major capital expenditure components	<ul style="list-style-type: none">• Land access, environmental and regulatory approval processes• Construction of water management facilities• Development well drilling and connections• Construction of gas and water gathering network
Wells	<ul style="list-style-type: none">• Integrated drilling program with Roma North, with priority focus on Project Atlas• ~60 development wells in initial campaigns commencing late Q3 FY19• First 15 wells to be drilled for commissioning of gas facility and initial gas sales• Remaining wells to be drilled following receipt of final regulatory approvals• Targeting A\$1.4 million all-in cost per well across integrated drilling campaign• Indicative gas production ramp-up of 12 – 18 months post drill and connection
Gas processing infrastructure	<ul style="list-style-type: none">• Gas processing capacity of 32 TJ/day (~2 mmboe per annum), plus 8 TJ/day (~0.5 mmboe per annum) of installed redundant capacity; modular design for rapid low-cost expansion• 60 kilometre pipeline to be connected to the Wallumbilla Hub• Infrastructure to be built, owned and operated by Jemena• Commissioning by end 2019 targeted
Gas offtake	<ul style="list-style-type: none">• Gas to be contracted to domestic users• Initial Gas Sales Agreement targeted for mid-2019
Regulatory approvals / FID	<ul style="list-style-type: none">• Targeting all regulatory approvals by mid-2019• Final Investment Decision taken, subject to receipt of final regulatory approvals

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Project Atlas Timeline	FY19		FY20		FY21	
	H1	H2	H1	H2	H1	H2
FID / Approvals	◆ FID taken					
Gas facility construction		40 TJ/d				
Gas facility commissioning			◆			
First drilling campaign		15 wells				
Second drilling campaign			~45 wells			
Gas contracting discussions						
Gas ramp-up						

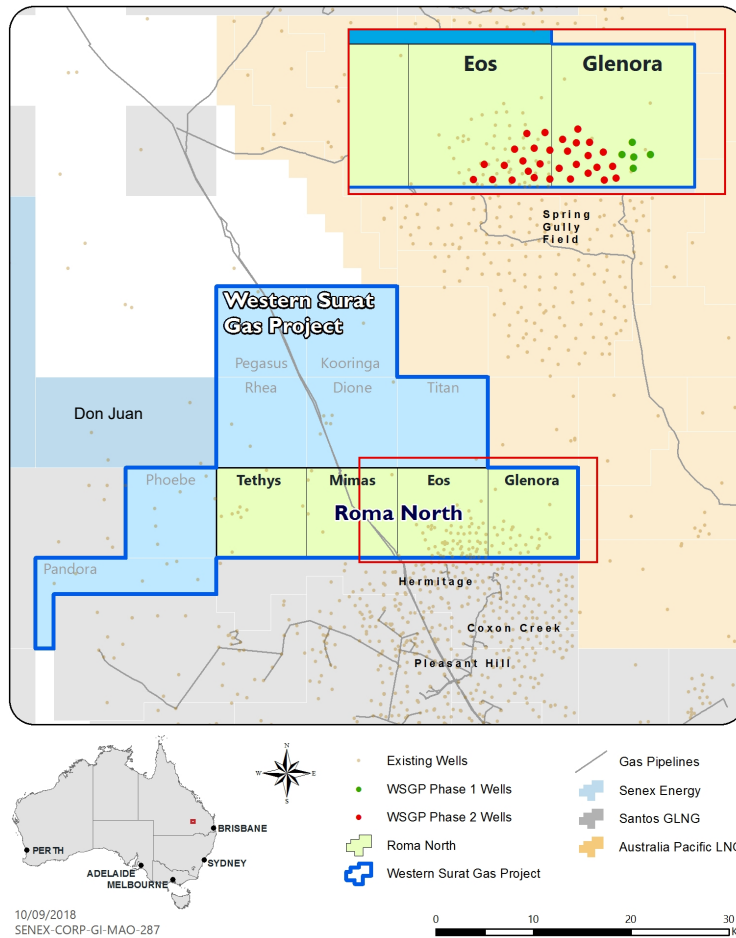
Roma North natural gas development program (Western Surat Gas Project)

Development of the Western Surat Gas Project (WSGP) will initially focus on progressive development of the Glenora and Eos blocks, and appraisal of the Mimas and Tethys blocks (collectively, Roma North). The primary objective is to reach minimum initial production of 16 TJ/day (~1 mmboe per annum), with ability for rapid expansion to 24 TJ/day.

A summary of the development program is set out below.

Roma North natural gas development program	
Major capital expenditure components	<ul style="list-style-type: none"> • Construction and commissioning of gas processing facility • Construction of water management facilities and monitoring bores • Development well drilling and connections • Five exploration and appraisal wells in broader WSGP / Don Juan acreage • Capital commitment may reduce through potential sale and leaseback of gas processing infrastructure
Wells	<ul style="list-style-type: none"> • Integrated drilling program with Project Atlas, with priority focus on Project Atlas • ~50 development wells to be drilled over campaigns totalling ~18 months • Drilling to commence mid-2019 following completion of first 15-well campaign in Project Atlas, and continue until all Project Atlas regulatory approvals received • Drilling to re-commence post completion of all Project Atlas development wells • Targeting A\$1.4 million all-in cost per well across integrated drilling campaign • Indicative gas production ramp-up of 12 – 18 months post drill and connection
Gas processing infrastructure	<ul style="list-style-type: none"> • Initial 16 TJ/day (~1 mmboe per annum) gas processing capacity • Modular design for rapid low-cost expansion to 24 TJ/day (~1.5 mmboe per annum) • Connection to GLNG's existing pipeline infrastructure • Commissioning in Q4 FY19 targeted • Construction and ownership options under consideration
Gas offtake	<ul style="list-style-type: none"> • 20-year gas sales arrangement with GLNG for up to 50 TJ/day • Commitment of Roma North acreage only; remaining WSGP acreage subject to separate arrangement with GLNG (refer announcement of 11 September 2018) • Attractive JCC oil-linked pricing
Regulatory approvals / FID	<ul style="list-style-type: none"> • All regulatory approvals received • Final Investment Decision taken

ASX Announcement



Roma North Timeline	FY19		FY20		FY21	
	H1	H2	H1	H2	H1	H2
Approvals / FID	All approvals received / FID taken					
Gas facility construction	16 TJ/d, +8 TJ/d ¹					
Gas facility commissioning		◆				
Drilling			~50 wells Integrated with Project Atlas			
Raw gas sales						
Processed gas sales						
Gas ramp-up						

1. Expansion to 24 TJ/day subject to future investment decision

FURTHER INFORMATION

Investor and media enquiries:

Ian Davies

Managing Director and CEO

Senex Energy Ltd

Phone: +61 7 3335 9000

Derek Piper

Head of Investor Relations and Treasury

Senex Energy Ltd

Phone: +61 7 3335 9000

Paul Larter

Communications Manager

Senex Energy Ltd

Phone: +61 400 776 937

ABOUT SENEX

Senex is an ASX-listed, growing and independent Australian oil and gas company with a 30-year history. We manage a strategically positioned portfolio of onshore oil and gas assets in Queensland and South Australia, with access to Australia's east coast energy market. Senex is focused on creating sustainable value for shareholders by leveraging our capability as a low cost, efficient and safe explorer and producer.