

## 2014 full year results and FY15 outlook

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Release Date: 26 August 2014

### **Senex Energy Limited (Senex, ASX: SXY) delivered record production, record sales revenue and record reserves growth for the 12 months to 30 June 2014 (FY14).**

Senex Managing Director Ian Davies said FY14 was a year of continued strengthening of the Cooper Basin oil business, with a solid foundation laid down for a gas business in the Cooper and Surat Basins.

“Senex delivered strong financial performance in FY14, with record sales revenue of \$170.9 million, up 24% on FY13. This resulted from record production of 1.38 million barrels of oil in FY14, an increase of 10%, combined with strong Australian dollar oil prices. We also delivered net 2P reserves additions of 4.5 million barrels for the year, resulting in a record reserves replacement ratio of 327%.

“In our gas business, we delivered a game-changing \$252 million unconventional gas farm-out transaction with Origin Energy, with Senex free-carried for the first \$169 million work program,” he said.

These strong results set a foundation for our *Growth Acceleration Strategy* with an aim to consistently deliver enhanced returns to shareholders through successful exploration and development of our enviable acreage position in the Copper and Surat basins, with a dual focus on oil and gas.

In FY15 Senex plans to acquire around 1,000km<sup>2</sup> of 3D seismic and drill more than 25 oil and gas wells, with initial production testing to commence at the Hornet and Vanessa gas discoveries. Senex is targeting oil and gas production of 1.4 million barrels of oil equivalent (**mmboe**) (before production associated with exploration success), and an organic net proved and probable (**2P**) oil reserves replacement ratio in excess of 200%.

Capital expenditure for FY15 is expected to be between \$100 million and \$120 million.

Senex retains a strong balance sheet with \$76.6 million of cash and no debt at 30 June 2014, and is fully funded for all of its work programs.

### FY14 FULL YEAR HIGHLIGHTS

- Record production of 1.38 million barrels of oil, up 10% on prior year
- Record sales revenue of \$170.9 million, up 24%
- Record reserves growth, with a 2P reserves replacement ratio of 327%
- Gross profit of \$89.1 million, up 27%
- Underlying EBITDAX<sup>1</sup> of \$97.9 million, up 34%
- Operating cash flow of \$81.0 million, up 45%
- Cash reserves of \$76.6 million as at 30 June 2014 and no debt
- Secured a strategic 15-year government petroleum retention licence scheme over 10,000 km<sup>2</sup> of Senex-operated oil exploration permits in the Cooper-Eromanga Basin
- First gas supply agreement signed with the South Australian Cooper Basin Joint Venture
- Gas farm-out agreements with Origin Energy Limited (Origin, ASX: ORG) and Planet Gas Limited (Planet, ASX: PGS) to deliver a multi-stage work program worth up to \$252 million

### OUTLOOK AND GUIDANCE

- *Senex Growth Acceleration Strategy*, outlining targeted growth in the development of both oil and gas resources
- Initial gas production from the Cooper Basin targeted for FY15
- 25+ well drilling program in the Cooper Basin, focusing on both oil and gas
- Net production guidance for FY15 of more than 1.4 mmbob, before production associated with exploration success
- Net 2P organic reserves replacement ratio of 200%+ for FY15
- Capital expenditure guidance of \$100 million to \$120 million for FY15
- Commencement of the unconventional gas program with Origin Energy and Planet Gas, targeting seismic acquisition in 2014 and commencement of drilling in the first half of calendar year 2015

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<sup>1</sup> Net profit after tax (NPAT) is equal to 'profit/(loss) after tax' per the consolidated statement of comprehensive income in the annual report. Underlying profit is a non-IFRS measure that is presented to provide an understanding of the underlying performance of Senex's operations. The measure excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of fair value adjustments on financial instruments. The non-IFRS financial information is unaudited. However, the numbers presented above have been extracted from the financial statements which have been audited. Underlying profit can be reconciled to NPAT as follows:

	<i>FY14</i>	<i>FY13</i>	<i>FY12</i>
	<i>\$ million</i>	<i>\$ million</i>	<i>\$ million</i>
<b>NPAT</b>	<b>37.9</b>	<b>61.0</b>	<b>8.9</b>
Add/(deduct):			
Gain on sale of assets – note 6(d)	(1.9)	(16.2)	0.0
Gain on asset held for sale	0.0	(3.7)	0.0
One off transaction costs*	4.1	(0.2)	0.0
Impairment of available for sale asset	0.0	2.3	0.0
Tax expense**	4.6	0.0	0.0
<b>Underlying profit</b>	<b>44.7</b>	<b>43.2</b>	<b>8.9</b>

\* One off transaction costs form part of general and administrative costs as set out in note 7(a) of the Annual Report FY14.

\*\* Relates to the income tax expense in respect of the gain on the sale of the Cuisinier assets recognised in FY13 for accounting purposes.

EBITDAX (earnings before interest, tax, depreciation, amortisation, impairment and exploration expense) and Underlying EBITDAX can be reconciled to the audited financial statements as follow:

	<i>FY14</i>	<i>FY13</i>	<i>FY12</i>
	<i>\$ million</i>	<i>\$ million</i>	<i>\$ million</i>
<b>Underlying profit</b>	<b>44.7</b>	<b>43.2</b>	<b>8.9</b>
Add back:			
Interest (net)	(1.7)	(5.4)	(3.3)
Tax	10.7	0.4	1.7
Depreciation	1.3	0.6	0.6
Amortisation and impairment	26.1	21.5	11.8
Exploration expenses	16.8	12.9	5.2
<b>Underlying EBITDAX</b>	<b>97.9</b>	<b>73.2</b>	<b>24.9</b>

**Qualified reserves and resources statement:** Information about Senex's reserves and resources estimates has been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. The information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr James Crowley BSc (Hons), who is Exploration Technical Authority and Acting Executive General Manager Exploration and New Ventures, and has consented to the inclusion of this information in the form and context in which it appears. Mr Crowley is a qualified petroleum reserves and resources evaluator, a member of the Society of Petroleum Engineers and a full time employee of Senex.

**Aggregation method:** The method of aggregation used in calculating estimated reserves was 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 due to the portfolio effects of arithmetic summation.

**Evaluation date:** 30 June 2014.

**Method:** The deterministic method was used to prepare the estimates of reserves and resources in this announcement.

**Ownership:** All reserves and resources estimates in this announcement are reported according to Senex's economic interest.

**Reference point:** Central processing plant at Moomba, South Australia.

**Reserves replacement ratio:** Calculated as the summation of the estimated reserves additions and revisions divided by estimated production for the period 1 July 2013 to 30 June 2014, before acquisitions and divestments.