

Quarterly Report



Q4 FY15 | June 2015

HIGHLIGHTS

Senex Energy (Senex, the Company) achieved a number of operational and strategic milestones during FY15, with continued progress made during the June quarter:

- Substantial progress made on the **Western Surat Gas Project** in FY15: our most material, near term gas project. During the year material reserves were added through an asset swap with the QGC JV¹, the project scope was defined and planning activities were well progressed. This quarter, Senex commissioned and completed an initial engineering Concept Select study for surface facility design.
- Significant advancement of the stage 1 fully funded work program to explore a material **unconventional gas opportunity** with Origin Energy. Project objectives have been clearly defined and the JVs plan to drill four wells in FY16.
- First **Namur oil exploration success** on the western flank, with the discovery of the Martlet oil field, and follow up drilling success on Martlet North-1.
- **Net production** for the June quarter was 0.32 million barrels of oil equivalent (mmboe), down 3% on the previous quarter, primarily due to natural field decline. The FY15 net production result was 1.39 mmboe, in line with revised guidance of between 1.36 and 1.41 mmboe, and up 1% on the prior year.
- **Sales revenue** for the June quarter was \$23.6 million, up 6% on the previous quarter with a higher average realised oil price partially offset by slightly lower production. The FY15 sales revenue result was \$115.9 million, down 32% on the prior year, primarily due to the material fall in crude oil price.
- **Capital expenditure** for FY15 of \$82.2 million, in line with revised guidance of between \$80 - \$85 million. Reduction in capex by over 25% (versus original guidance) in response to the decrease in revenues.
- **Strong financial position** heading into FY16, with \$129 million of liquidity and all work programs fully funded. During the quarter, an unsecured corporate debt facility of \$80 million was established, strengthening the Company's liquidity profile and financial flexibility.
- **Prudent and rapid response** to the changed oil price environment during FY15, with the capital program reduced and high graded, operating savings implemented, and hedging put in place for H2 FY15 and FY16.

KEY PERFORMANCE METRICS	June Quarter Q4 FY15	March Quarter Q3 FY15	Quarter on Quarter change	June Quarter Q4 FY14	Full Year FY15
Net Production (mmboe)	0.32	0.33	(3%)	0.43	1.39
Net Sales volumes (mmboe)	0.29	0.31	(6%)	0.42	1.32
Sales revenue (\$ million)	23.6	22.3	6%	49.8	115.9
Cash (\$ million)	49.0	63.0	(22%)	76.6	49
Average realised oil price (A\$ per barrel)	81	72	13%	119	88

¹ Refer ASX announcement dated 10 September 2014.

FINANCIAL SUMMARY

Sales revenue increased by 6% to \$23.6 million in the June quarter, with a higher average realised oil price partially offset by slightly lower production.

- The average realised oil price for the June quarter of \$81 per barrel was 13% higher than the previous quarter, due primarily to an increase in average crude oil prices in US dollar terms, as well as further weakening of the AUD/USD exchange rate.
- Sales volumes for the June quarter were 0.29 mmbob, down 6% on the previous quarter, primarily due to natural production decline.
- Sales revenue for FY15 was \$115.9 million, representing a 32% decrease on the prior year driven primarily by the 31% reduction in the average realised oil price.

SALES	June Quarter Q4 FY15	March Quarter Q3 FY15	Quarter on Quarter change	June Quarter Q4 FY14	Full Year FY15
Sales (mmbob)	0.29	0.31	(6%)	0.42	1.32
Oil	0.28	0.30	(7%)	0.42	1.30
Gas and gas liquids	0.01	0.00	N/A	0.00	0.02
Sales revenue (\$ million)	23.6	22.3	6%	49.8	115.9

Hedges in place provided protection and reduced volatility over revenues during H2 FY15.

- Hedging instruments contributed over \$0.2 million of margin benefit¹ in the six months ended 30 June 2015.
- Senex has hedging in place for FY16. The instruments will provide revenue protection over one million barrels of oil sales during the financial year, guaranteeing an average Brent crude oil floor price of A\$75 per barrel over the 12 month period².

Senex did not incur exploration expense for statutory accounts purposes in the second half of FY15.

- All four wells drilled during the second half of FY15 (Martlet North-1, Growler 14, Dunoon-3 and Morris-1) were capitalised in line with the Company's approach to do so where there is potential for expenditure to be recouped through successful development and exploitation.

	Second Half H2 FY15	First Half H1 FY15	Half on Half change	Second Half H2 FY14	Full Year FY15
Exploration expense (statutory)	-	18.4	(100%)	11.5	18.4

¹ Net revenues received after hedge costs.

² Assuming an AUD/USD exchange rate of 0.75 (refer ASX announcement dated 13 March 2015).

FINANCIAL SUMMARY

Capital expenditure of \$14.8 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 two oil exploration wells on the Dunoon Ridge, further spend on the Jasmine 3D seismic survey and processing and interpretation of multiple existing 3D seismic surveys, and spend on planning activities on the Western Surat Gas Project. This included the completion of the initial Concept Select study, and progression of environmental surveys and baseline assessments throughout the quarter.
- FY15 capital expenditure was \$82.2 million, within the revised guidance range of between \$80 - \$85 million. Senex revised its capital expenditure guidance during FY15 from an original range of between \$100 – 120 million, in response to the expected decrease in full year revenues as a result of volatile energy market conditions. This represents a 47% reduction on spending compared to the prior year.

CAPITAL EXPENDITURE	June Quarter Q4 FY15	March Quarter Q3 FY15	Quarter on Quarter change	June Quarter Q4 FY14	Full Year FY15
Exploration and appraisal	11.6	11.9	(3%)	10.2	56.8
Development, plant and equipment	3.2	2.6	23%	22.2	25.4
Total	14.8	14.5	2%	32.4	82.2
Acquisition of additional JV interests	1.9 ¹	-	N/A	0.1	1.9
Total	16.7	14.5	15%	32.5	84.1

Senex remained in a strong financial position with total liquidity of \$129 million at 30 June 2015, comprising \$49 million of cash reserves, and \$80 million of undrawn debt.



¹ Relates to the acquisition of Orca Energy Limited's 20% share of its remaining Cooper Basin interests, including the impact of completion adjustments.

PRODUCTION

PRODUCTION	June Quarter Q4 FY15	March Quarter Q3 FY15	Quarter on Quarter change	June Quarter Q4 FY14	Full Year FY15
Net Production (mmboe)	0.32	0.33	(3%)	0.43	1.39
Oil	0.30	0.31	(3%)	0.43	1.35
Gas and gas liquids	0.02	0.01	100%	0.00	0.04

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

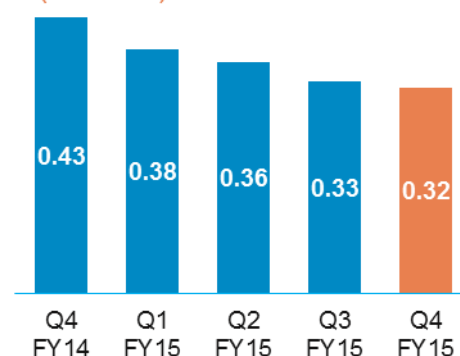
OIL

Senex delivered net oil production of 0.30 mmboe for the three months to 30 June 2015, down 3% on the previous quarter.

The reduction was primarily due to natural field decline, with the March quarter production result affected by a premature ESP failure on a key producing well at the Spitfire field, along with a period of wet weather in the Cooper Basin in January. No new wells were connected during the June quarter although Martlet North-1 and Growler-14 are both scheduled for completion during Q1 FY16.

Total full year oil production volumes of 1.35 mmboe were 2% down on the prior year, with the benefit of the Martlet discovery being approximately matched by certain operational downtime events (now resolved) and natural field decline.

Quarterly Net Production (mmboe)



GAS

During the June quarter, Senex continued extended production tests on the Hornet and Worrior fields.

The performance of the **Hornet field** over the course of the extended production test to date has been at the lower end of expectations, notwithstanding that irregular production performance was an expected outcome as the understanding of this complex reservoir is developed.

The **Kingston Rule-1** well was online from late March with the well flowing gas to surface without artificial lift from an off-structure stratigraphic trap. The **Hornet-1** well remained offline due to liquid loading in the well bore, a characteristic typical of the Patchawarra formation, on which Senex will undertake an intervention during H1 FY16 with the aim of restarting production. Building up a better understanding of the reservoir — including a view on the ultimate size of the resource — requires the collection of more stabilised production data on both wells along with a focused program of geological and geophysical analysis, planned for H1 FY16.

The total gas and gas liquids produced for the quarter was derived from Kingston Rule-1 and flared gas from the extended production test on Worrior-8, which produces both gas and oil.

SURAT BASIN

GAS | *Western Surat Gas Project*

Senex continued to prioritise planning activities while pursuing commercialisation and funding solutions on the Western Surat Gas Project.

During the quarter, Canadian firm Equinox Engineering delivered an initial Concept Select study to identify the best value surface facility options for the initial phase of a full field development. The estimation of total installed cost of the surface facilities was in line with expectations and confirms the achievability of a low cost approach to full field development.

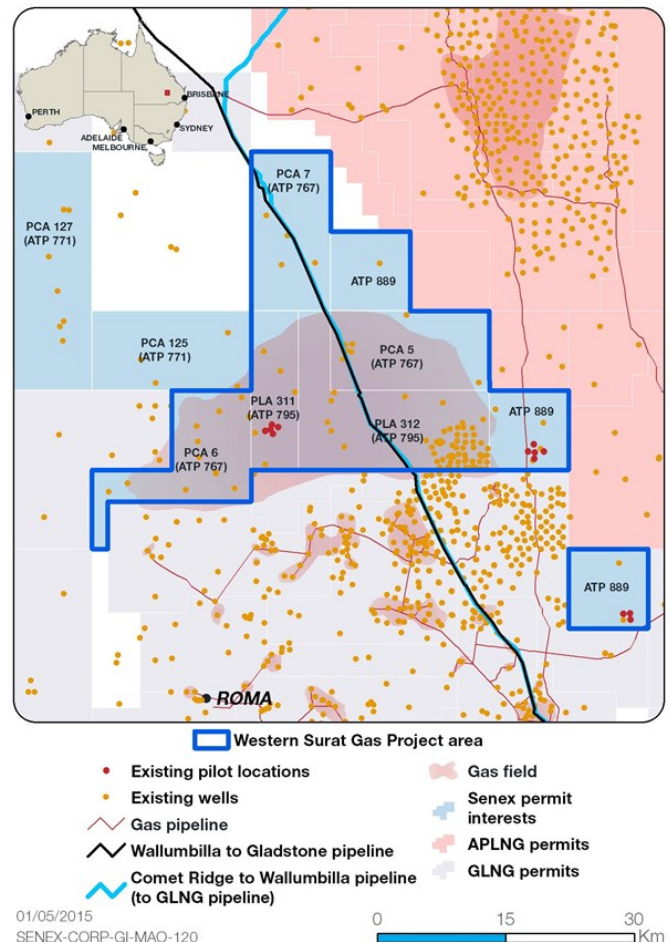
Senex expects to enter into Front End Engineering and Design (FEED) during FY16 to further progress the recommendations from the concept select study, and tighten the estimated range over the total installed cost.

Senex plans to commission all three existing pilot locations during FY16. Preparatory activities will include land access, along with the design, engineering and construction of surface infrastructure, before the pilots can be brought online for testing.

Senex continues to plan for submission of an Environment Impact Statement to the Queensland Government in mid-2016. Technical studies,

environmental surveys and baseline assessments continued during the quarter, with key stakeholder consultation activities progressed with landholders, the local community and the native title group for the area. As part of this engagement strategy Senex has established a local presence with a small office opened in Roma in April 2015.

The proposed Western Surat Gas Project area involves approximately 990km² of 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. The targeted plateau production rate on the Project is between 35 and 50 TJ/day.



Site visits are necessary to the progression of environmental surveys and baseline assessments

COOPER BASIN

GAS | *Unconventional gas JVs with Origin Energy*

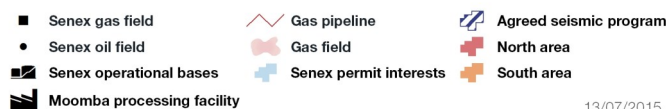
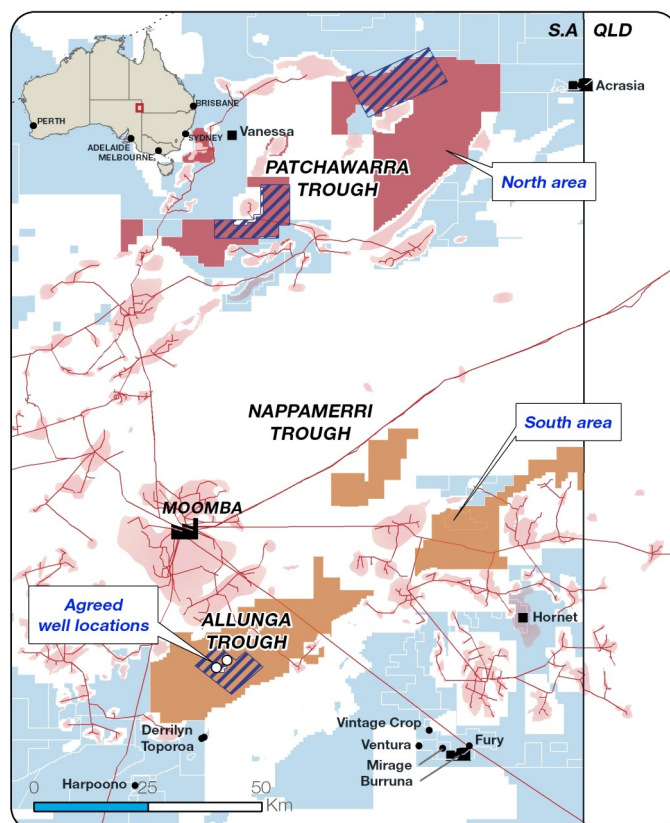
Senex and its JV partners have continued to progress the work program and expect to drill four wells in FY16.

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 large and continuous gas accumulations. This is a material exploration project with multi Tcf resource potential.

During the June quarter, the JV partners made the technical and commercial preparations to commence drilling during FY16. The JVs plan to spud two wells in the south area in the first half of FY16 followed by two in the north area during the second half of FY16. Fracture stimulation, completion and testing of the wells is expected to follow.

In the south area (Allunga Trough), processing of the Bauhaus seismic survey was undertaken during the June quarter, with drilling prospects agreed between the JV partners. The drilling locations are targeting possible stratigraphic extensions to the existing Santos discovery Bauhaus-1.

In the north area (Patchawarra Trough), data acquisition of the Mudrangie 3D seismic survey was completed. This was the second seismic survey in the north, following the acquisition of the Jonothon survey. Processing of the two surveys in the north was commenced during the June quarter, and drilling prospects will be selected following interpretation of these programs. The seismic locations were chosen to identify potential basin centred gas sweet spots downdip of proven hydrocarbon accumulations.



13/07/2015
SENEX-CORP-GI-MAO-176

GAS | *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 42/64^{ths} inch choke. Condensate was also produced at a rate of 15 barrels per mmscf/d.

The JV is aligned on the work program and budget to bring the well online during FY16, with timing of completion to be aligned to the availability of downstream infrastructure.

COOPER BASIN

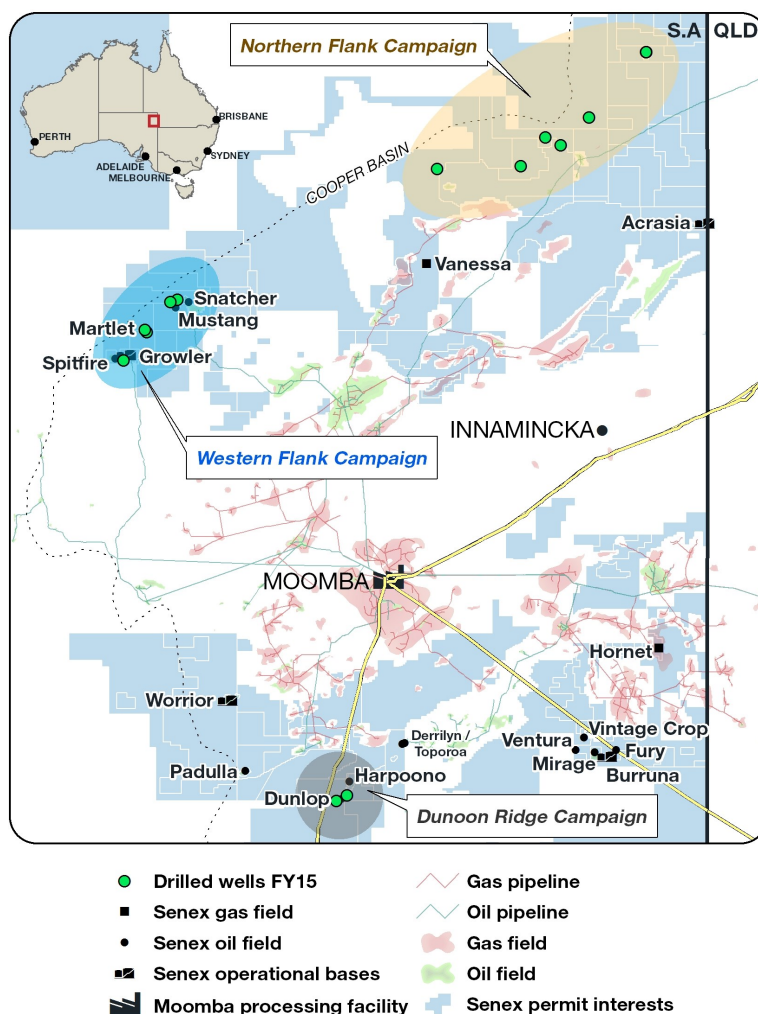
OIL | Drilling

During the June quarter, Senex continued its disciplined approach to capital allocation, with two low cost, shallow wells drilled on the Dunoon Ridge.

Both wells were cased and suspended as future Murta oil producers. The results of Dunoon-3 and Morris-1 have provided further validation of the Dunoon Ridge portion of the Murta fairway, a regionally extensive tight oil system.

In FY15 the Company drilled 13 oil wells in the Cooper Basin, adjusted down from the original program of 26 wells in response to the anticipated decrease in full year revenues as a result of the lower oil price environment.

The Martlet-1 well was commissioned in early December 2015, and represents the Company's first Namur exploration success on the western flank. Two additional western flank wells — the Martlet North-1 well and Growler-14 well – are cased and suspended pending completion in Q1 FY16.



14/07/2015
SENEX-CORP-GI-MAO-170

0 25 50 Km

DRILLING CAMPAIGN	Well type	Wells drilled	Wells cased and suspended	Cased and suspended wells
Western flank	Exploration	4	2	Martlet-1, Martlet North-1
	Appraisal	1	1	Growler-14
Northern flank	Exploration	6	1	Akela-1
Dunoon Ridge	Exploration	2	2	Dunoon-3, Morris-1
Total		13	6	

COOPER BASIN

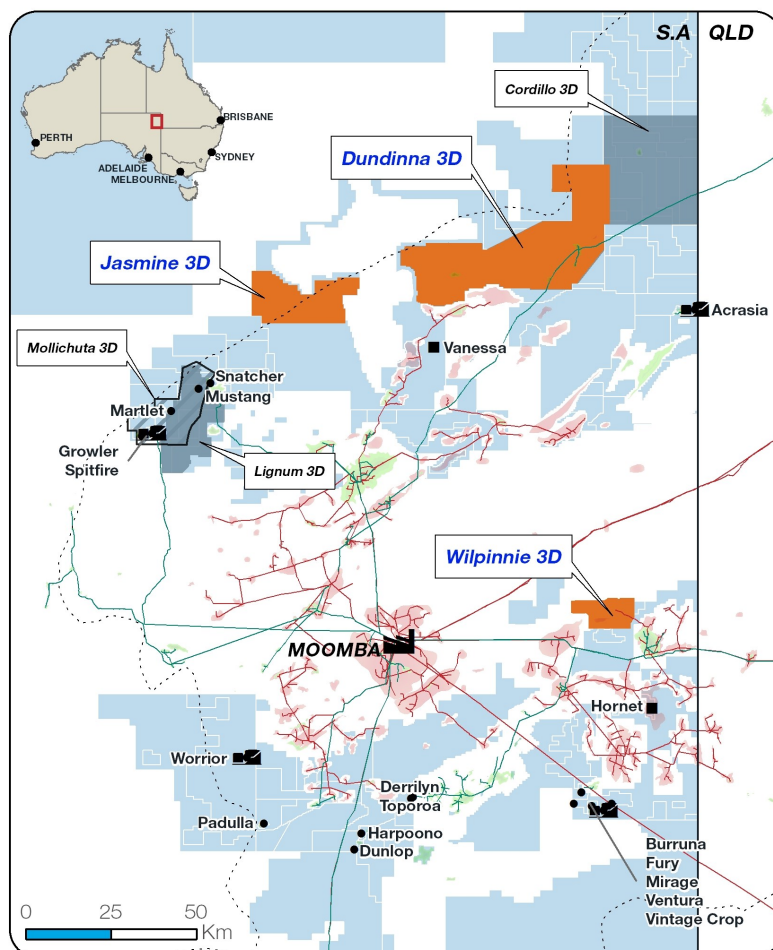
OIL & GAS | Seismic

Data acquisition from the **Jasmine 3D** seismic survey (Senex 57% and operator) was completed during the quarter, on budget and on schedule. The JV expects to complete the processing and interpretation of this data in the first half of FY16. Covering 310km² 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.

The Senex regional model uses AVO and inversion processing techniques to reinterpret seismic with the benefit of data from drilling. The aim of these processes is to identify stratigraphic traps with favourable reservoir qualities and large reserves potential. During the June quarter, Senex commenced AVO and inversion on the **Dundinna 3D** seismic survey in the northern Cooper Basin, which spans several permits and involves multiple JV partners. The JVs expect to complete this work during the first half of FY16.

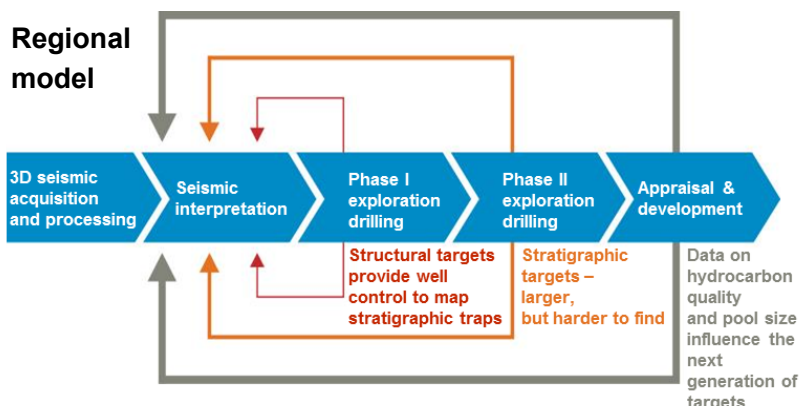
Interpretation of the **Wilpinnie 3D** seismic survey (Senex 100%) continued during the June quarter. The 140km² survey, situated to the west of the Dullingari oil field in the southern Cooper Basin, targets Namur oil prospects, and secondary gas prospects in the Patchawarra.

New exploration and appraisal drilling targets generated out of the interpretation work on the Jasmine, Dundinna and Wilpinnie 3D seismic surveys will be considered by the various JVs for drilling in the second half of FY16.



- Senex gas field
- Senex oil field
- Senex operational bases
- Moomba processing facility
- Gas pipeline
- Oil pipeline
- Senex permit interests
- Gas field
- Oil field

14/07/2015
SENEX-CORP-GI-MAO-080



COOPER BASIN

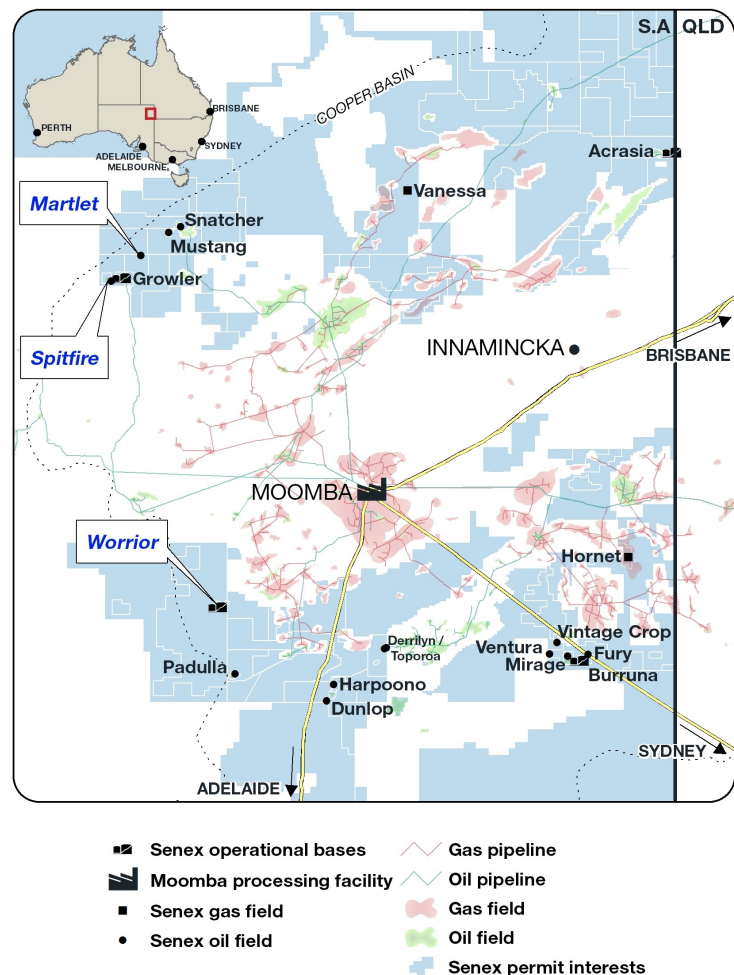
OIL & GAS | Field Development

At the **Martlet** oil field (Senex 60% and operator), the JV expects to bring the Martlet North-1 well online in Q1 FY16 via a pipeline to the surface facilities at Martlet-1.

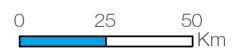
At the **Spitfire** oil field (Senex 60% and operator), progress was made to extend the field beyond known limits, with AVO and inversion processing and further interpretation of the merged Aquillus and Mollichuta 3D seismic data completed during the June quarter.

New drilling targets generated out of this process will form the basis of western flank drilling to be undertaken by the JV in FY16.

At the **Warrior** oil field (Senex 70% and operator), an extended production test of Warrior-8 began in late December and continued through the June quarter. Analysis of the production test data has enhanced our understanding as to the extent, connectivity and gas content of the Patchawarra Formation. The field does not currently support a separate gas commercialisation project although follow up drilling may be undertaken in the future.



14/07/2015
SENX-CORP-GI-MAO-170



Extended production test at Warrior field with oil truck in foreground and gas flare in background

Conference Call

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

Date: Tuesday 28 July 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/1809.aspx>

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

FURTHER INFORMATION

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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