

Preliminary FY16 outlook

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Senex Energy Limited (Senex, ASX:SXY) has today provided its preliminary outlook for FY16 during which the Company will continue a disciplined approach to capital allocation, focusing on cash preservation, Cooper Basin oil production and the Western Surat Gas Project.

Key points:

- **Maintaining financial strength** through cash preservation and reduced work programs
- **Continuing to drive growth projects** in Senex's oil and gas portfolio, with low capex spend
- **Self-funding, reduced work program in the Cooper Basin** focused on oil production
- **Prioritisation of coal seam gas in the Surat Basin**, positioning the Company's material Western Surat Gas Project to meet the East Coast gas market opportunity
- Continued focus on **commercialisation and financing solutions** for the Western Surat Gas Project
- **Disciplined capital allocation**, with capital expenditure guidance of \$35 - \$45 million
- **Net production** guidance of 1.0 – 1.2 mmbob given significantly lower capital spend in the Cooper Basin in H2 FY15 and in FY16
- **Liquidity:** \$49 million of cash at 30 June 2015, cash-flow from operations, a hedging program for FY16 oil sales¹, no drawn debt and an undrawn unsecured debt facility of \$80 million

A disciplined approach to capital allocation whilst retaining growth options

The Company's oil business in the Cooper Basin continues to generate attractive margins, protected by an oil hedging program for the FY16 year¹. This business will self-fund a disciplined work program in FY16 focused on oil production. The Company will continue to meet all commitments in the Cooper Basin and retains long term tenure over its acreage. Senex expects to deliver production of between 1.0 mmbob and 1.2 mmbob in FY16, in line with materially lower capital spend.

The 100% Senex-operated Western Surat Gas Project represents a near term opportunity to develop a material revenue stream from a large 2P reserve base in a strategically located gas producing region. Senex will prioritise the appraisal of this project in FY16 to meet an attractive market opportunity, and to diversify its business into gas, a long held strategic objective.

Senex Managing Director, Ian Davies, said, "Our number one priority is maintaining the financial strength of the business. Oil production in the Cooper Basin continues to deliver strong margins, even at low oil prices. When further capital is available and the oil pricing outlook has improved, we look forward to materially scaling up our work program in the Cooper Basin. In the meantime, we will exercise capital discipline while retaining full optionality.

Senex remains growth focused, and the prioritisation of our most material and advanced gas project represents a step change in the creation of a material gas business for Senex."

¹ Hedging program guarantees an average Brent crude oil floor price of A\$75 per barrel, assuming an AUD/USD exchange rate of 0.75.

In FY16, capital expenditure guidance is between \$35 and \$45 million across the Cooper Basin and Surat Basin. In addition, Origin Energy will free carry Senex for between \$25 and \$35 million of expenditure on unconventional gas assets in the Cooper Basin.

Capital expenditure \$ million	FY15 actual	FY16 guidance
Cooper Basin	77	15 – 20
Surat Basin	5	20 – 25
Total equity capex	82	35 – 45
Origin Energy free carry *	10	25 – 35
Total capital deployed	92	60 – 80

* Senex share

Cooper Basin work program

Senex expects to invest between \$15 and \$20 million in the Cooper Basin on a production focused program targeting Namur, Birkhead and McKinlay oil prospects. A minimum of two wells will be drilled in the first half, with several additional wells currently planned for the second half. Existing wells Growler-14 and Martlet North-1 will be completed and connected.

Senex will also progress its material unconventional gas exploration project with Origin Energy, with four wells to be drilled as part of the fully funded \$105 million stage one work program.

Surat Basin work program

Senex expects to invest between \$20 and \$25 million on appraisal activities on the Western Surat Gas Project. These will include commissioning pilot production programs (with early commercialisation potential) to inform the full field development plan, with Senex targeting first gas production by 2017. Full scale field development will follow a Final Investment Decision and target a plateau production rate of 35 to 50 terajoules per day.

FURTHER INFORMATION

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ABOUT SENEX ENERGY

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.