

2015 full year results

Release Date: 25 August 2015

Senex Energy Limited (Senex, ASX:SXY) enters FY16 in a good financial position, after solid oil production in FY15, record oil and gas 2P reserves growth, and a step change in the development of a material gas business.

Key points FY15:

- **Production** of 1.39 mmboe, up 1% from 1.38 mmboe
- **Sales revenue** of \$115.9 million, down 32% from \$170.9 million
- **EBITDAX** of \$49.5 million, down 46% from \$91.1 million
- **Underlying profit** of \$5.6 million, down 87% from \$44.7 million
- **Statutory loss** of \$80.6 million, down from a profit of \$37.9 million, including non-cash impairment charge of \$97.0 million
- **2P oil and gas reserves** of 94.6 mmboe, up 137% from 39.9 mmboe
- **Liquidity:** cash of \$49 million, \$80 million undrawn debt facility, hedging program for FY16 oil sales

Senex has announced EBITDAX of \$49.5 million and an underlying profit of \$5.6 million for the year ended 30 June 2015, following a steep fall in oil prices during the year. The company posted a statutory loss of \$80.6 million after allowing for a non-cash before tax impairment of \$97.0 million, primarily recognised against Senex's non-producing exploration assets in the Cooper Basin and taken in response to the lower oil price environment.

Commenting on 2015 full year performance, Senex Managing Director and Chief Executive Officer, Ian Davies, said, "Senex has achieved a number of significant milestones and demonstrated solid underlying performance during the year, against the sharp decline in global oil prices which impacted earnings and cash flow.

"Our low cost oil business in the Cooper Basin maintained healthy margins from oil sales. We achieved solid production from our existing fields, and made our first Namur oil discovery on the western flank with Martlet-1, contributing to full year production of 1.39 mmboe.

"In terms of our gas business, the portfolio we have been maturing over a number of years is looking stronger than ever. Senex's total 2P gas reserves stand at 83.3 mmboe, primarily reflecting a 58.6 mmboe net uplift from the coal seam gas asset swap in the Surat Basin for zero cash consideration. The transaction saw the foundations of our Western Surat Gas Project established and appraisal activities commenced. In the Cooper Basin, we made excellent progress in unconventional gas exploration with Origin Energy, for which Senex is free carried for its share of the stage one work program. We also delivered first gas sales in the Cooper Basin.

"Senex enters 2016 in a good financial position. We responded rapidly and prudently to the changed market conditions by reducing capital and operating expenditure, protecting FY16 revenues with an oil hedging program, and establishing an unsecured \$80 million corporate debt facility that remains undrawn. With \$49 million in cash at 30 June, cash flow from operations, no drawn debt and continued spending discipline, the Senex business is in good shape as we pursue our long-term growth-driven strategy," Mr Davies said.

FY16 outlook

As previously advised, Senex is pursuing a disciplined capital program and focus on cash preservation, across its Cooper Basin and Surat Basin assets in FY16.

Key points FY16:

- **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
- Advancement of significant **unconventional gas exploration work program with Origin Energy** in the Cooper Basin, with Senex free-carried for its share of stage one (\$25 - \$35 million in FY16)
- **Disciplined capital allocation**, with capital expenditure guidance of \$35 - \$45 million
- **Net production** guidance of 1.0 – 1.2 mmbobe, given significantly lower capital spend in the Cooper Basin in H2 FY15 and in FY16

Mr Davies noted, "As Senex pursues value creation for shareholders, our number one priority is maintaining the financial strength of the business against a backdrop of continuing lower oil prices. 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. 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."

RESULTS WEBCAST

Senex Managing Director and Chief Executive Officer Ian Davies will hold a webcast today to discuss the full year results and outlook:

Time: 1.00pm (AEST)
Date: Tuesday 25 August 2015

The webcast will be streamed live at this time and can be accessed via the Senex website (www.senexenergy.com.au) or through the following link: <http://webcast.openbriefing.com/2151/>

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

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.

APPENDIX

1. **EBITDAX** (earnings before interest, tax, depreciation, amortisation, impairment and exploration expense) can be reconciled to the audited financial report as follows:

	FY15 \$ million	FY14 \$ million
Statutory net profit (loss) after tax	(80.6)	37.9
<i>Add/(less):</i>		
Net interest	0.7	(1.7)
Tax	(10.7)	10.7
Amortisation & depreciation	24.7	27.4
Impairment	97.0	-
EBITDA	31.1	74.3
<i>Add/(less):</i>		
Oil and gas exploration expense	18.4	16.8
EBITDAX	49.5	91.1

2. **Underlying profit** can be reconciled to statutory profit / (loss) as follows:

	FY15 \$ million	FY14 \$ million
Statutory net profit (loss) after tax	(80.6)	37.9
<i>Add/(less):</i>		
Impairment of exploration assets and in-field consumables	62.2	-
Impairment of oil properties	34.8	-
One off transaction costs	-	4.1
Gain on sales of assets	-	(1.9)
Tax (benefit)/expense*	(10.7)	4.6
Underlying net profit (loss) after tax	5.6	44.7

Numbers may not add precisely to totals provided due to rounding.

* This amount is the reversal of the income tax expense booked at 30 June 2014. As a result of impairment during FY15, a net deferred tax asset position exists at 30 June 2015 and Senex recognises carry forward tax losses to the extent of total deferred tax liabilities.

3. **Qualified petroleum reserves and resources evaluator statement:** Senex estimates and reports its petroleum reserves and resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers (SPE PRMS). The information in this announcement 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 (Geology). 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.

For further information on Senex reserves and resources including method, evaluation dates, conversions and reference points, refer to the Senex Annual Reserves Statement dated 25 August 2015.

mmboe means million barrels of oil equivalent

2P means proved plus probable reserves in accordance with the SPE PRMS

4. Impairment: \$86.5 million impairment charge recognised in H1 FY15, \$10.5 million impairment charge recognised in H2 FY15.
5. Senex's FY16 oil hedging program guarantees an average Brent crude oil floor price of A\$75 per barrel to 30 June 2016, assuming an AUD/USD exchange rate of 0.75.