2015 full year results and FY16 outlook

Senex Energy Limited

Ian Davies, Managing Director and CEO

Brisbane, 25 August 2015

Key takeaways

Maintaining financial strength is our number one business priority

FY15

- Solid production of 1.39 mmboe in line with guidance, with healthy margins maintained
- Important strategic milestones reached in the establishment of Senex's gas business
- Prudent, rapid response to change in oil price environment
- Strengthened liquidity by establishing $80 million unsecured debt facility and oil hedging program

FY16

- Cooper Basin business to self fund a disciplined work program
- Strong margins in the Cooper Basin oil business even at current low prices
- Prioritisation of Western Surat Gas Project to meet the East Coast gas market opportunity
- Strong financial position with over $129 million of available liquidity

Outlook

- Oil markets remain depressed with extremely volatile equity market response, however East Coast gas market is robust
- Senex has a clear strategic focus: maturing oil and gas exploration assets into production and achieving a material gas business

Ian Davies
Managing Director and CEO

Summary of FY15 results

FY16 outlook

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Cover slide imagery shows: Spitfire oil field, Cooper Basin; early field activities in the Surat Basin, seismic vehicles on unconventional gas acreage as part of JV with Origin Energy

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FY15 business highlights

A number of strategic milestones reached during FY15

Corporate

- **Strengthened financial position:** establishment of $80 million unsecured debt facility and oil hedging to protect revenues in H2 FY15 and FY16
- **Key board and executive appointments** made throughout FY15
- **Cooper Medivac-24** helicopter service launched

Gas

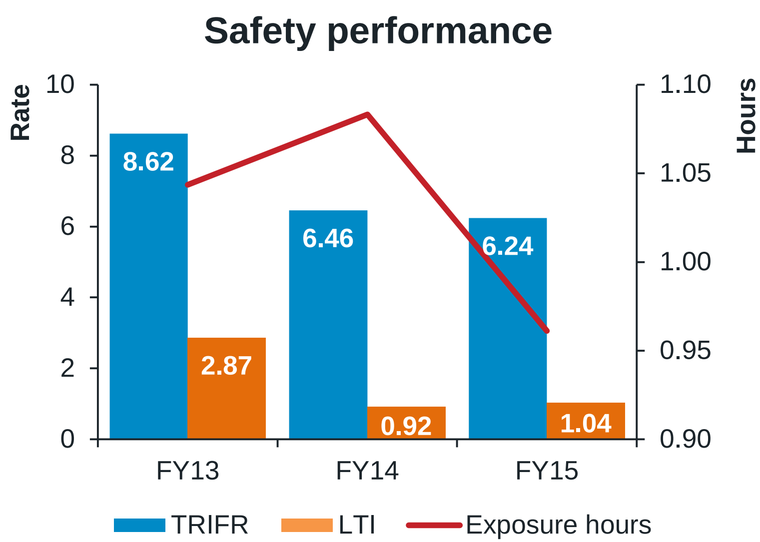
- **Western Surat Gas Project**: material reserves added, project scope defined and planning activities well progressed
- **Stage 1 unconventional gas** opportunity with Origin Energy: project objectives defined, seismic surveys completed, drilling targets identified
- **First commercial gas sales** from the Cooper Basin

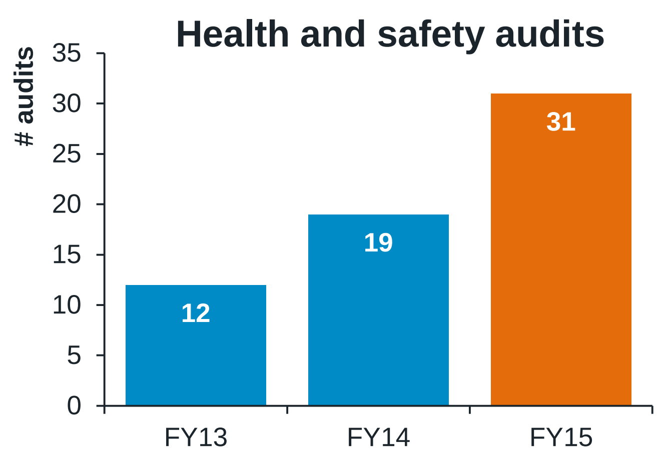
Oil

- **Solid production** performance from oil portfolio
- **Namur oil exploration** success on the western flank: discovery of Martlet-1 with follow up drilling success on Martlet North-1

FY15 safety performance

Continuing to improve safety performance





FY15 performance

- 1 lost time injury
- 6 recordable incidents, 4 involving third party contractors
- 13% reduction in total exposure hours

Initiatives to improve performance

- Improved quality of incident and near miss investigation and cause analysis
- Increase in health and safety audits
- Working with contractors to assist implementation of safety management plans
- Company-wide safety climate assessment and action plan

FY15 key financial headlines

Results impacted by lower oil price and reduced capital spend

	FY15	FY14	Change
Production (mmboe)	1.39	1.38	1%
Sales volumes (mmboe)	1.32	1.35	(2%)
Average realised oil price (A$ per barrel)	88	127	(31%)
Capital spend ($ million)	82.2	151.4	(46%)
Sales revenue ($ million)	115.9	170.9	(32%)
Operating cost excluding royalties ($ per barrel)[1]	32.45	31.08	4%
Net G&A costs ($ million)[2]	9.7	25.5	(62%)
Underlying NPAT ($ million)	5.6	44.7	(87%)
Impairment ($ million)[3]	97.0	-	N/A
Statutory NPAT ($ million)	(80.6)	37.9	(313%)
Operating cash flow ($ million)	33.5	81.0	(59%)
Cash balance ($ million)	49.0	76.6	(36%)
Liquidity ($ million)	129.0	76.6	68%

(1) Oil operating cost per barrel of production, excluding royalties
(2) Net G&A includes FX gains and one off transaction costs, see Appendix for reconciliation
(3) $86.5 million impairment charge recognised in H1 FY15, $10.5 million impairment charge recognised in H2 FY15

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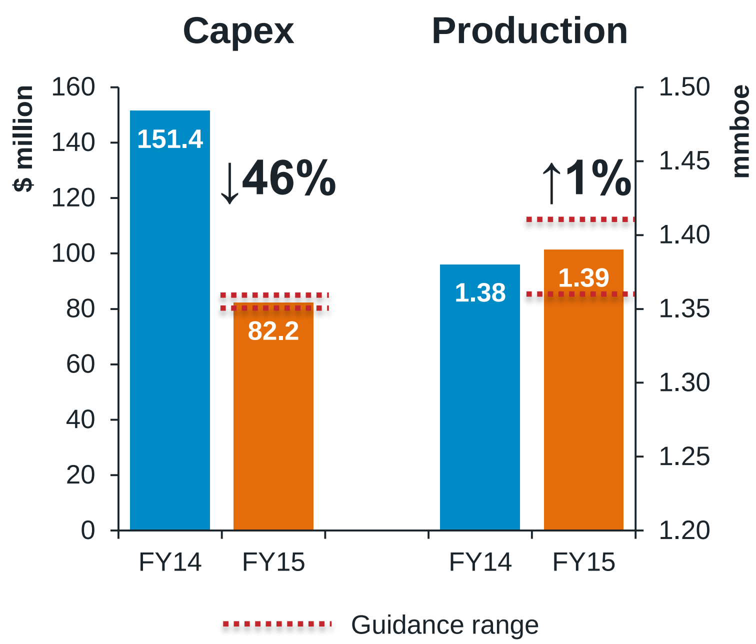
FY15 capital expenditure and production

Production impacted by reduced capital expenditure in FY15 and FY16



FY15 capex

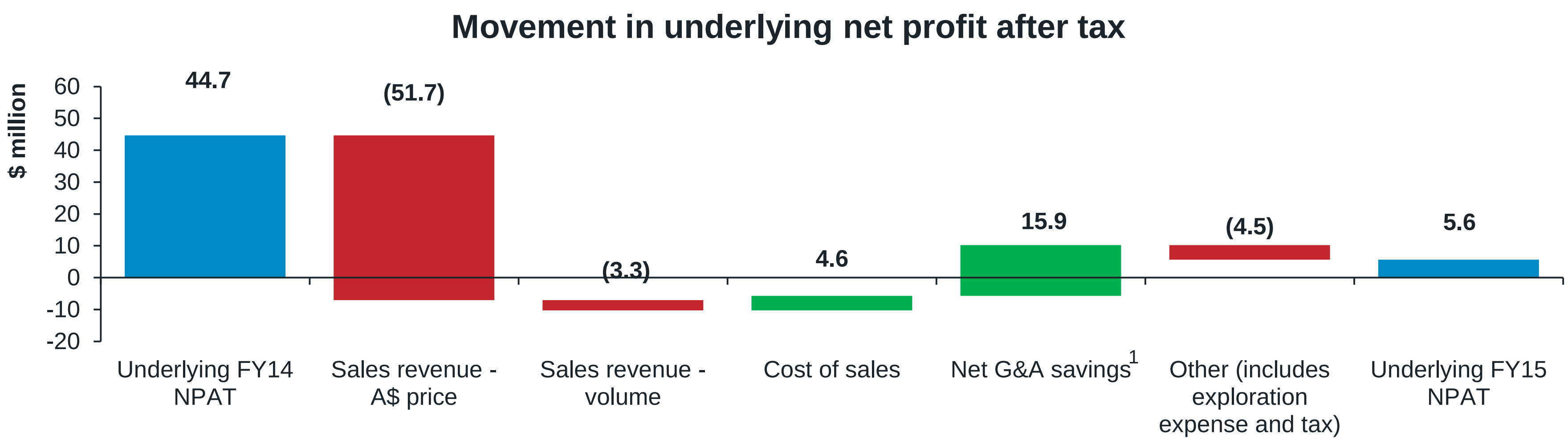
- Spend reduced by 46% versus FY14
- First half capital program focused on northern drilling campaign
- Second half capital program scaled back with focus on reducing drilling costs

FY15 production

- Reduced capital program impacted production profile (fewer wells drilled, completions and some production enhancing activities deferred)
- Production delivered within guidance range
- Impact of one new contributing oil well (Martlet-1) approximately matched by operational downtime and natural field decline
- Small contribution from gas fields (Hornet, Worrior)

FY15 Underlying NPAT reconciliation

Lower oil price partially offset by net G&A savings

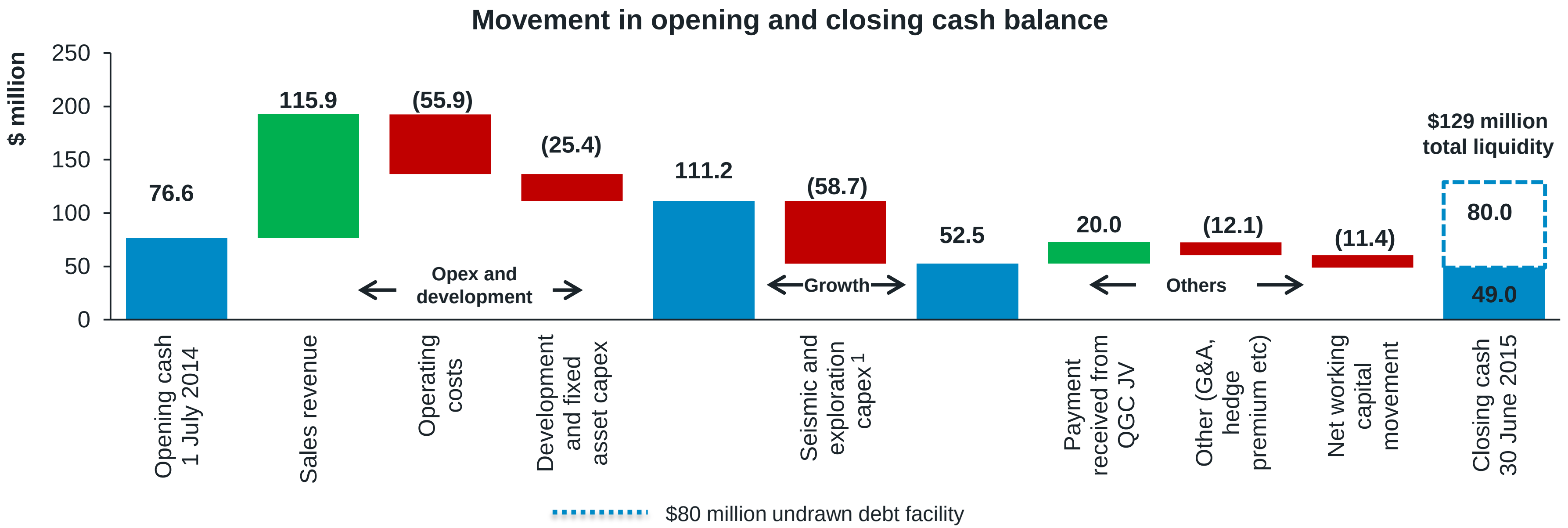


- Sales revenue primarily impacted by 31% decrease in average realised oil price to A$88 per barrel
- Cost of sales improvement on lower royalties and volumes
- G&A improvement driven by cost savings, increased recoveries, and realised FX gains on the weakening Australian dollar

(1) Net G&A savings includes FX gains and one-off transaction costs (see Appendix)
Numbers may not add precisely to totals provided due to rounding

FY15 Operating cash flow reconciliation

Strong funding position with $129 million liquidity

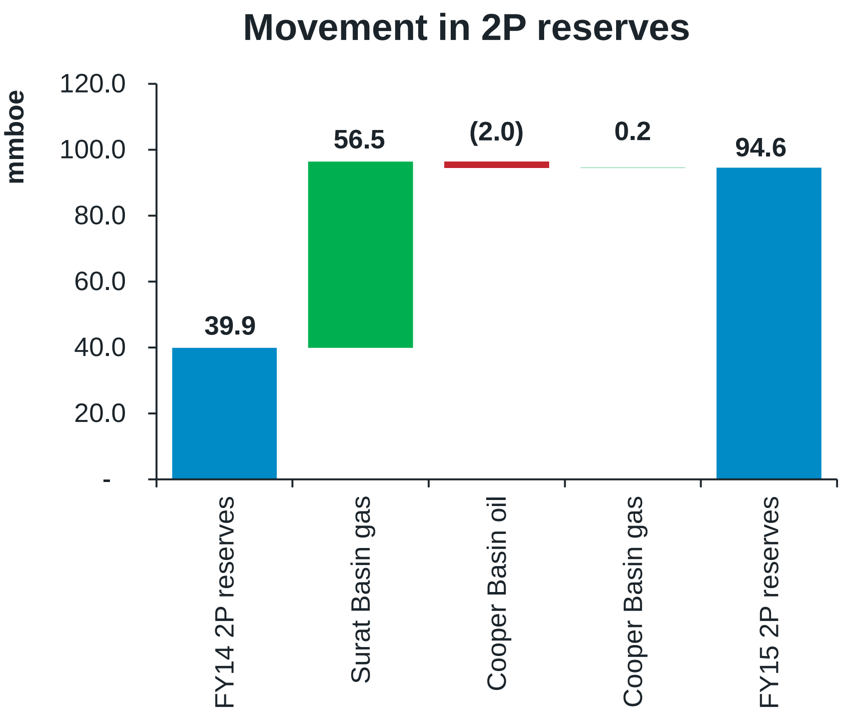


- Cash reserves of $49 million at 30 June 2015 with an $80 million undrawn debt facility
- Capex program significantly reduced in response to lower oil prices
- $20 million cash inflow received from QGC JV to fund rehabilitation of wells
- Net working capital unwind on lower payables and receivables, in line with reduced activity levels

(1) Includes the acquisition of Orca Energy Limited's 20% share of its remaining Cooper Basin interests, with the impact of completion adjustments

2P oil and gas reserves

Significant improvement in 2P gas reserves

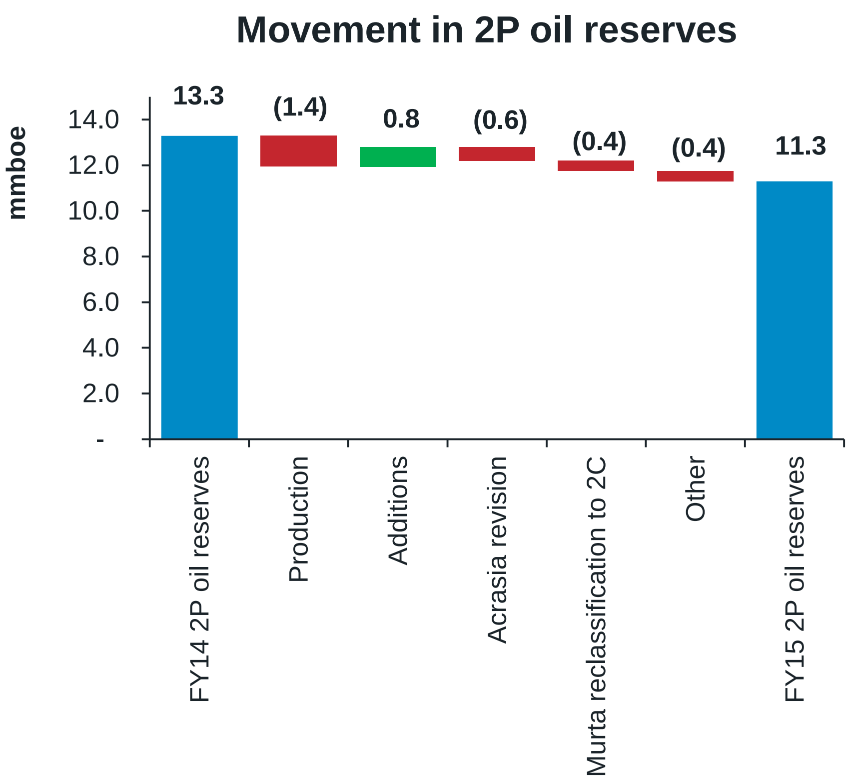


- 224% organic three-year 2P oil and gas reserves replacement ratio
- Proved plus probable (2P) reserves were 95 mmboe, 137% higher than FY14
- Surat Basin reserves: uplift through 2P reserves added in the strategic asset swap transaction with the QGC JV completed in December 2014[1]
- Cooper Basin oil: major movement was production with a scaled-back capital program adding limited reserves during the year (see further on next slide)
- Cooper Basin gas: booking of initial reserves at the Vanessa and Hornet gas fields

(1) Refer ASX announcement dated 10 September 2014

2P oil reserves

Cooper Basin oil portfolio reserves are resilient to a lower oil price



- Reserve additions relate to Namur oil exploration success on the western flank in the Cooper Basin: discovery of Martlet-1 and Martlet North-1
- No wholesale reserve downgrades relating to the lower oil price given the long term, relatively low cost nature of our oil operations
- Revisions to reserves as a result of the lower oil price are field/project specific:
    - Acrasia: activities now confined to care and maintenance (reflected in asset impairment)
    - Murta tight oil project: reclassification of these reserves as contingent resources in the current oil environment

Ian Davies
Managing Director and CEO

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Key takeaways

Senex corporate strategy

OUR VISION: A growth-focused oil and gas exploration and production company with world-class operating credentials

Cooper Basin		Surat Basin
Oil High margin core business with scalability and material upside potential. *Explore and monetise oil opportunities in extensive acreage portfolio.*	**Gas** Diversification of revenue stream and material scale, medium to long term growth enabler. *Target material gas resources within an extensive exploration portfolio, and commercialise appraisal opportunities.*	**Gas** Geographic and product diversification, and strong near term market opportunity. *Commercialise material 2P reserves and bring coal seam gas assets into production.*

Production
Sustainable operating cash flow and commercialisation of reserves

Joint Ventures
Build collaborative relationships with aligned partners

New Ventures
Position the business for complementary upside opportunities

People and Systems
Attract and retain the best people and pursue operational excellence

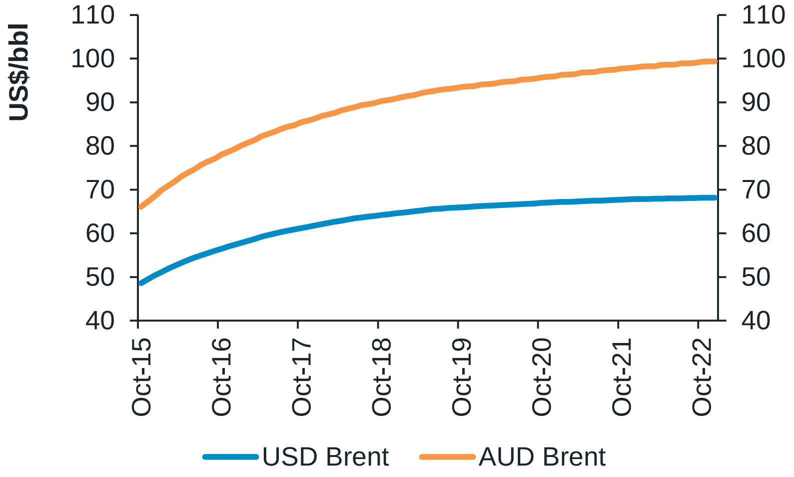
Health, Safety, Environment and Community
Safe, responsible and sustainable operations

Strength in a lower oil price environment

Preparing for a possible downside oil price scenario (lower for longer)

- Gas business growth provides diversification of revenue stream
- Portfolio of producing oil assets remains cash positive at all points on the US$ Brent forward curve
- In addition, hedging provides full revenue protection of FY16 production at A$75 per barrel[1]
- Tenure management strategy in place across all acreage
  - Continue to meet all commitments and retain long term tenure over Cooper Basin acreage
- Senex operates all key acreage
  - Can react quickly to increase or reduce capital programs
- G&A materially reduced in FY15
- Track record of successful strategic partnering to share project risk and capital requirements

Brent oil price forward curve



Source: Bloomberg, pricing as at 18 August 2015

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

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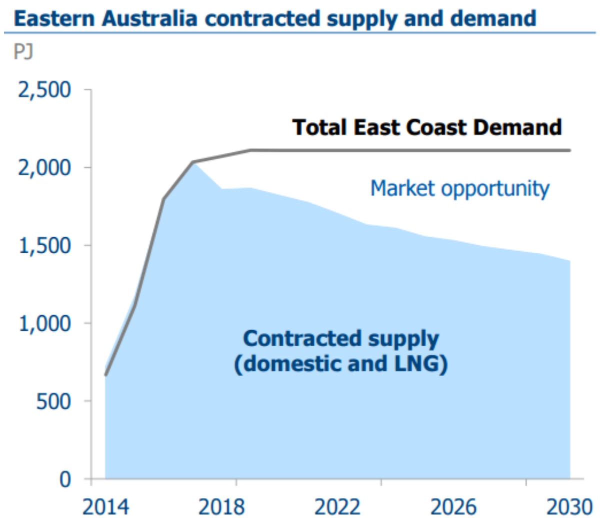
FY16 business priorities

Disciplined approach to capital allocation whilst retaining growth options

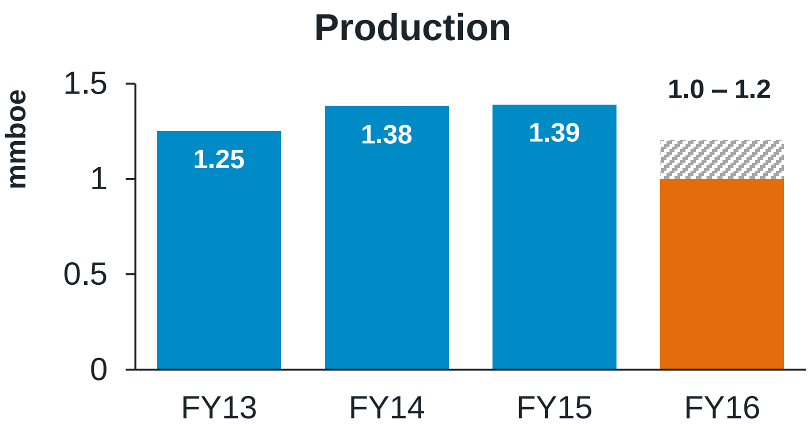
- Maintaining financial strength through ongoing oil production and reduced work programs
- Continuing to drive growth projects in Senex's oil and gas portfolio, with low capex spend
- Running a self-funding, reduced work program in the Cooper Basin focusing on oil production
- Continue to meet all commitments and retain long term tenure over Cooper Basin acreage
- Scale-up work program in Cooper Basin when further capital is available and the oil pricing outlook improves
- Prioritisation of the Western Surat Gas Project to meet East Coast gas market opportunity
- Focus on commercialisation and financing solutions for the Western Surat Gas Project
- Advance significant unconventional gas work program with Origin Energy in the Cooper Basin, with Senex free-carried for $25 - $35 million in FY16

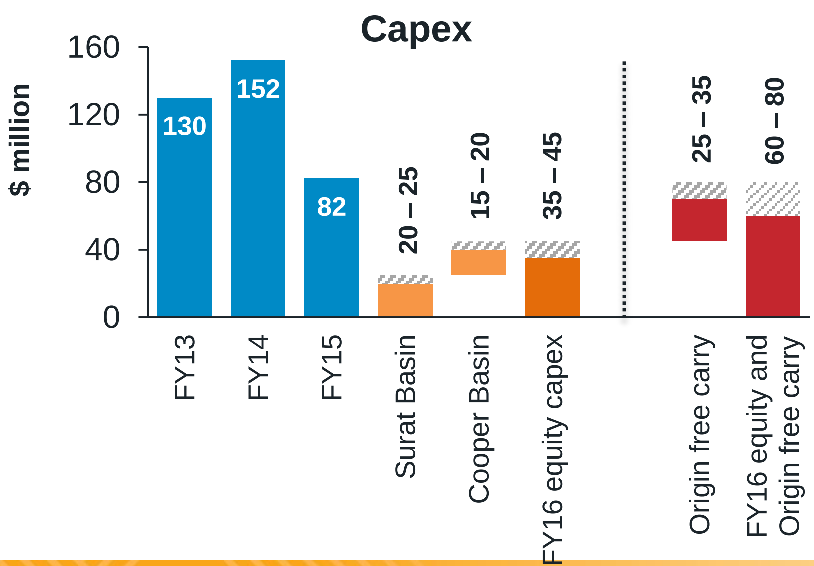


Source: Santos investor presentation 20 April 2015

FY16 guidance

Reflects FY16 business priorities





FY16 forecast production:

- Impacted by reduced capital expenditure in FY15 and FY16
- Reflects natural field decline on base portfolio and limited growth capex deployed in the Cooper Basin
- Minor contribution from Cooper Basin gas projects
- Western Surat Gas Project expected to produce from FY17

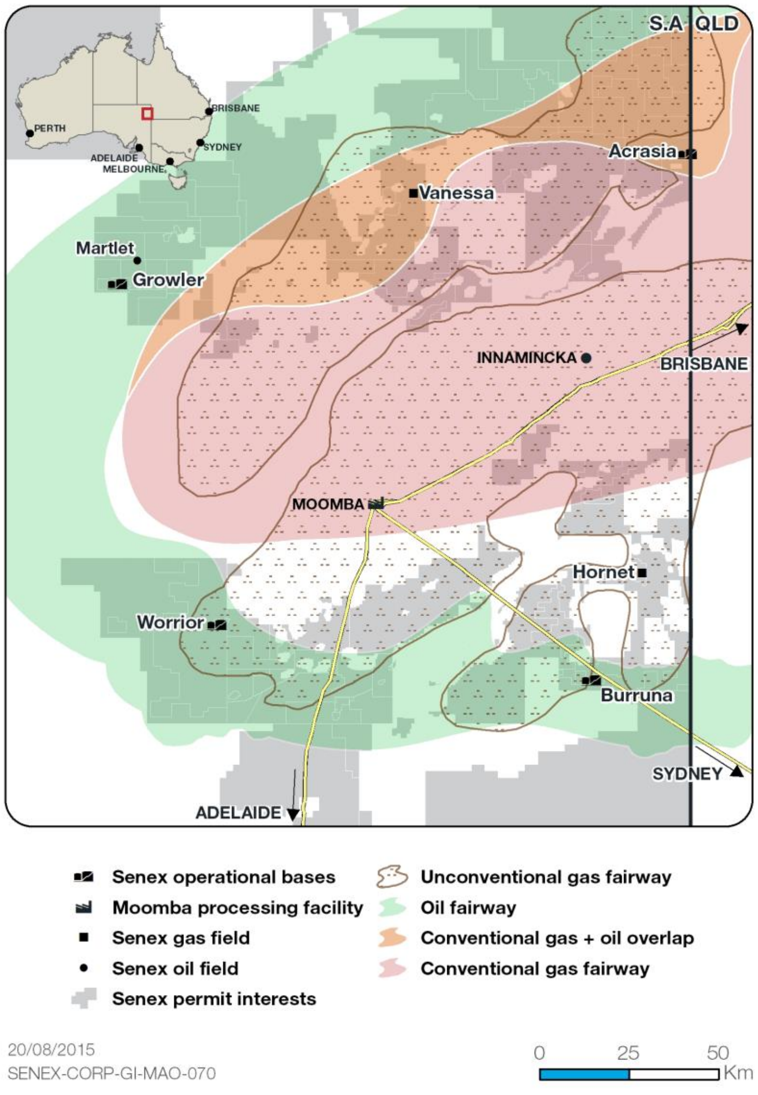
FY16 forecast capex:

- Self-funding, reduced work program in the Cooper Basin focused on oil production
- Continue to meet all commitments and retain long term tenure in Cooper Basin
- Prioritisation of Western Surat Gas Project
- Four well drilling program on unconventional acreage, free carried by Origin

Cooper Basin | FY16 work program

A self-funding, focused work program

- **$15 – 20 million** to be deployed across a production focused program:
  - Minimum of two oil prospects to be drilled in H1, with several additional wells planned for H2
  - Focus on high potential Namur, Birkhead and McKinlay prospects
  - Existing wells Growler-14 and Martlet North-1 will be completed and connected
  - Limited seismic investment
  - Continue to meet all commitments and retain long term tenure in Cooper Basin
- In addition, Senex to be free carried for expenditure of **$25 – 35 million** by Origin Energy on unconventional gas assets in the Cooper Basin
  - Four wells to be drilled in south and north areas as part of unconventional gas work program
  - Senex is free carried for its share of the $105 million stage 1 work program



Western Surat Gas Project | FY16 work program

Delivering an economic business case for WSGP

- **$20 – 25 million** to be deployed across the following activities:
  - Pilot programs commissioned (well completions on existing wells, and construction of water handling infrastructure, surface facilities, gathering lines, other associated infrastructure): to generate dynamic production data
  - Drill and convert core holes to aquifer monitoring bores: to assist in reservoir data acquisition for the pilot programs and provide baseline information
  - Engineering studies, environmental approvals, land access
- Optimised capital outlay to progress project to FID

Progression of environmental surveys and baseline assessments on Western Surat Gas Project acreage

Summary | FY16 work program

Disciplined approach to capital allocation whilst retaining growth options

Surat Basin Gas	
Western Surat Project	• Optimised capital outlay to progress project to FID
Cooper Basin oil	
Cooper oil exploration	• Focused drilling program targeting high value prospects – Namur, McKinlay and Birkhead • Limited seismic investment • Continue to meet all commitments and retain long term tenure in Cooper Basin
Cooper oil exploitation	• Low risk appraisal at Spitfire • Production data from Growler-14 and shut-in of Growler-6 to inform further field development plans, with investment ranked and assessed against available capital
Cooper tight oil	• Initial planning work underway with investment ranked and assessed against available capital
Cooper Basin Gas	
Cooper gas	• Hornet production and evaluation ongoing • Other opportunities will be appropriately ranked and assessed against available capital
Cooper tight gas	• Drilling campaign progressing to evaluate resource, free-carried by Origin

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Growth focused exploration and production company

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FY16

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- Senex has a clear strategic focus: maturing oil and gas exploration assets into production and achieving a material gas business

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Appendix | FY15 corporate scorecard

Delivery against revised guidance

Safety	Original guidance	Revised guidance	FY15 result	Comment
TRIFR	-	-	6.24	Improvement versus FY14 (6.46)
Operational				
3D seismic acquisition	~ 1,000 km^2	~ 800 km^2	> 800 km^2	Acquired across Origin JV stage 1 work program, Jasmine and Wilpinnie surveys
Oil and gas wells drilled	26+	Up to 14	13	Capital program reduced to retain strong funding position in lower oil price environment
Production	1.4+ mmboe	1.36 – 1.41 mmboe	1.39 mmboe	FY15 production in line with revised guidance; impacted by reduction in capex
2P oil RRR[1]	200% +	-	(47%)	Scaled-back capital program added only limited reserves during the year
2P oil and gas reserves	-	-	94.6 mmboe	More than double FY14 reserves, with major uplift in gas reserves following asset swap
Financial				
Capital expenditure	$100 - 120 million	$80 - 85 million	$82.2 million	Capital program reduced to retain strong funding position; prioritisation of opportunities

(1) Reserves replacement ratio calculated as the summation of reserves additions and revisions divided by production, before acquisitions and divestments

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Appendix | FY15 Net profit after tax

Statutory and underlying net profit

$ million	FY15	FY14
Revenue	115.9	170.9
Operating costs	(55.9)	(57.1)
Other revenue/costs[1]	(10.5)	(22.7)
EBITDAX	49.5	91.1
Exploration expense	(18.4)	(16.8)
Depreciation & amortisation	(24.7)	(27.4)
Impairment[2]	(97.0)	-
Net Finance Costs	(0.7)	1.7
Tax benefit/(expense)	10.7	(10.7)
Statutory NPAT	(80.6)	37.9
Impairment	97.0	-
One off transaction costs	-	4.1
Gain on sales of assets	-	(1.9)
Tax (benefit)/expense	(10.7)	4.6
Underlying NPAT	**5.6**	**44.7**

FY15 NPAT driven by:

- Lower US$ Brent oil price
- Oil operating cost of $32.45 per barrel, excluding royalties (FY14: $31.08)
- Slightly higher exploration expense (successful efforts basis applied)
- Non-cash impairment charge of $97.0 million reflects lower oil price environment[2]

Partially offset by:

- Lower royalties given the lower oil price
- Net G&A savings and FX gains
- Effective tax rate of 12% reflecting derecognition of deferred tax on losses

(1) Other revenue/costs includes flowline revenue, other income, other operating expenses, general and administrative expenses
(2) Impairment of certain exploration assets and a portion of the Acrasia field
Numbers may not add precisely to totals provided due to rounding

Appendix | EBITDAX and G&A

EBITDAX reconciliation $ million	FY15	FY14
Statutory net profit (loss) after tax	**(80.6)**	**37.9**
Add/(less):		
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**
Add:		
Oil and gas exploration expense	18.4	16.8
EBITDAX	**49.5**	**91.1**

G&A reconciliation $ million	FY15	FY14	Saving
Net G&A	**9.7**	**25.5**	**15.9**
Add/(less):			
One off transaction costs	-	(4.1)	
Foreign exchange gains	6.8	(0.1)	
Total G&A	**16.5**	**21.3**	**4.8**

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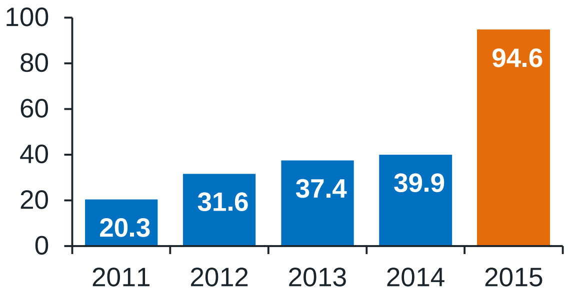
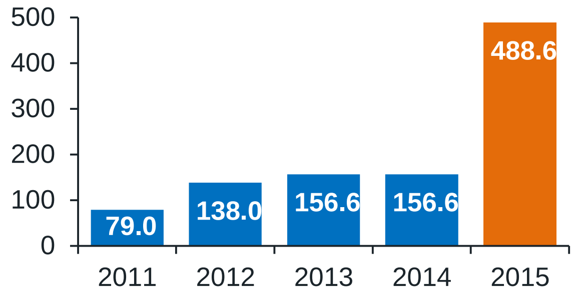
Appendix | Reserves and resources

	30 June 2014	Production	Revision to previous estimates & additions	Acquisition & divestments	30 June 2015	% change yoy
Reserves						
1P	5.5	(1.39)	0.2	0.0	**4.3**	(22%)
2P	39.9	(1.39)	(2.6)	58.7	**94.6**	137%
3P	81.4	(1.39)	(6.2)	57.3	**131.1**	61%
Contingent Resources						
2C	369.7	-	1.5	(30.5)	**340.7**	(8%)

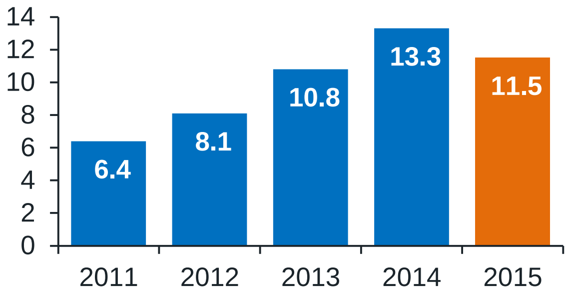
2P reserves (oil and gas) - mmboe



2P reserves Surat Basin - petajoules (PJ)



2P reserves Cooper-Eromanga Basin - mmboe



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Supporting information for estimates

Qualified reserves and resources evaluator statement: Information about Senex's reserves and resources estimates has been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. This reserves and resources statement 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.

Aggregation method: The method of aggregation used in calculating estimated reserves and resources was the 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, as the arithmetic method does not account for 'portfolio effects'.

Conversion factor: In converting petajoules to mmboe, the following conversion factors have been applied:

- Surat Basin gas: 1 mmboe = 5.880 PJ
- Cooper Basin gas: 1 mmboe = 5.815 PJ

Evaluation dates:

- Cooper-Eromanga Basin: 30 June 2015
- Surat Basin gas reserves and resources (permits acquired under QGC Joint Venture asset swap): 30 June 2014
- Surat Basin gas reserves and resources (west): 19 July 2014

External consultants: Senex engages the services of Degolyer and MacNaughton, MHA Petroleum Consultants LLC and Netherland, Sewell and/or Associates, Inc. (all with qualified reserves and resources evaluators) to independently assess data and estimates of reserves prior to Senex reporting estimates.

Method: The deterministic method was used to prepare the estimates of reserves in this presentation.

Ownership: Unless otherwise stated, all references to reserves and resources in this statement relate to Senex's economic interest in those reserves and resources.

Reference points: The following reference points have been used for measuring and assessing the estimated reserves in this presentation:

- Cooper-Eromanga Basin: Central processing plant at Moomba, South Australia.
- Surat Basin: Wallumbilla gas hub, approximately 45 kilometres south east of Roma, Queensland.

Fuel, flare and vent consumed to the reference point are included in reserves estimates. Between 0% and 3.1% of 2P oil reserves estimates may be consumed as fuel in operations depending on operational requirements.

Reserves replacement ratio: The reserves replacement ratio is calculated as the sum of estimated reserves additions and revisions divided by estimated production for the period, <u>before</u> acquisitions and divestments.

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