

# Citi Annual Australian & New Zealand Investment Conference



Sydney, 21 October 2015



Rig preparations for the two-well unconventional gas drilling program with Origin Energy (Senex free carried)

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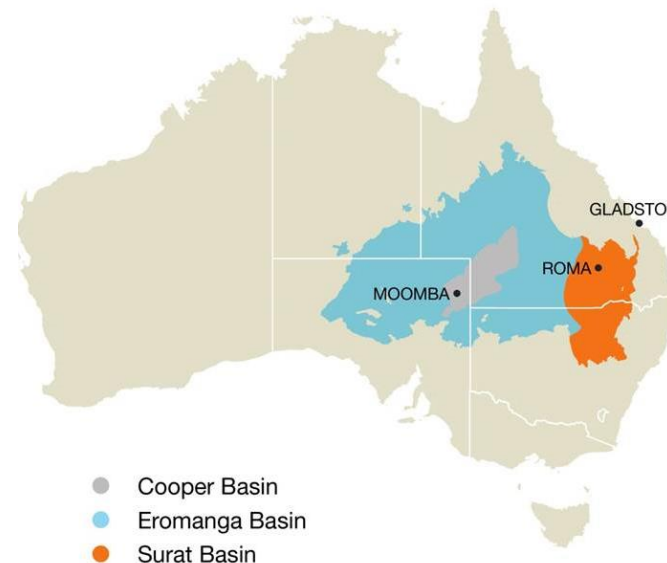
**Key takeaways**



# Senex overview

We are a growth focused oil and gas exploration and production company

- An Australian S&P/ASX 300 energy company
- Onshore oil and gas assets in Australia's Cooper, Eromanga and Surat Basins
- Diversified portfolio of conventional and unconventional oil and gas assets
- Major agreements announced with GLNG in September 2015: a step change in building a material East Coast gas business
- 30 years operating experience
- Large pipeline of growth assets: high quality, high equity, Senex operated
- Strong financial position heading into FY16: no drawn debt and healthy cash position



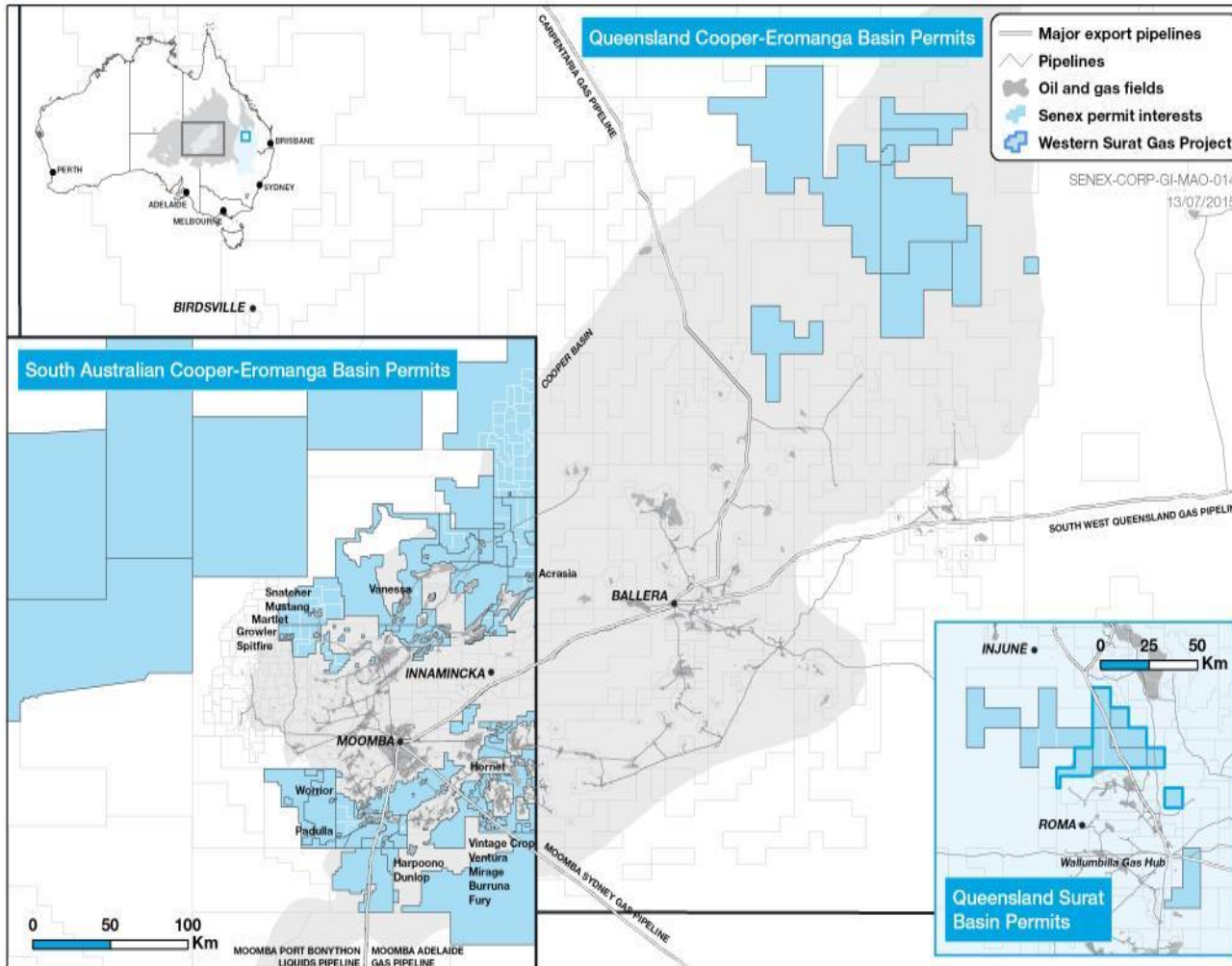
## Key metrics<sup>1</sup>

Market capitalisation	c. A\$200 million
Liquidity	A\$129 million
2P reserve base	95 mmboe
Employees	~155

(1) Liquidity and 2P reserve base at 30 June 2015, market capitalisation and employees as at September 2015

# Senex overview | Extensive acreage and reserves

~70,000 square kilometres with majority operatorship

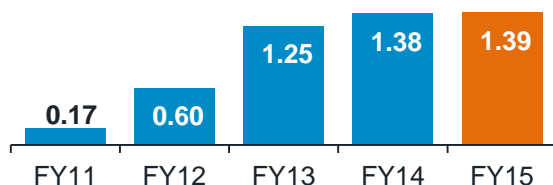


- Surat Basin 2P reserves: 83.1 mmboe
- Cooper Basin 2P reserves: 11.5 mmboe
- Total 2P reserves: 94.6 mmboe
- Total 2C resources: 340.7 mmboe

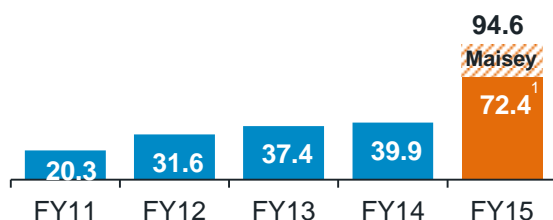
# Senex overview | Production and reserves

## Achieving growth and financial strength

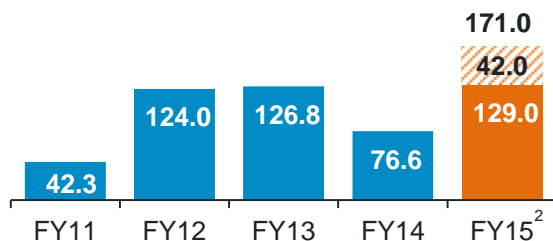
Production (oil and gas) -  
mmboe



2P reserves (oil and gas) -  
mmboe



Cash and liquidity - \$m

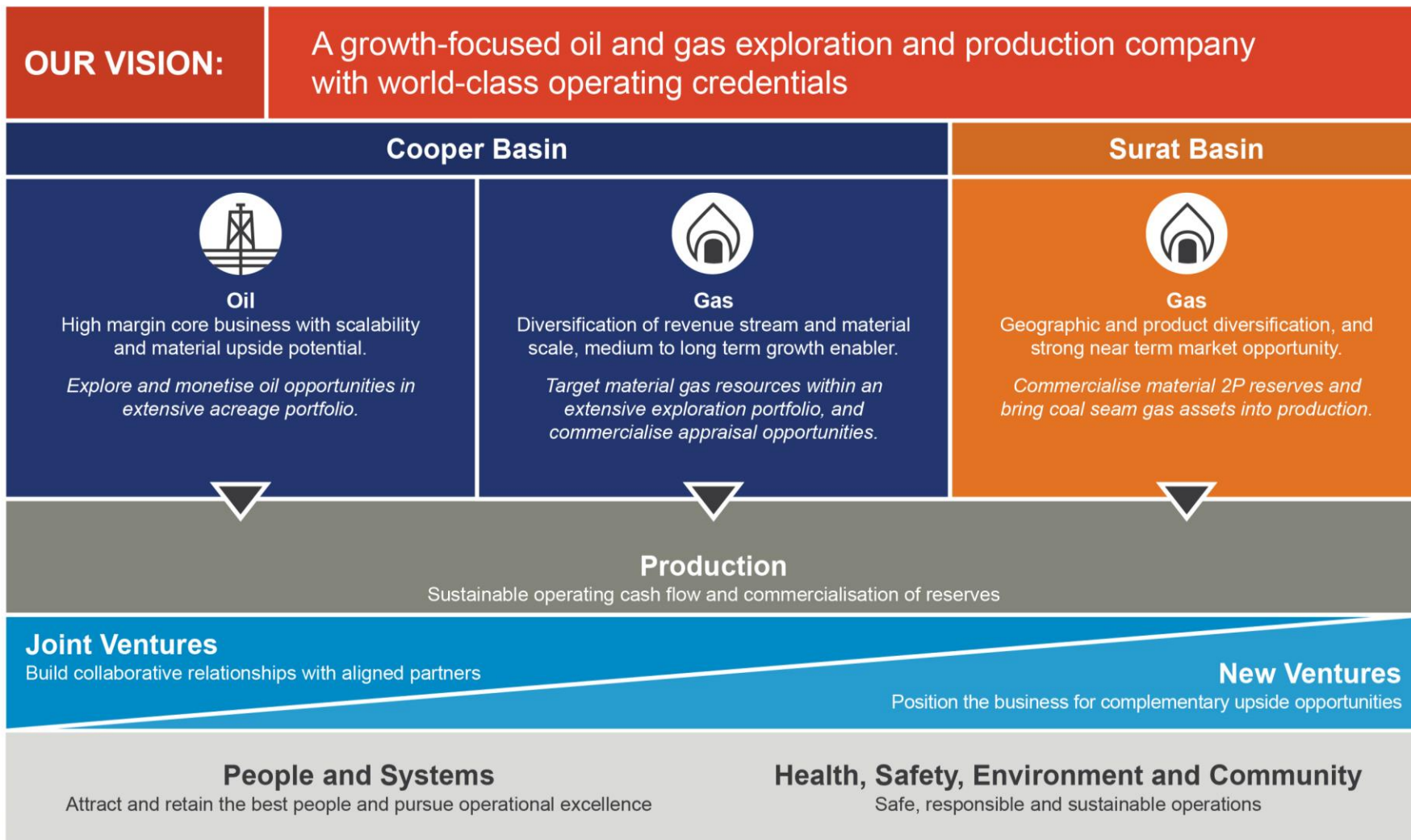


<sup>1</sup> Pro-forma for 30 June 2015, with reserves adjusted for the sale of the Maisey block (announced 24 September 2015)

<sup>2</sup> Pro-forma for 30 June 2015, including the \$42 million cash payment to be received from GLNG (announced 24 September 2015)

- Focused exploration and development program targeted at long-term reserves and production growth
- FY15: value driven growth in reserves and sustainable oil and gas production
- FY16: maintaining financial strength through cash preservation; running a self-funding, reduced work program in the Cooper Basin focusing on oil production
- FY18+: success measured through:
  - 2P reserves growth
  - Production growth
  - Sustainable oil and gas production
  - Dependent on capital investment

# Senex overview | Corporate strategy



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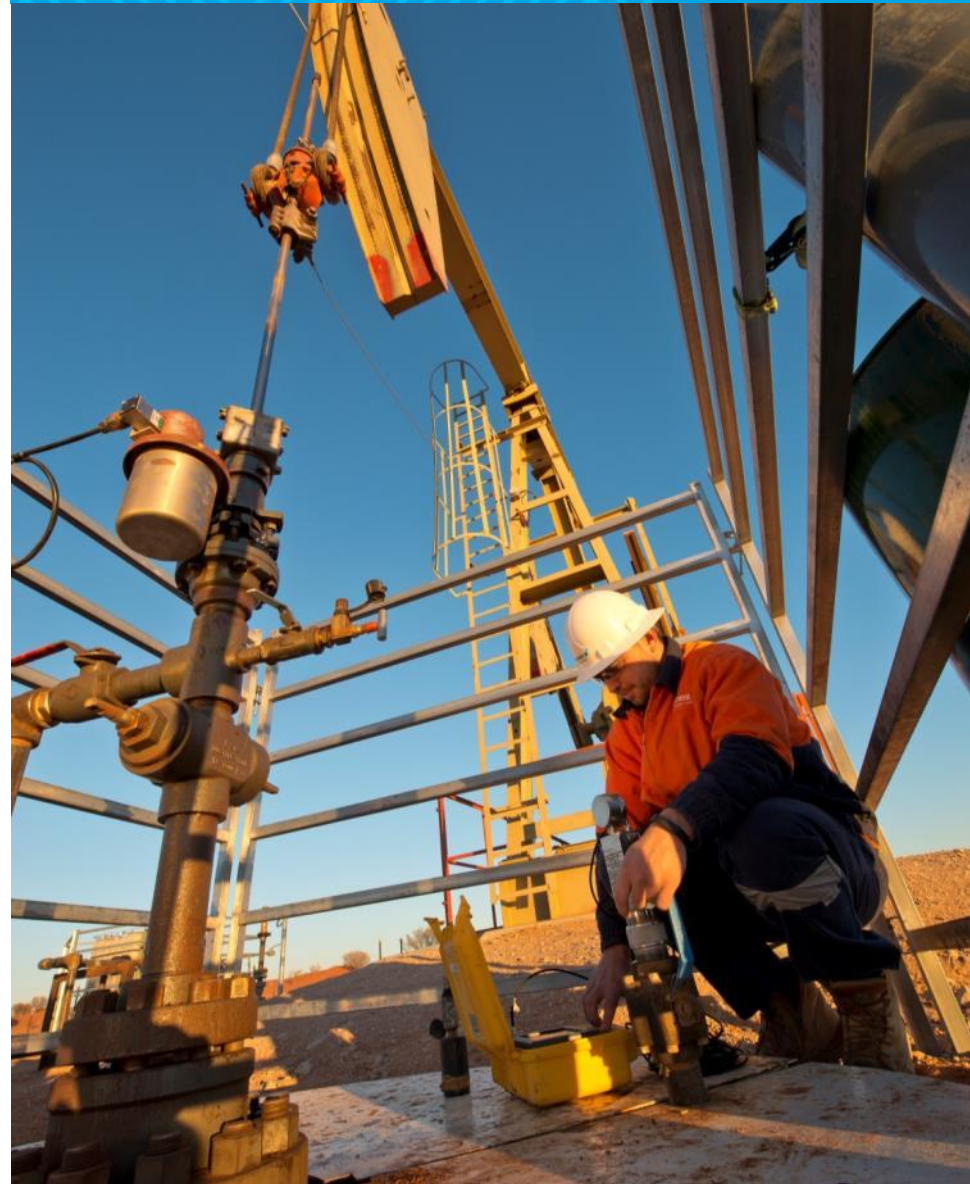
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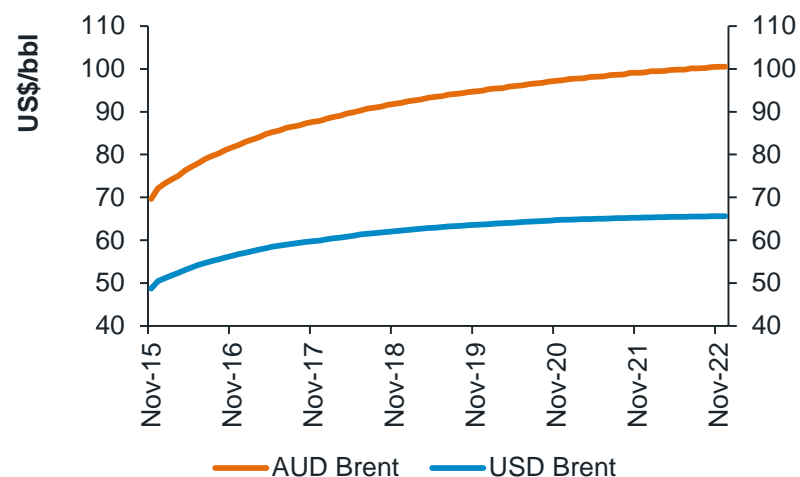


# Strength in a lower oil price environment

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

- Diversification of revenue stream through gas business growth
- Producing oil assets remain cash positive at all points on the forward curve
- Hedging provides revenue protection
- Tenure management strategy across all acreage
- Senex can react quickly to increase/reduce capital programs over operated acreage
- G&A materially reduced in FY15
- Track record of successful strategic partnering

**Brent oil price forward curve**



Source: Bloomberg, pricing as at 16 October 2015

### Strong margins even at lower prices<sup>1</sup>

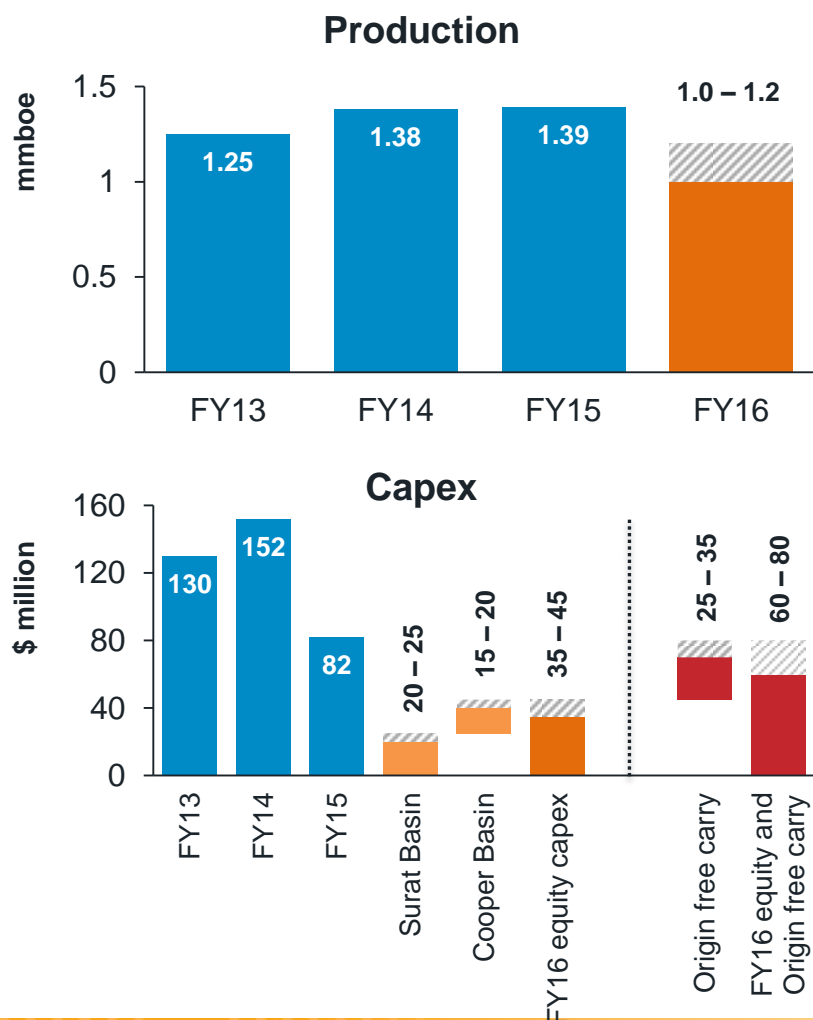
FY16 minimum price for oil sales under hedging program:	US\$56/bbl
FY15 oil operating cost per barrel, before royalties:	US\$24/bbl
Margin before royalties, corporate costs and capex	US\$32/bbl

<sup>1</sup> Assuming an AUD/USD exchange rate of 0.75 for FY16



# FY16 guidance

Reflects FY16 business priorities



- Maintaining financial strength through cash preservation
- Continuing to drive growth projects in Senex's portfolio, with low capex spend (funded by third parties where possible)
- Self-funding, reduced work program in the Cooper Basin
- Scale-up Cooper Basin program when further capital is available and the oil pricing outlook improves
- Fast-track development of Western Surat Gas Project, with FY16 work program funded from \$42 million cash received from GLNG
- Advance unconventional gas work program with Origin Energy in the Cooper Basin

# FY16 work program

Disciplined approach to capital allocation whilst retaining growth options

## Surat Basin Gas

- |                       |   |
|-----------------------|---|
| Western Surat Project | <ul style="list-style-type: none"><li>• Optimised capital outlay to progress project to FID</li></ul> |
|-----------------------|---|

## Cooper Basin oil

- |                         |  |
|-------------------------|--|
| Cooper oil exploration  | <ul style="list-style-type: none"><li>• Focused drilling program targeting high value prospects – Namur, McKinlay and Birkhead</li><li>• Limited seismic investment</li><li>• Continue to meet all commitments and retain long term tenure in Cooper Basin</li></ul> |
| Cooper oil exploitation | <ul style="list-style-type: none"><li>• Low risk appraisal at Spitfire</li><li>• 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</li></ul>         |
| Cooper tight oil        | <ul style="list-style-type: none"><li>• Initial planning work underway with investment ranked and assessed against available capital</li></ul>   |

## Cooper Basin Gas

- |                  |   |
|------------------|---|
| Cooper gas       | <ul style="list-style-type: none"><li>• Hornet evaluation ongoing</li><li>• Other opportunities will be appropriately ranked and assessed against available capital</li></ul> |
| Cooper tight gas | <ul style="list-style-type: none"><li>• Drilling campaign progressing to evaluate resource, free-carried by Origin</li></ul>  |

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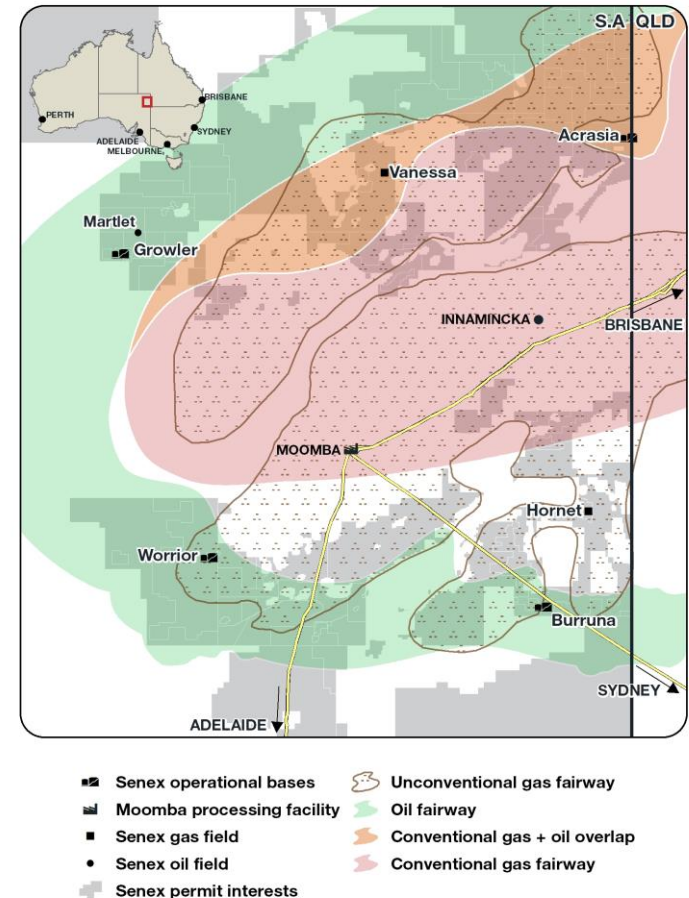
Key takeaways



# Cooper Basin | oil business

## A self-funding, focused work program

- Pursuing oil opportunities on the flanks of the Cooper Basin, leveraging dispersed operational presence
- Very large, operated land area
- Capitalising on previous investment in more than 4,000 km<sup>2</sup> of 3D seismic coverage
- Focus on high potential Namur, Birkhead and McKinlay prospects
- \$15 – 20 million to be deployed across a production focused program in FY16:
  - Minimum of two oil wells to be drilled in H1 (Spitfire-7 and Fulcrum-1)
  - Maturing the regional exploration model, with prospects to be agreed for drilling in FY16
  - Limited seismic investment
  - Continue to meet all commitments and retain long term tenure in Cooper Basin



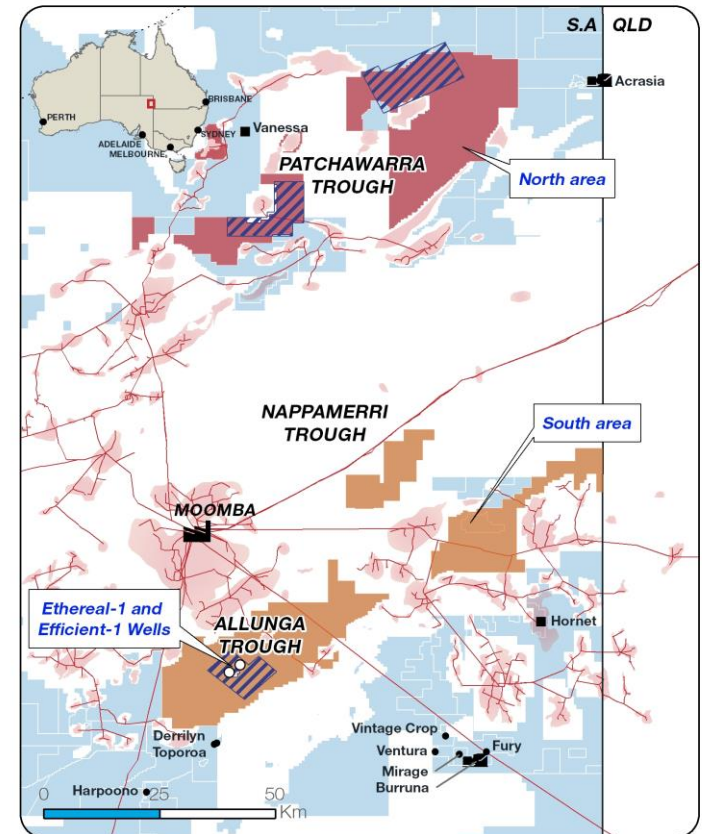
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Km

# Cooper Basin | unconventional gas

## Exploring in a proven basin with Origin Energy

- Joint venture with Origin Energy - a partner with a long history and understanding of the Cooper Basin
- A material exploration project with multi Tcf resource potential
- Permit areas provide exposure to strong East Coast gas market, access to infrastructure in a proven basin
- Stage 1 work program (\$105m) focused on:
  - Achieving gas flows from large and continuous gas accumulations
  - Prioritising tight gas and basin centred gas
  - A de-risking approach that targets a range of play types across multiple horizons
- Senex is free carried for expenditure of \$25 – 35 million by Origin Energy in FY16, and plans to drill four wells in north and south areas
  - Southern wells to evaluate stratigraphic traps in the Patchawarra Formation (Efficient-1 well spudded in mid-October; Ethereal-1 well due to spud in November)



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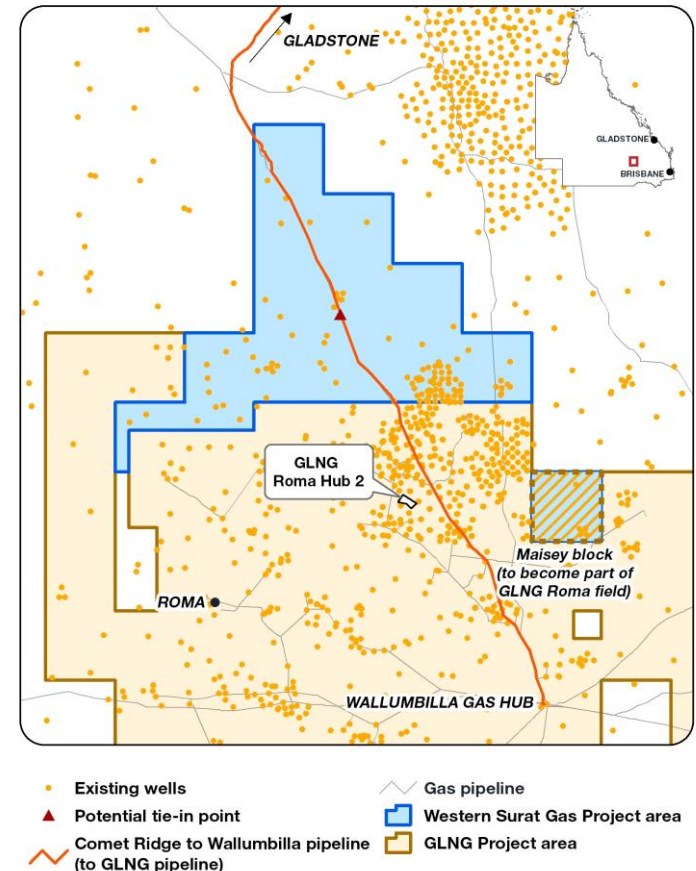
Key takeaways



# Surat Basin | Western Surat Gas Project

## Quality acreage adjacent to infrastructure hubs

- Senex permits over 2,000 km<sup>2</sup> with approximately 915 km<sup>2</sup> defined as the Western Surat Gas Project area<sup>1</sup>
- Strategically located, close to existing infrastructure and transmission facilities
- Fast-tracked development of coal seam gas in the Surat Basin to capitalise on East Coast gas market
- Major agreements reached with GLNG in September 2015 providing commercialisation and financing pathway to move the project to FID:
  - Sale of the Maisey block, in return for \$42 million cash and subsurface and production data of material value to Senex
  - Gas Sales Agreement for up to 50 TJ/day over 20 year term at USD JCC oil-linked pricing
- Target production plateau rate of 35 - 50 TJ/day
- First gas production by end of 2017



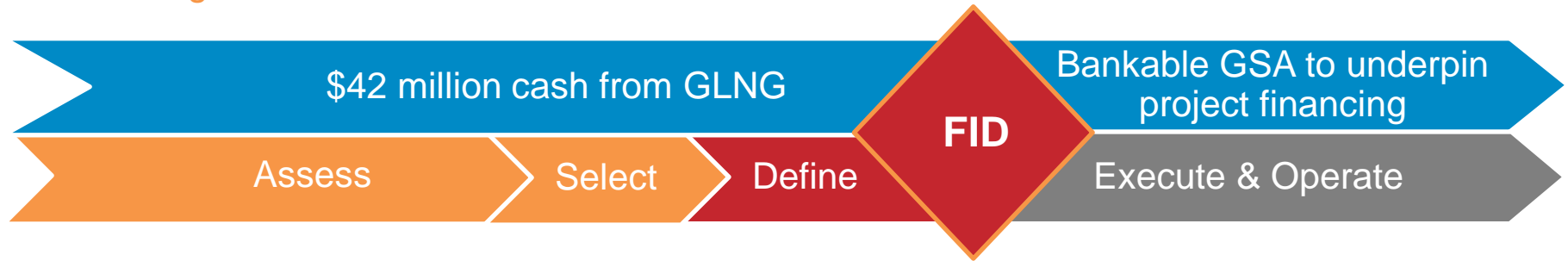
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<sup>1</sup> Following the sale of the Maisey block to GLNG

# Western Surat Gas Project | Forward plan

Achieving an investment decision



## Assess phase: demonstrate feasibility

- Secure land access for initial work
- Baseline environmental studies
- Baseline bore assessments
- Construct infrastructure to support production testing
- Production testing

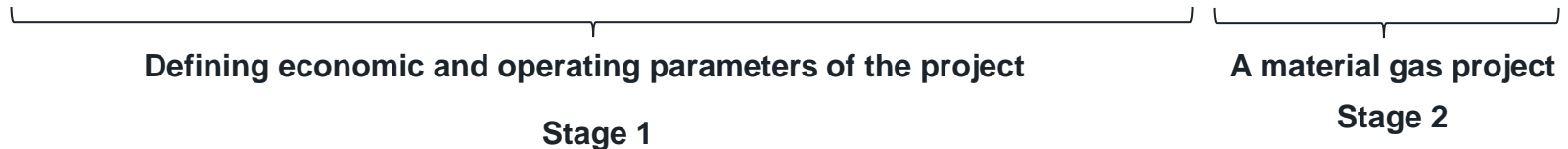
## Select phase: full-scale development concept

- Identify and select development concept (Concept Select phase)
- Continue securing land access
- Field compression

## Define phase: selected concept

- Define selected concept (FEED)
- Further environmental approvals
- Land access

## Deliver





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# Key takeaways

## Growth focused exploration and production company

- Senex has a clear strategic focus: maturing oil and gas exploration assets into production and achieving a material gas business
- Major agreements announced with GLNG in September 2015 represent a step change in building a material East Coast gas business
- Strong margins in the Cooper Basin oil business even at current low prices
- Senex has operatorship of over 15,000 km<sup>2</sup> of highly prospective acreage with long term tenure across the Cooper and Surat Basins
- Strong financial position with over \$129 million of available liquidity at 30 June 2015, plus \$42 million of cash expected from GLNG upon completion of the agreements announced in September 2015



## **Registered Office**

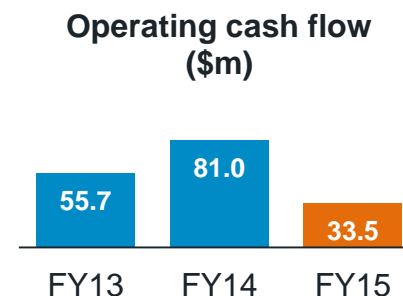
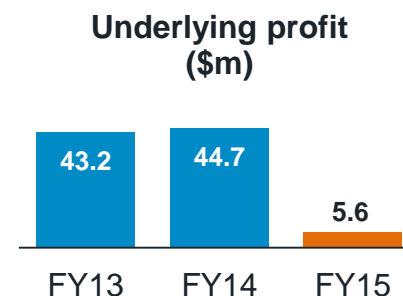
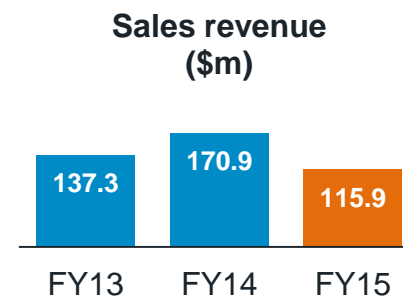
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# Appendix | Financial overview

	FY15	FY14
Production (mmboe)	1.39	1.38
Sales volumes (mmboe)	1.32	1.35
Average realised oil price (A\$ per bbl)	88	127
Capital spend (\$ million)	82.2	151.4
<b>Sales revenue (\$ million)</b>		
Sales revenue (\$ million)	115.9	170.9
Operating cost excluding royalties (\$ per bbl)	32.45	31.08
Net G&A costs (\$ million)	9.7	25.5
Underlying NPAT (\$ million)	5.6	44.7
Impairment (\$ million)	97.0	-
Statutory NPAT (\$ million)	(80.6)	37.9
<b>Operating cash flow (\$ million)</b>		
Operating cash flow (\$ million)	33.5	81.0
Cash balance (\$ million)	49.0	76.6
Liquidity (\$ million)	129.0	76.6



# Appendix | Details of GLNG transactions

Transaction components	Details
<b>Sale of Maisey block and funding</b>	<ul style="list-style-type: none"> <li>• GLNG to acquire the Maisey block for \$42 million in cash.</li> <li>• GLNG to provide a suite of technical and operating data in respect of the Roma field of material value to Senex as it progresses to FID.</li> <li>• Cash to be deployed on Western Surat Gas Project expenditure.</li> </ul>
<b>Binding Heads of Agreement for GSA</b>	<ul style="list-style-type: none"> <li>• GSA for gas from the Western Surat Gas Project area over a 20-year contract term.</li> <li>• GSA provides for the staged ramp up in sales volumes to a maximum of 50 TJ/day following FID.</li> <li>• USD market pricing based on a JCC oil-linked formula.</li> <li>• Delivery of sales gas into the GLNG Comet Ridge to Wallumbilla Pipeline at a point on Senex's permits, with the potential for shared use of existing GLNG infrastructure.</li> <li>• Ability to include Don Juan equity gas volumes at Senex's option.</li> <li>• Ability to sell up to 15% of gas volumes to domestic gas customers.</li> </ul>
<b>Commercialisation of pilot</b>	<ul style="list-style-type: none"> <li>• Raw gas sales and raw water disposal from Glenora Pilot agreed in principle to enable early gas sales.</li> </ul>
<b>Collaboration</b>	<ul style="list-style-type: none"> <li>• GLNG to provide production data to Senex to de-risk accelerated project development.</li> <li>• Collaboration between GLNG and Senex on data and standards.</li> <li>• Potential shared use of existing GLNG water treatment and gas processing infrastructure.</li> </ul>

Transactions are conditional on certain government approvals and GLNG participant approval

# Disclaimer

## Important information

This presentation has been prepared by Senex Energy Limited (**Senex**). It is current as at the date of this presentation. It contains information in a summary form and should be read in conjunction with Senex's other periodic and continuous disclosure announcements to the Australian Securities Exchange (**ASX**) available at: [www.asx.com.au](http://www.asx.com.au). Distribution of this presentation outside Australia may be restricted by law. Recipients of this document in a jurisdiction other than Australia should observe any restrictions in that jurisdiction. This presentation (or any part of it) may only be reproduced or published with Senex's prior written consent.

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- accept no responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this presentation.

# 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, before acquisitions and divestments.