

Preliminary FY17 outlook

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Senex Energy Limited (Senex, ASX:SXY) provides its preliminary outlook for FY17 during which the Company will increase activity whilst maintaining financial strength and liquidity.

- **Commencement of Western Surat Gas Project appraisal**, targeting wells online by end 2016
- **Continuing to manage the Cooper Basin business for cash generation** with continued low operating costs and measured ramp up in exploration and development activities
- **Capital expenditure guidance of \$60 - \$70 million**, with potential for further deployment of capital in the Cooper Basin in the event of a sustained oil price recovery. Additional capital will be deployed to further unconventional gas opportunities in the Cooper Basin (Senex free carried by Origin Energy)
- **Net production guidance of 800,000 – 1,000,000 barrels of oil equivalent (boe)**, with production growth limited by the reduced rate of capital investment deployed since January 2015. The Vanessa field is anticipated to be online in Q1 2017 following infrastructure upgrades in the Cooper Basin, and is included in guidance on that basis
- **Continued assessment of new venture opportunities** in oil and gas fields across the east coast of Australia and nearby, where they align with strategy, operating capability and financial capacity

Production mmboe	FY17 guidance	FY16 actual	FY16 guidance
Total production	0.8 – 1.0	1.01	1.00 – 1.05

Capital expenditure \$ million	FY17 guidance	FY16 actual	FY16 guidance
Cooper Basin	30 – 35	19	25 – 30
Surat Basin	30 – 35	8	
Total equity capex	60 – 70	28	25 – 30
Origin free carry (Senex share)	15 – 25	10	25 – 35
Total capital deployed	75 – 95	38	50 – 65

Senex Managing Director, Ian Davies said “Our focus for FY17 is on the Company’s major growth project in the Surat Basin, where we commence appraisal in parallel with full field development planning. We are committed to executing this material project safely, efficiently, and as a low cost gas producer.

The Cooper Basin remains core to Senex’s growth strategy, and in line with a more optimistic macro outlook we have planned for a measured increase in work activity this year. We look forward to further increasing capital deployment as the oil pricing outlook improves. Under all scenarios, we will continue to run an efficient and low cost oil business, drawing on material business improvements made during the energy downturn.

Over the last 18 months we have demonstrated our capacity to deliver in a tough environment - we acted quickly to reduce operating costs, capex and G&A, strengthened our balance sheet and remained true to our strategy. At the same time we have made significant progress on the Western Surat Gas Project, our most material, near term growth project. As the operating environment improves we remain committed to delivering profitable growth for shareholders.”

Surat Basin work program

The Western Surat Gas Project (100% Senex) represents a near term opportunity for the Company to develop a material revenue stream from a large and low risk gas resource. Access to infrastructure and the global LNG market have been established through a binding 20 year gas sales agreement with the Santos GLNG project. Importantly, this gas sales agreement allows for a staged development which will serve to reduce risk and capital exposure for Senex.

During FY16, Senex completed pre-works for the appraisal program to begin, including subsurface, surface and stakeholder activities. Senex plans to invest \$30 - \$35 million on appraisal activities in FY17, involving production testing wells on the Glenora and Eos blocks, and the construction of associated gas and water infrastructure. Senex expects to have the first of these wells online by end 2016, with the reservoir and cost data generated to further inform the full field development plan. Senex is currently progressing a raw gas sales agreement with GLNG which would see appraisal gas commercialised.

Under the terms of the asset swap with QGC agreed in September 2014, Senex will commence a staged plug and abandonment program over legacy gas wells. The Company will commence this work on a campaign basis during FY17, with the program to be fully funded by the \$20 million payment from QGC.

Cooper Basin work program

The Company's oil business in the Cooper Basin continues to generate attractive margins, supported by stable production, reduced operating costs and a proactive oil price hedging program. Senex expects to deliver total production of 800,000 – 1,000,000 boe in FY17, with production growth limited by the reduced rate of capital investment deployed since January 2015. Senex anticipates that the Vanessa gas field will be online in Q1 FY17.

Senex plans to invest \$30 - \$35 million on an expanded program of exploration and development activities during FY17. A minimum of six wells will be drilled primarily targeting reserves replacement, with the pace of capital investment to match the macro outlook. Senex will also continue to drive western flank secondary recovery opportunities and Murta tight oil growth projects on this basis.

Senex (as Operator) with Origin Energy will progress their material unconventional gas exploration project in FY17, deploying between \$25 - \$45 million (gross) on the work program. This will involve extended production testing the two gas exploration wells drilled in the southern JV area during FY16, as well as drilling a high-impact gas exploration well in the northern JV area in Q2 FY17.

FURTHER INFORMATION

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ABOUT SENEX ENERGY

Senex is a growth focused exploration and production company based in Brisbane. With a 30-year operating history, Senex holds extensive onshore oil and gas acreage in the Cooper and Surat Basins. Senex operates the majority of its assets, produces around one million barrels of oil annually, and is successfully developing a gas business including the Western Surat Gas Project in Queensland.