FY16 results & FY17 outlook

Ian Davies, Managing Director and CEO
Graham Yerbury, Chief Financial Officer

23 August 2016

Key takeaways

FY16 results & FY17 outlook

- ✓ Strong financial position
- ✓ Demonstrated ability to high-grade capital spend and minimise operating spend
- ✓ Portfolio of growth projects progressing up the maturity curve
- ✓ Strongly positioned for an oil price recovery

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Managing Director and CEO

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FY16 business highlights

Strategic progress made in a challenging market

Corporate	• **Record safety performance**, with a 71% improvement in TRIFR to 1.8 • **Strong defensive performance** during the year, with a well timed hedging program, decisive corporate restructuring, and a successful cost out program • **Strategic transactions** agreed in Surat Basin realise value and provide funding, lock in a flexible GSA, and provide access to new subsurface data
Gas	• **Western Surat Gas Project**: reserve upgrades booked and detailed planning works completed for phase 1 appraisal • **Stage 1 unconventional gas** opportunity with Origin Energy: two wells drilled to test southern Cooper Basin tight gas, and location agreed for high impact gas exploration well targeting basin centred gas in the northern Cooper Basin
Oil	• **Solid production** performance from oil portfolio, delivered at lowest ever operating cost • **Waterflood project:** field testing for waterflood planning progressed at Growler • **Murta tight oil project:** two wells fracture stimulated under capital and risk sharing arrangement with Halliburton

(1) TRIFR is Total Recordable Injury Frequency Rate

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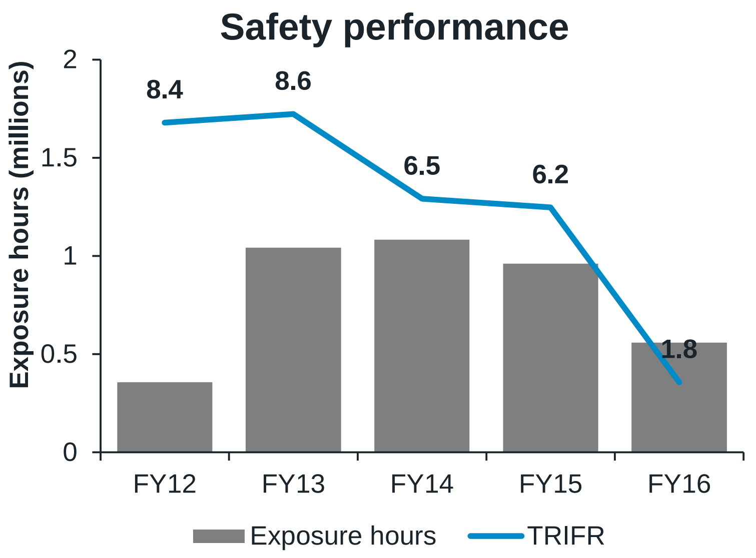
FY16 safety performance

Record safety performance



- 71% reduction in TRIFR reflects an improved safety culture
- One lost time injury and recordable incident
- 42% reduction in exposure hours reflect reduced operational activity levels in the Cooper Basin

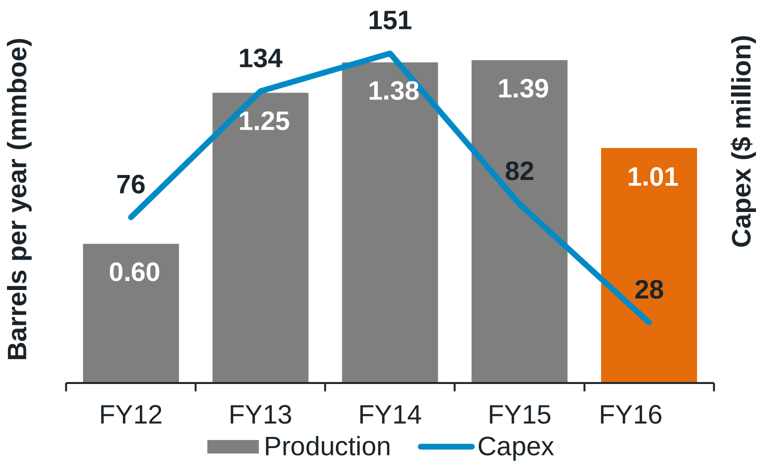
Key initiatives undertaken

- Partnered with Sentis to deliver a Safety Culture and Zero Injury Program to staff
- Increasing participation in the collaborative industry group Safer Together

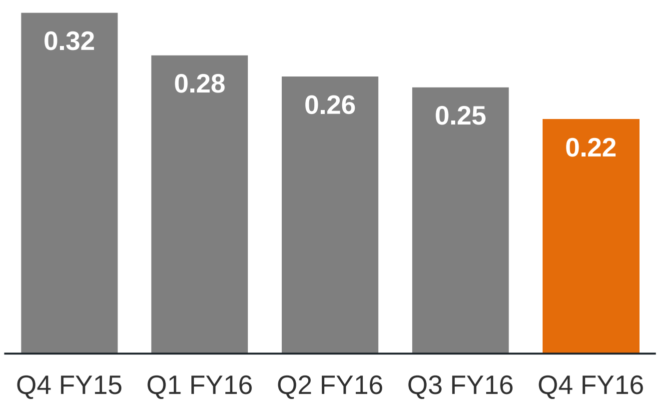
Continued support of the Cooper Medivac 24 helicopter and Royal Flying Doctor Service

FY16 production

Solid production base on reduced capex



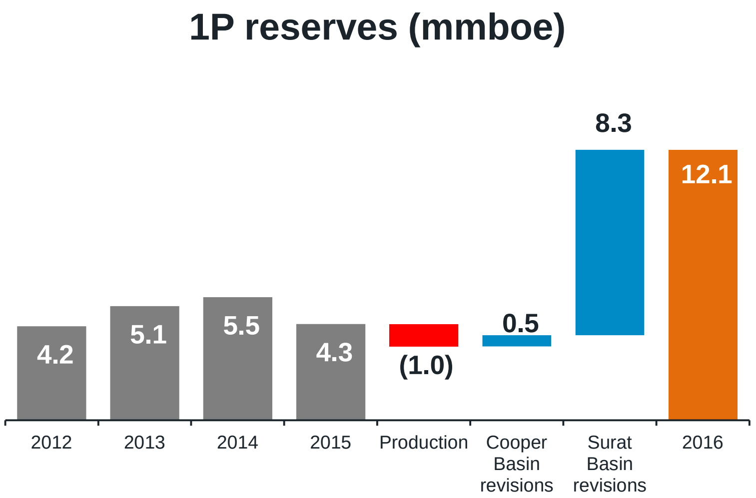
Quarterly net production (mmboe)

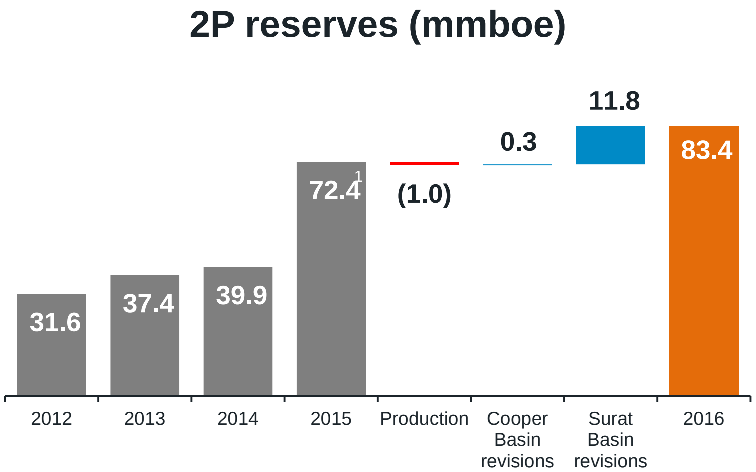


- Production of 1.01 mmboe (↓27% on FY15)
  - Natural field decline in line with guidance, partly offset by four oil wells brought online during FY16
  - Major producing oil fields continued to perform in line with or ahead of expectations
  - Minimal capital expenditure expended, limiting growth production
- Oil business run for cash during FY16: maximising production and minimising cost
- Capex spend reduced by 66% versus FY15 to $28m
- No material contribution from gas in FY16
  - Hornet/Kingston rule extended production test completed in early FY16 (results at the lower end of expectations)

2016 reserves

Strong upgrades in the Surat Basin as WSGP matures





- Increased confidence in the Surat Basin resource gained through the signing of the GSA with Santos GLNG, analysis of offsetting well data plus field development work
  - First time booking of 1P reserves
  - Strong upward revisions to 2P reserves
- Ongoing geotechnical and geophysical activity on fields in the Cooper Basin has led to minor reserves revisions after accounting for production
- Organic three year 2P oil and gas reserves replacement ratio of 370%
- Organic three year 2P oil reserves replacement ratio of 104%

(1) Following sale of Maisey block in the Surat Basin (22.2 net mmboe)

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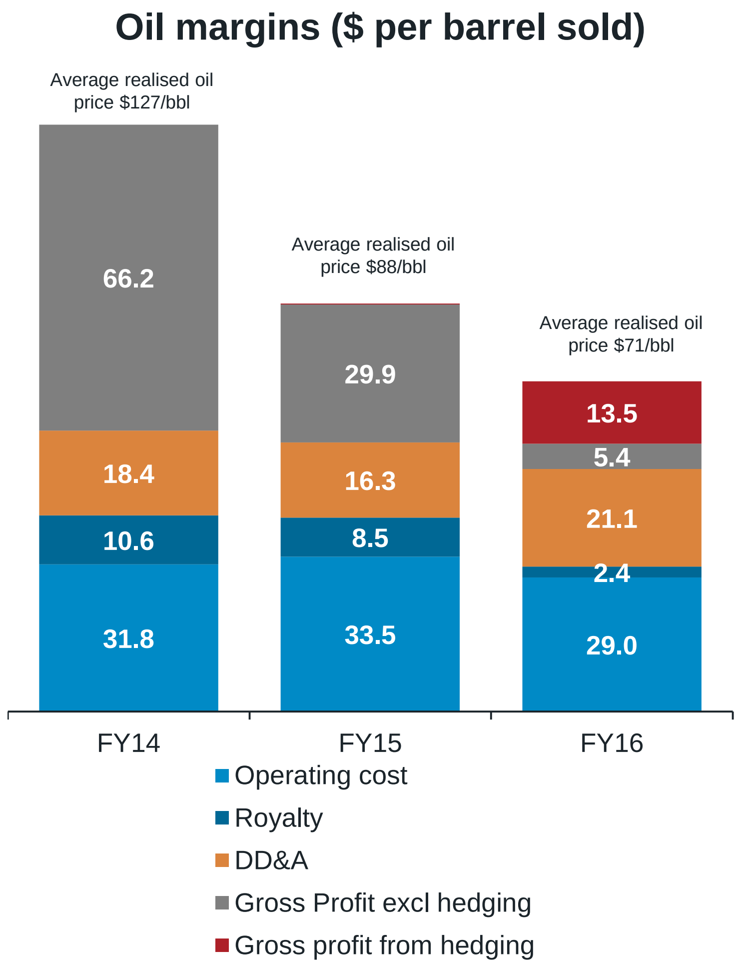
Key financial headlines

Underlying net profit reflects offsetting impacts of price and cost

	FY16	FY15	Change
Production (mmboe)	1.01	1.39	(27%)
Sales volumes (mmboe)	0.97	1.32	(27%)
Average realised oil price (A$ per barrel)	71	88	(19%)
Capital spend ($ million)	27.8	82.2	(66%)
Sales revenue ($ million)	69.3	115.9	(40%)
Oil operating cost excluding royalties ($ per barrel produced)	28.0	32.5	(14%)
EBITDAX ($ million)	63.6	49.5	28%
Underlying NPAT ($ million)	0.0	5.6	(100%)
Impairment ($ million)	69.7	97.0	(28%)
Gain on sale of Maisey block ($ million)	38.2	-	n/a
Statutory NPAT ($ million)	(33.2)	(80.6)	(59%)
Operating cash flow ($ million)	34.3	33.5	2%
Cash balance ($ million)	102.4	49.0	109%
Liquidity ($ million)	179.7	129.0	39%

Oil margins

Margins protected by hedging and cost reductions

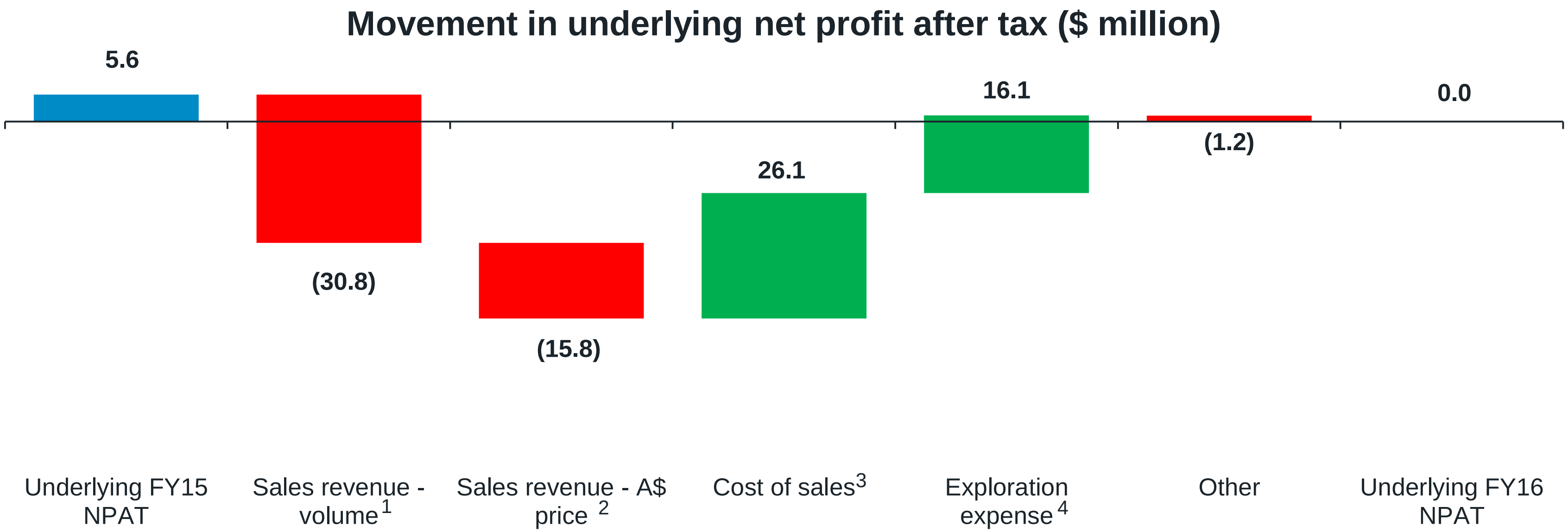


- Gross profit margin supported by:
  - $13 per barrel of net hedging gains which have protected the average realised oil price[1]
  - Weakened AUD and reduction in royalties partly offsetting impact of oil price
  - Material reductions in operating costs achieved
- Increased depreciation and amortisation charges reflect reduced reserves on smaller fields (with proportionately higher capital value) and increased reserves on larger fields (with proportionately lower capital value)

(1) Brent crude down 41% from US$74/bbl average in FY15 to US$44/bbl average in FY16; average realised oil price down 19% from A$88/bbl to A$71/bbl

Underlying NPAT reconciliation

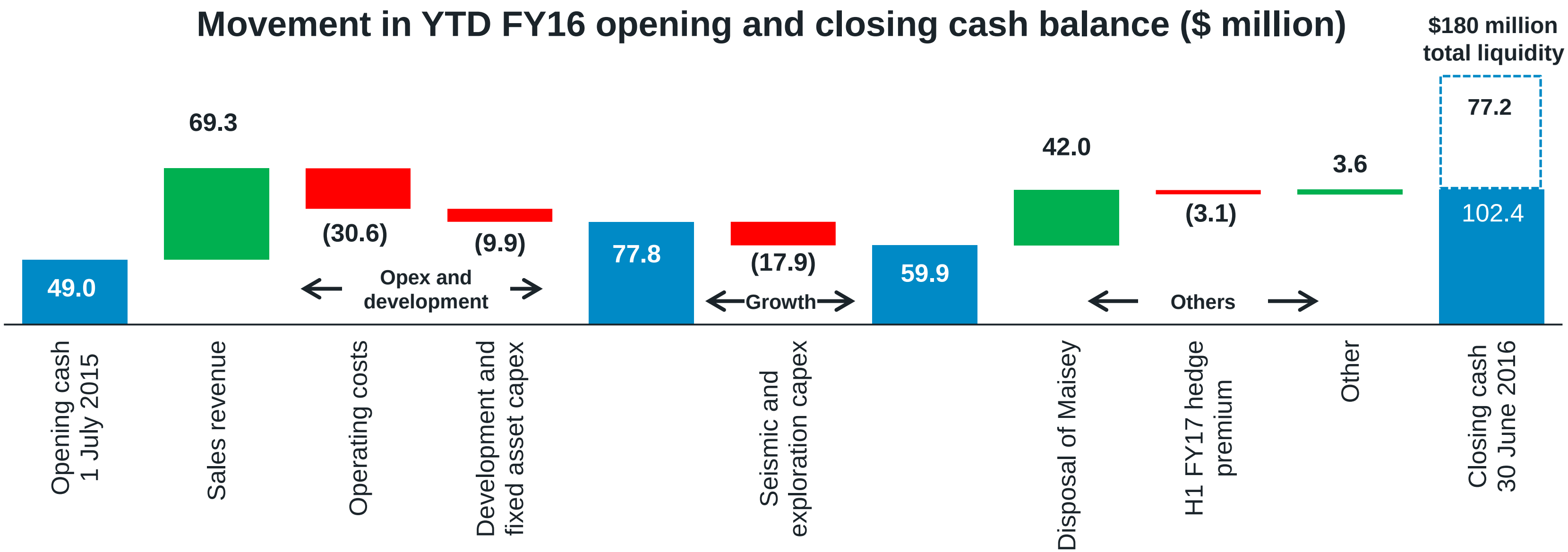
Operational cost savings partly offset by lower oil price on lower volumes



1. Sales revenue down on lower volumes of hydrocarbons sold, primarily due to lower capital investment
2. Sales revenue down on lower average realised price, primarily due to sustained fall in Brent crude prices
3. Cost of sales improvement on lower volumes, royalties and unit operating cost savings
4. Significant reduction in exploration expense

Operating cash reconciliation

Robust funding position given disposal of Maisey and limited growth capex



- Cash reserves of $102 million at 30 June 2016 with a $77 million undrawn debt facility
- Capex program significantly reduced in response to lower oil prices (especially growth capex)
- $42 million cash inflow received from Santos GLNG in exchange for the sale of the Maisey block
- Premium paid to secure H1 FY17 hedging (guaranteeing average floor price of US$45/bbl)
- Net working capital reduction principally on lower receivables due to lower oil price

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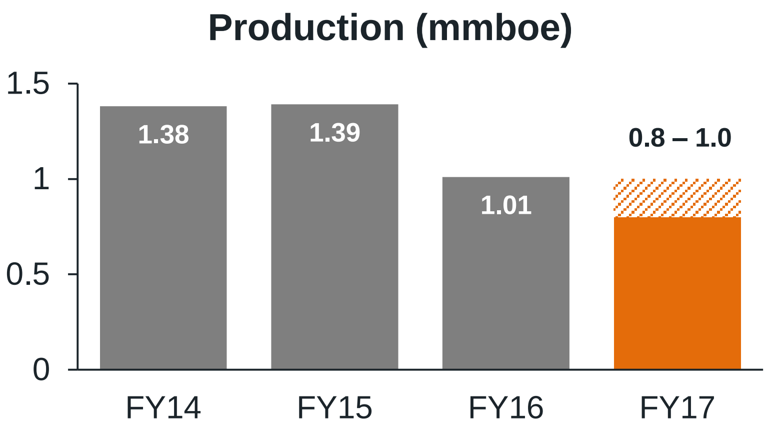
FY17 strategic priorities

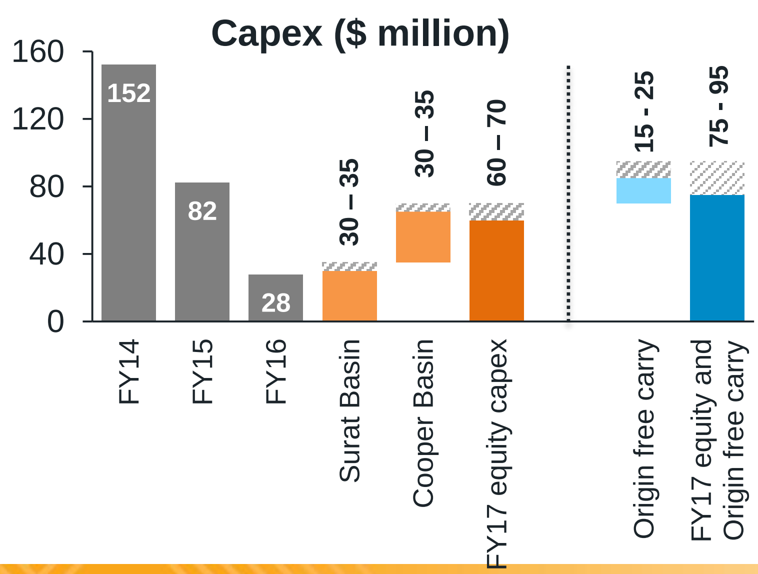
A foundation year for future growth

- ✓ Consolidate material business improvements made during the energy downturn
- ✓ Re-commence oil exploration and development program in the **Cooper Basin** with a focus on reserves replacement
- ✓ Commence sustained gas production, demonstrate capability as a low cost gas producer, and progress full field development of the **Western Surat Gas Project**
- ✓ Evaluate the commerciality of the tight gas and basin centred gas plays in the **unconventional gas JVs with Origin Energy** in the Cooper Basin
- ✓ Continued pursuit of **new venture opportunities** consistent with our strategy

FY17 guidance

Reflects FY17 business priorities





FY17 forecast production:

- Production growth limited by reduced rate of capital investment since January 2015
- Reflects natural field decline on base portfolio and moderate rate of Cooper Basin spend
- Vanessa anticipated online in Q3 FY17

FY17 forecast capex:

- Appraisal activities on the Western Surat Gas Project
- Minimum of six wells to be drilled in the Cooper Basin
- Southern well testing program and northern well drilling on unconventional acreage, free carried by Origin
- Commence P&A program over legacy QGC wells (not included in capex); completion expected by end calendar year 2017

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Cooper Basin oil program

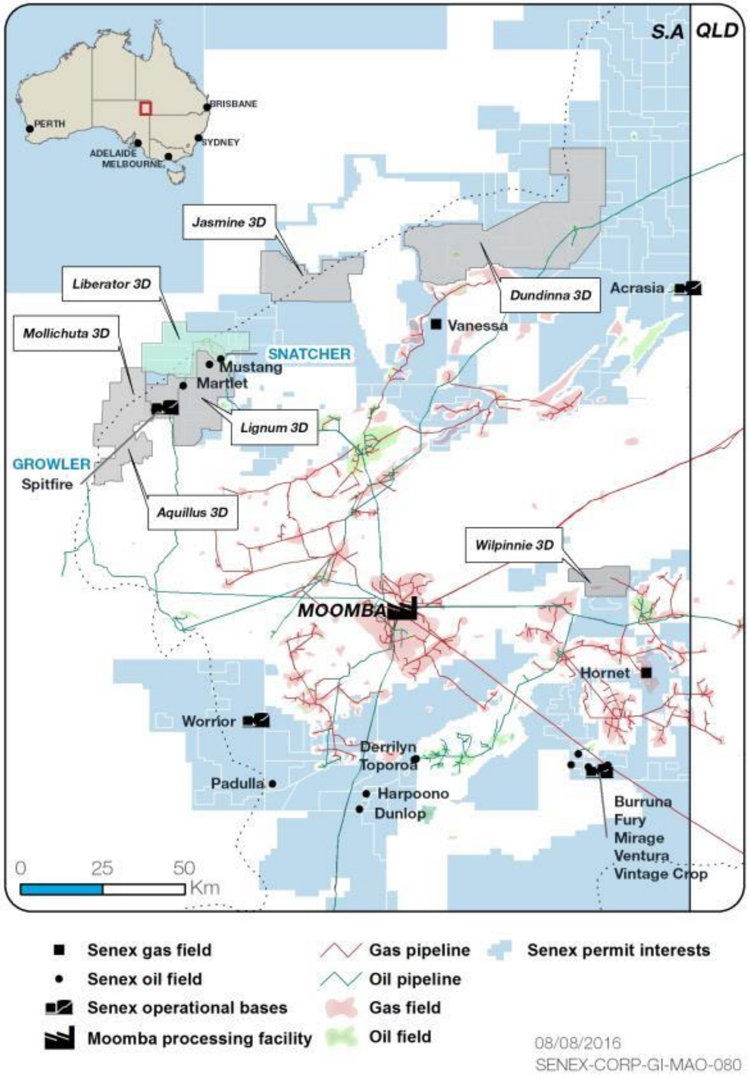
Focus on reserves replacement

During FY16:

- Maximised cash flow from producing fields through focused cost reduction
- Progressed field development planning activities
- Embedded regional play-based exploration approach
- Stage 1 evaluation of tight oil with Halliburton

Ongoing strategy:

- High margin core business driving cash generation, with material upside potential
- Exploration success and thorough exploitation of the discovered resource to drive future production growth
- Near-term focus on pursuit of high value oil opportunities on the flanks of the Cooper Basin (Liberator 3D seismic)
- Measured increase in activity in FY17 ($30 – 35 million to be expended), with capex to be increased further as the macro environment improves



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Cooper Basin gas program

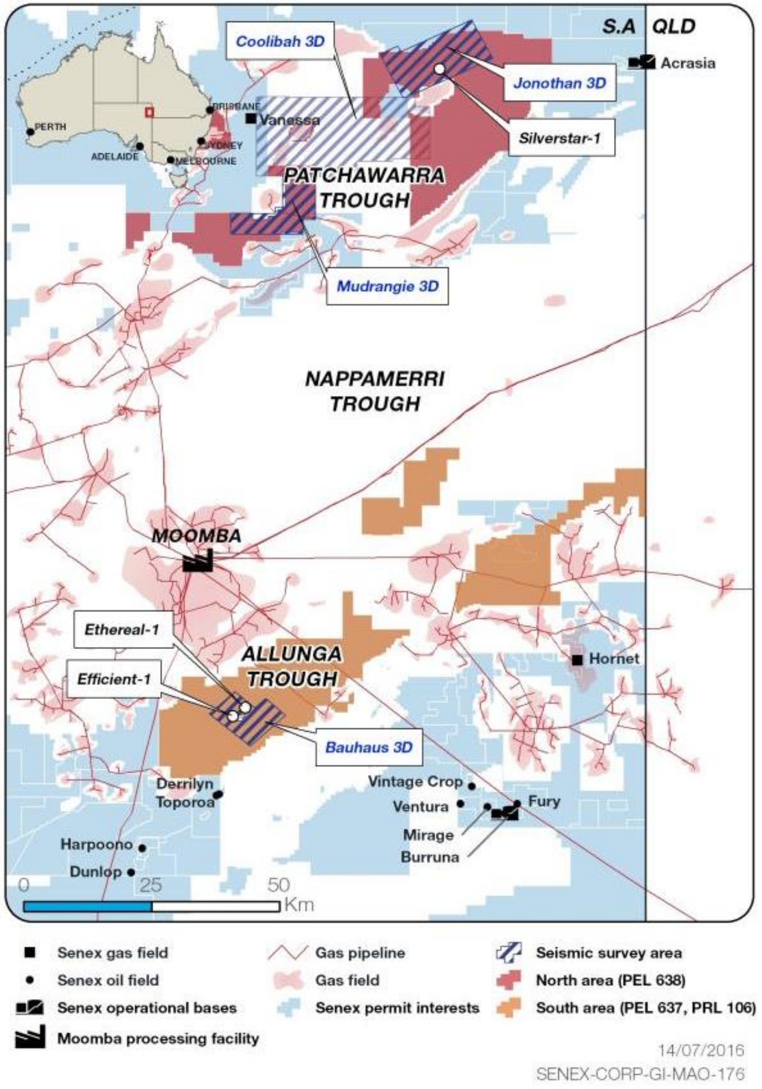
Focus on bringing gas to market

During FY16:

- Unconventional gas project with Origin Energy: two-well drilling campaign completed in the Allunga Trough; first well location agreed in the Patchawarra Trough
- Vanessa gas field: achieved mechanical completion of surface facilities ready for commissioning

Ongoing strategy:

- Targeting material resources to bring to market to meet the east coast demand opportunity
- FY17 work program key to evaluating commerciality on the unconventional gas project with Origin Energy, and commencing gas sales from the Vanessa gas field



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Western Surat Gas Project

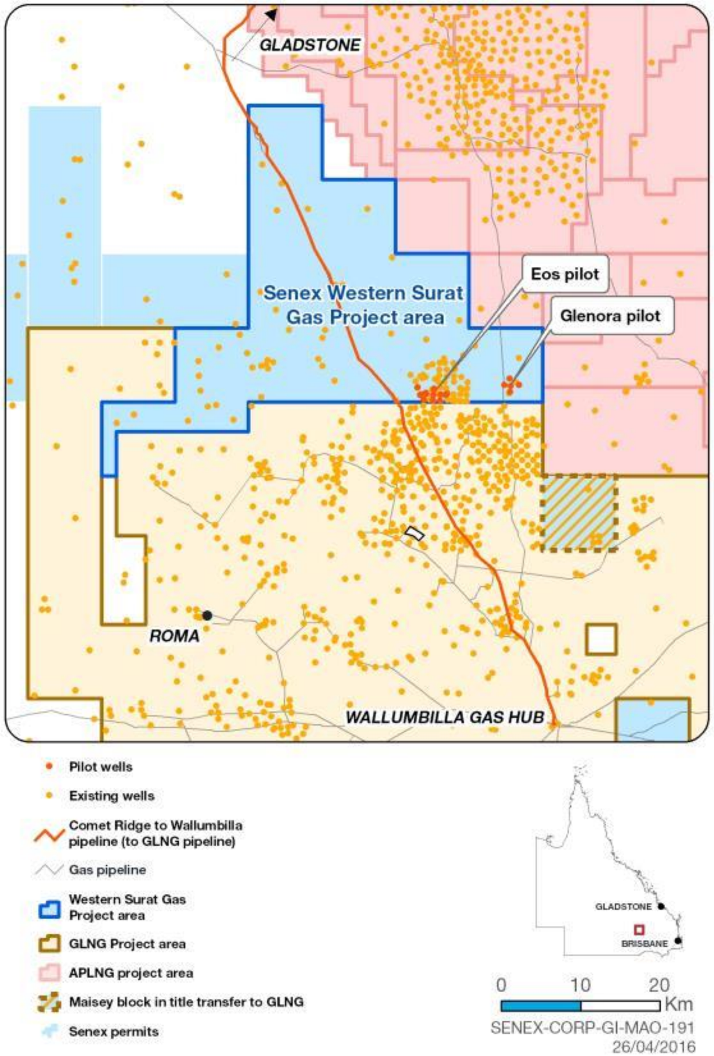
Focus on bringing wells online

During FY16:

- Completed value accretive transactions with Santos GLNG providing funding and development pathway
- Analysis of offsetting well data and historic appraisal data results in reserves upgrade
- Detailed planning works completed for Glenora and Eos phase 1 appraisal program

Ongoing strategy:

- Commercialising material reserves and diversifying Senex production base
- Near term focus on:
  - Progressing full field development planning
  - Phase 1 appraisal work program to provide key data and capability to inform full field development
  - Commercialisation of appraisal gas
- Establish and embed financing strategy for overall project development



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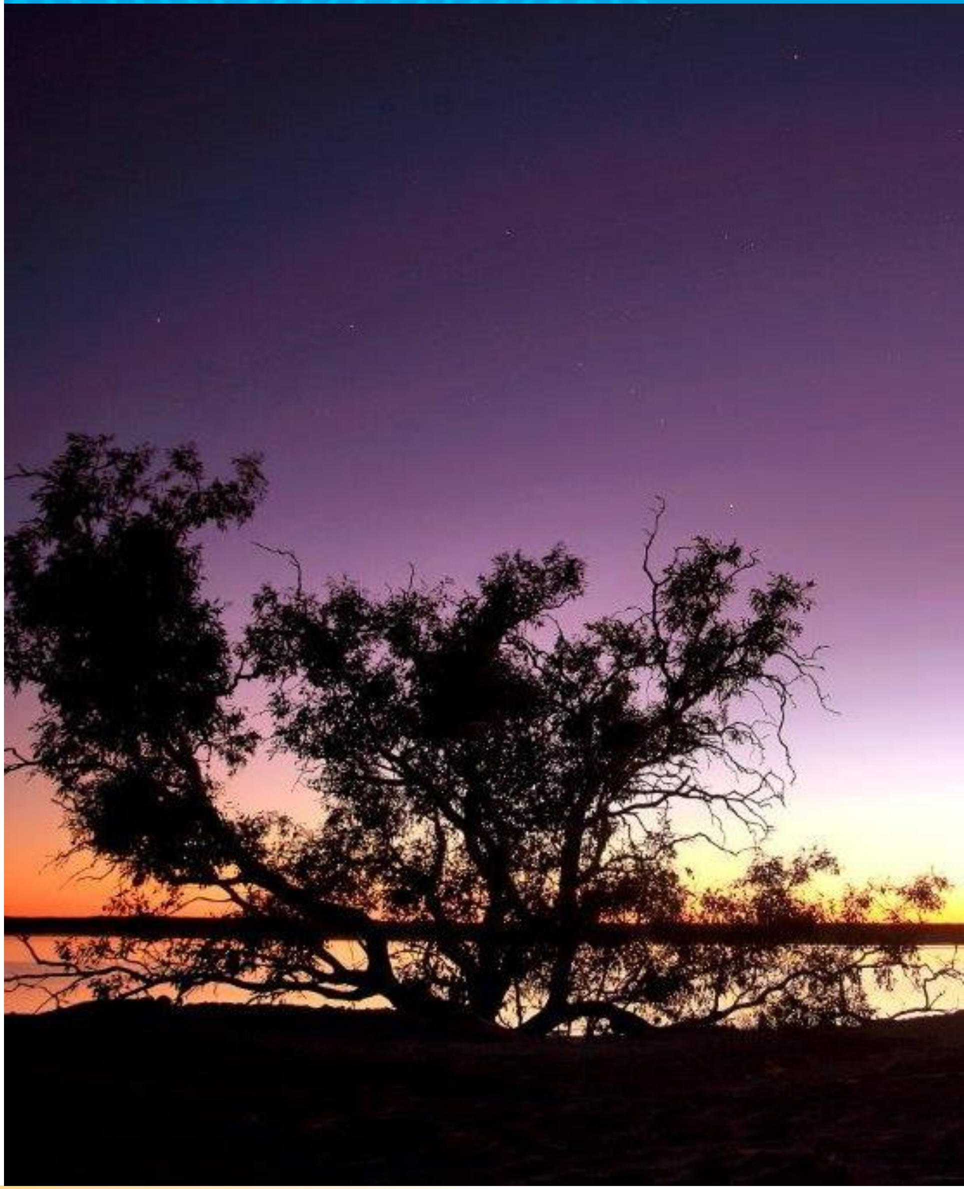

Investment proposition

A well-funded energy play leveraged to an oil price recovery

- ✓ Strong financial position: A$102 million of cash, with a largely undrawn unsecured debt facility of A$80 million; total liquidity of A$180 million
- ✓ Extensive acreage position in Cooper Basin: low operating cost business with material growth options and security of tenure
- ✓ Major growth project in Surat Basin: appraisal ready, with a flexible 20 year gas sales agreement with Santos GLNG allowing for staged development
- ✓ Pursuing growth through organic and inorganic projects: where it aligns with strategy and capability, and does not compromise financial strength

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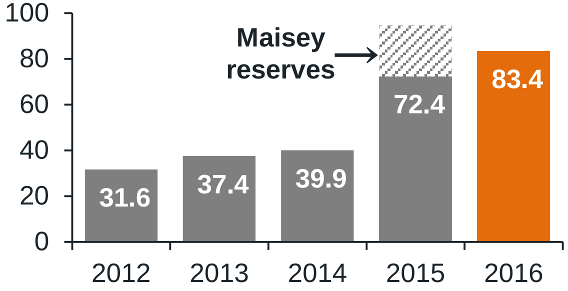
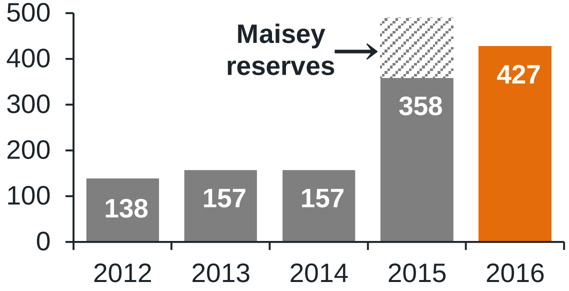
Appendix 1 | Reserves and resources

	30 June 2015	Maisey sale	Production	Revisions to previous estimates	30 June 2016	% change yoy
Reserves						
1P	4.3	-	(1.0)	8.8	12.1	181%
2P	94.6	(22.2)	(1.0)	12.1	83.4	(12%)
2C	340.7	-	-	(132.7)	208.0	(39%)

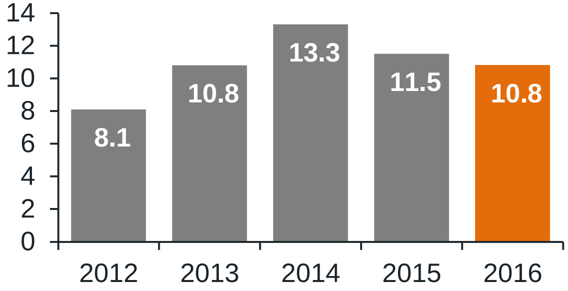
2P reserves (oil and gas) - mmboe



2P reserves Surat Basin – PJs



2P reserves Cooper Basin - mmboe



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Appendix 2 | Net profit after tax

$ million	FY16	FY15
Revenue	69.3	115.9
Operating costs	(30.6)	(55.9)
Gain on sale of Maisey block	38.2	-
Other revenue/costs[1]	(13.3)	(10.5)
EBITDAX	**63.6**	**49.5**
Exploration expense	(2.3)	(18.4)
Depreciation & amortisation	(23.6)	(24.7)
Impairment	(69.7)	(97.0)
Net Finance Costs	(1.2)	(0.7)
Tax benefit/(expense)	-	10.7
Statutory NPAT	**(33.2)**	**(80.6)**
Impairment	69.7	97.0
Restructuring costs	1.8	-
Gain on sale of Maisey block	(38.2)	-
Tax (benefit)/expense	-	(10.7)
Underlying NPAT	**0.0**	**5.6**

FY16 NPAT driven by:

- Gain on sale of the Maisey block
- Lower impairment charges (all incurred in H1)
- Lower royalties and operating costs
- Lower exploration expense (successful efforts basis applied)
- Nil effective tax rate

Offset by:

- Lower sales volumes and US$ Brent oil price

(1) Other revenue/costs includes flowline revenue, other income, other operating expenses, general and administrative expenses

Numbers may not add precisely to totals provided due to rounding

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Appendix 3 | EBITDAX

EBITDAX reconciliation $ million	FY16	FY15
Statutory net profit (loss) after tax	**(33.2)**	**(80.6)**
Add/(less):		
Net interest	1.2	0.7
Tax	-	(10.7)
Amortisation & depreciation	23.6	24.7
Impairment	69.7	97.0
EBITDA	**61.3**	**31.1**
Add:		
Oil and gas exploration expense	2.3	18.4
EBITDAX	**63.6**	**49.5**

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Appendix 4 | Santos GLNG transaction details

Transaction components	Details
Sale of Maisey block and funding	• Santos GLNG to acquire the Maisey block for $42 million in cash • Santos 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 • Cash to be deployed on Western Surat Gas Project expenditure
Binding Heads of Agreement for GSA	• GSA for gas from the Western Surat Gas Project area over a 20-year contract term • GSA provides for the staged ramp up in sales volumes to a maximum of 50 TJ/day following FID • USD market pricing based on a JCC oil-linked formula • Delivery of sales gas into the Santos GLNG Comet Ridge to Wallumbilla Pipeline at a point on Senex's permits, with the potential for shared use of existing Santos GLNG infrastructure • Ability to include Don Juan equity gas volumes at Senex's option • Ability to sell up to 15% of gas volumes to domestic gas customers
Commercialisation of pilot	• Raw gas sales and raw water disposal from Glenora Pilot agreed in principle to enable early gas sales
Collaboration	• Santos GLNG to provide production data to Senex to de-risk accelerated project development • Collaboration between Santos GLNG and Senex on data and standards • Potential shared use of existing Santos GLNG water treatment and gas processing infrastructure

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Important information

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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 (Hons). 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 2016
- Surat Basin gas reserves and resources (Western Surat Gas Project): 30 June 2016
- Surat Basin gas reserves and resources (Don Juan): 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, and the probabilistic method was used to prepare the estimates of resources 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% 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.