

Senex Energy Limited

FY18
FULL YEAR RESULTS

Ian Davies, Managing Director and CEO

Gary Mallett, Chief Financial Officer

21 August 2018

Agenda

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Outlook and project updates

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Production from the Growler oil field on the western flank

Senex highlights

Delivering with purpose

Operational successes underpin return to growth

- ✓ 12% increase in production from western flank oil drilling success and WSGP appraisal gas
- ✓ 61% increase in sales revenue and 5% reduction in operating cost per barrel delivers solid cash flow
- ✓ 35% increase in 2P reserves from Project Atlas and successful WSGP Phase 2 appraisal program

Major FY19 program planned and funded

- ✓ Ten well Cooper Basin western flank program agreed and free-carried by Beach Energy Ltd (Beach)
- ✓ Final investment decisions for the Surat Basin projects with an integrated drilling program planned
- ✓ Funding in place for growth projects: $150 million ANZ debt facility, $140 million Project Atlas Jemena infrastructure agreement and $67 million cash

Core capabilities and quality assets to deliver transformational growth

- ✓ Senex's financial and technical competence underpin award of Project Atlas acreage
- ✓ Enlarged portfolio of quality assets to drive a long term step-change in production, earnings and cash flow
- ✓ Commercial excellence and financial capacity enable disciplined evaluation of future growth opportunities

Senex

Performance overview

Ian Davies, Managing Director and CEO



Tubing for the Growler-15 oil field

Strategic priorities: FY18 performance

Setting the foundation for future growth



Gas

Realising the near-term potential in the east coast gas market

- ✓ Awarded valuable Project Atlas domestic gas acreage with first gas delivery in 2019
- ✓ Successfully appraised WSGP Glenora and Eos blocks, adding reserves and production
- ✓ Agreed debt financing (July 2018) to fund development of WSGP and Project Atlas
- ✓ Discovered a potential new gas play at Gemba; Vanessa gas field online



Oil

Focusing our material exploration and production position in Cooper Basin oil

- ✓ Achieved production growth from low cost oil portfolio
- ✓ Successfully executed our first horizontal well in the Birkhead reservoir at Growler-15, now delivering strong production
- ✓ Discovered the Marauder oil field in the Birkhead reservoir
- ✓ Agreed up to $43 million free-carry commitment with Beach, funding a minimum ten well FY19 work program on the western flank



Growth

Pursuing opportunities in new markets and new ventures

- ✓ Senex's financial and technical competence demonstrated by securing Project Atlas
- ✓ Flexible debt financing expandable to support new development assets
- ✓ Strong long term financial position allows disciplined review of future organic and inorganic opportunities over time

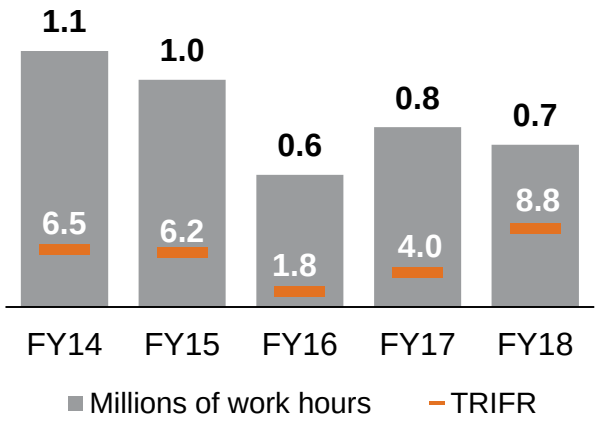
Our focus on working sustainably

Excellent environmental performance; disappointing safety performance

Safety

Redoubling our efforts to improve safety performance

- ✓ Increased focus on behavioural safety and contractor management
- ✓ Active collaboration across our industry



Environment

No serious environmental incidents occurred across any Senex operations

- ✓ Reduced number and volume of spills
- ✓ Strong environmental management framework for Surat Basin projects
- ✓ Supporting the local environment


Crest-tailed mulgara in the Cooper Basin

Community

Building positive and enduring relationships with our local communities, landholders, businesses and industry groups:

- ✓ Continue to support the RFDS
- ✓ Employing locals
- ✓ Listen and inform via drop-in sessions
- ✓ Sponsor and donate to community
- ✓ Participate in local business forums
- ✓ Visit and engage local stakeholders
- ✓ Work positively with landholders
- ✓ Build long term and respectful relationships with traditional owners

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Operating performance

Return to growth

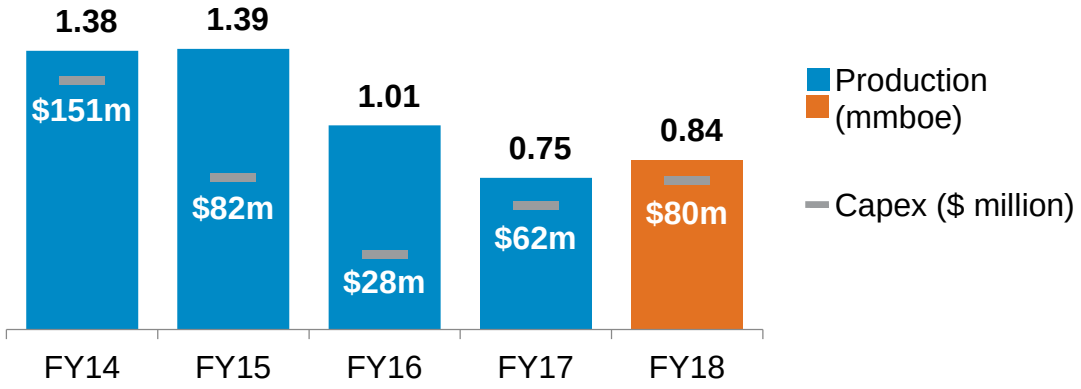
Growing production and investment

- ✓ Robust production from base oil portfolio
- ✓ Focused exploration and development spend in western flank resulted in two new wells online: Growler-15 horizontal delivering material production in Q4, and Marauder-1 delivering throughout FY18
- ✓ Investment in WSGP 30-well appraisal program delivered reserve additions and initial gas production
- ✓ FY18 production of 0.84 mmboe, up 12% on FY17 and in line with annual guidance of 0.75 – 0.90 mmboe
- ✓ FY18 capex of $80 million, up 28% on FY17 and in line with annual guidance of $80 - $100 million

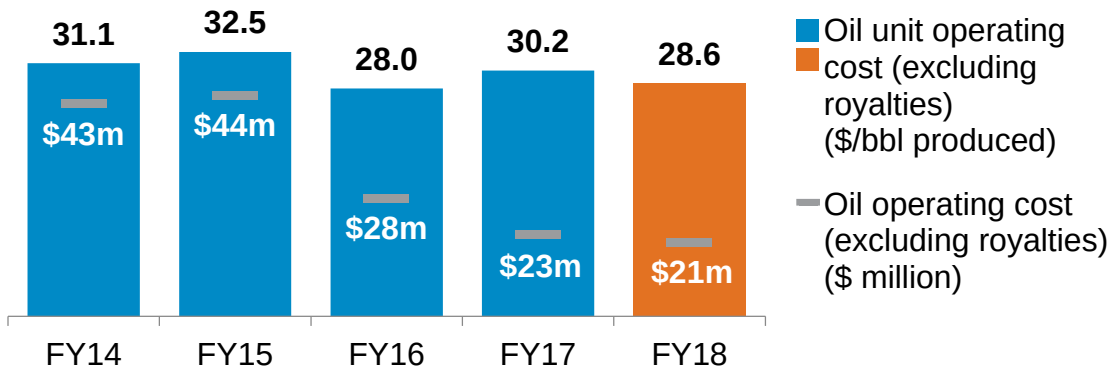
Reduced operating costs

- ✓ Continued disciplined cost control
- ✓ Successful western flank focused FY19 program (funded by Beach) provides opportunity to further increase production and reduce unit operating costs

Production and capex



Cooper Basin oil operating costs



Financing our growth

Financial strength and liquidity to rapidly progress our Surat Basin projects

Corporate and development debt facility with ANZ	
✓ Cost effective ✓ Flexible ✓ Technical due diligence demonstrated quality of growth projects	• Secured in July 2018 after extensive competitive process • Fully underwritten by ANZ – Top four bank with energy industry track record • $125 million senior secured Reserve Base Lending (RBL) Facility • Seven year tenor with flexibility to refinance at any time • Competitive margins: starting interest cost approximately 6% per annum, stepping down on completion of development projects • $25 million working capital facility

Project Atlas downstream infrastructure agreement with Jemena	
✓ Cost effective tariff ✓ Leverage Jemena expertise ✓ Senex to focus on upstream	• Secured in June 2018 after competitive process • Jemena to fund, build, own and operate the $140m facility and pipeline • Agreement includes expansion and extension options



Financial results

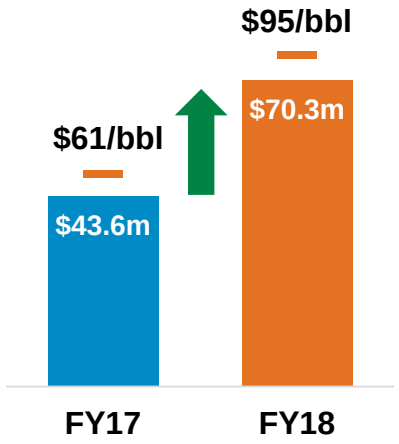
Gary Mallett, Chief Financial Officer

Financial highlights

Return to growth

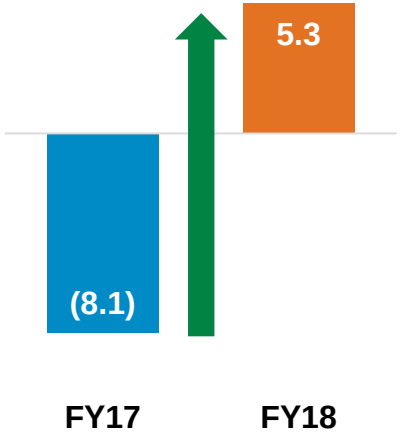
Sales revenue - $m

- ✓ Revenue increased 61% to $70.3m
- ✓ Higher realised oil price of $95/bbl
- ✓ Increased sales volumes of 0.79 mmboe



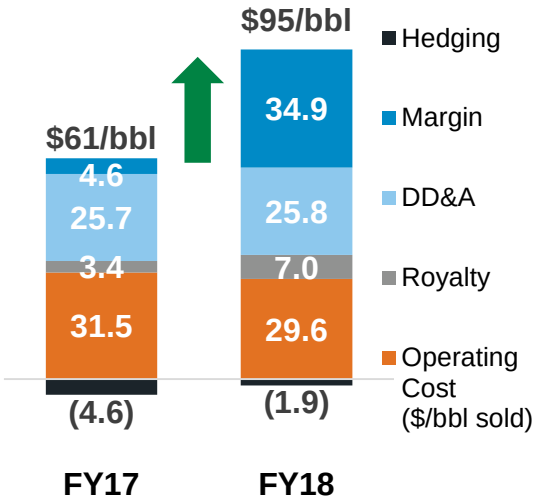
Operating cash flow - $m

- ✓ Return to positive operating cash flow
- ✓ June 2018 cash balance of $66.5m
- ✓ Oil business operating cash flow breakeven at ~US$31/bbl (assuming oil business funds 100% of corporate overheads)



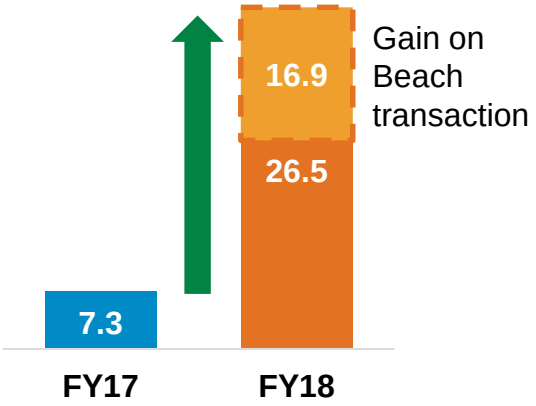
Oil unit cost and margin - $/bbl sold

- ✓ Oil operating costs down to $29.6/bbl sold, with further potential to decrease on successful FY19 work program
- ✓ Royalty up on higher oil price
- ✓ DD&A stable along with production and reserves
- ✓ Gross margin up to $34.9/bbl sold on higher realised oil price and cost control



EBITDAX - $m

- ✓ Higher revenue and cost discipline contribute to increased EBITDAX
- ✓ Non-recurring gain of $16.9m from Beach transaction



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Key financial headlines

Return to growth

	FY17	FY18	Change
Production (mmboe)	0.75	0.84	12%
Sales volumes (mmboe)	0.72	0.79	10%
Average realised oil price ($ per bbl)	61	95	56%
Capital spend ($ million)	62.3	80.1	29%
Sales revenue ($ million)	43.6	70.3	61%
Operating cost ex royalties ($ per bbl produced)	30.2	28.6	(5%)
EBITDAX ($ million)	7.3	43.4	495%
Underlying NPAT ($ million)	(22.5)	2.0	N/A
Statutory NPAT ($ million)	(22.7)	(94.0)	(314%)
Operating cash flow ($ million)	(8.1)	5.3	N/A
Cash balance ($ million)	134.8	66.5	(51%)

- Strong production and sales volumes
- Improved realised oil prices
- Significant investment in Surat Basin

- Strong sales revenue on higher prices
- Lower operating costs and strong margins
- Return to underlying profit
- Statutory NPAT impacted by non-cash impairment as a result of prioritising focus on Cooper Basin western flank and Surat Basin

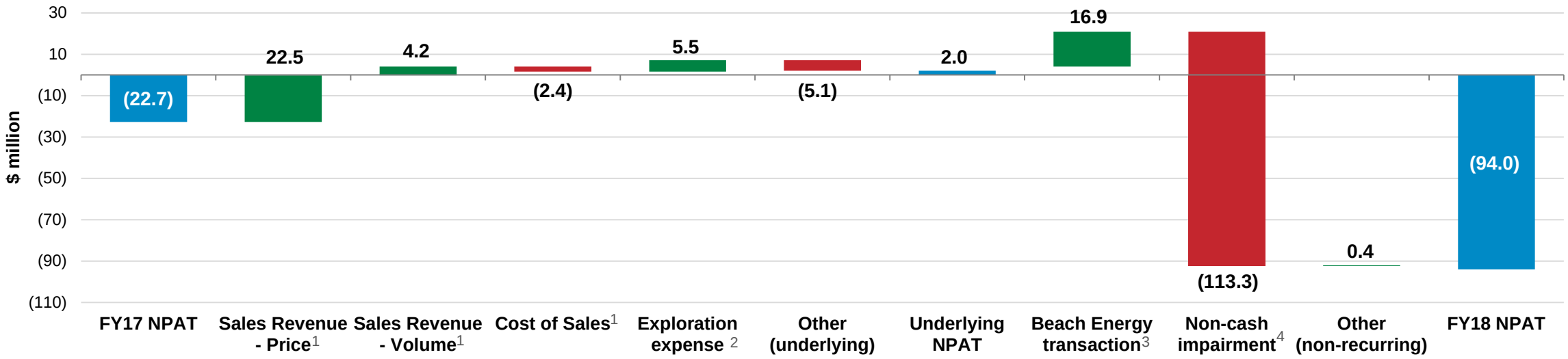
- Robust cash position driven by positive cash from operations helped to fund significant investment in Surat Basin growth projects

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Statutory NPAT reconciliation

Non-cash impairment and non-recurring gain reflect results of asset portfolio review

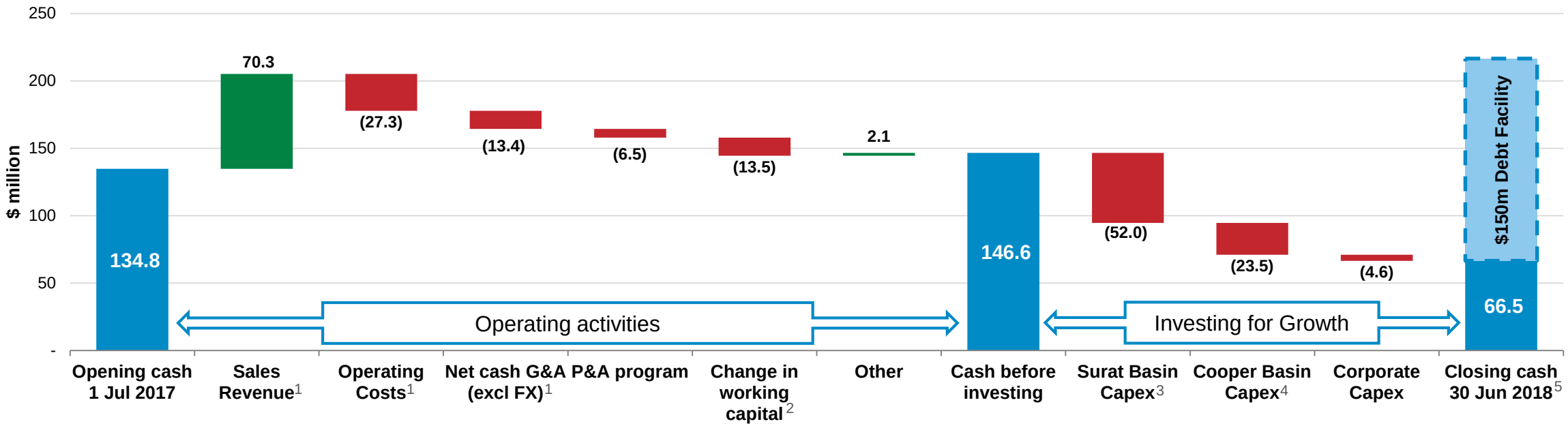
FY18 statutory net profit after tax versus FY17



1. Sales revenue up on significant increase in average realised oil price and higher volumes sold, with commensurate increase in royalties. Continued cost control resulted in a 5% reduction in operating cost (excluding royalties)
2. Lower exploration expense as a result of refocused work program and higher success rate
3. Non-recurring gain of $16.9m on termination and transfer of the Beach free-carry commitment to western flank oil assets
4. Non-cash impairment of $113.3m in respect of non-core Cooper Basin exploration assets

Operating cash reconciliation

Strong balance sheet to support growth



1. Significant increase in sales revenue and strong cost control delivers operating cash for investment
2. Working capital increase commensurate with higher revenue and increased debtor days on less frequent oil shipments
3. Successful delivery of WSGP 30-well appraisal program and long lead spend on compression facility
4. Focused spend in the Cooper Basin on lower risk, higher value opportunities
5. Strong balance sheet: $67m cash and $150m debt facility provide capital and liquidity to fund future growth

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Outlook and project updates

Ian Davies, Managing Director and CEO

Strategic priorities: Outlook

Focus on continued operational excellence and project execution



Gas

Realising the near-term potential in the east coast gas market

- ✓ Reach financial close of debt facility to fund development of Surat Basin projects to accelerate long term production, earnings and cash flow growth
- ✓ Make Final Investment Decision on WSGP and Project Atlas and deliver an integrated and optimised drilling campaign
- ✓ Contract with customers for Project Atlas and deliver sales gas by end of 2019
- ✓ Test the Gemba field to determine future development path



Oil

Focusing our material exploration and production position in Cooper Basin oil

- ✓ Complete firm ten well FY19 work program (and further contingent wells on success) to deliver strong production and operating cash flow
- ✓ Rationalise non-core Cooper Basin acreage to prioritise capital allocation
- ✓ Maintain strong cost discipline



Growth

Pursuing opportunities in new markets and new ventures

- ✓ Disciplined management of balance sheet to support growth
- ✓ Measured pursuit of organic and inorganic opportunities to grow and diversify the business over time

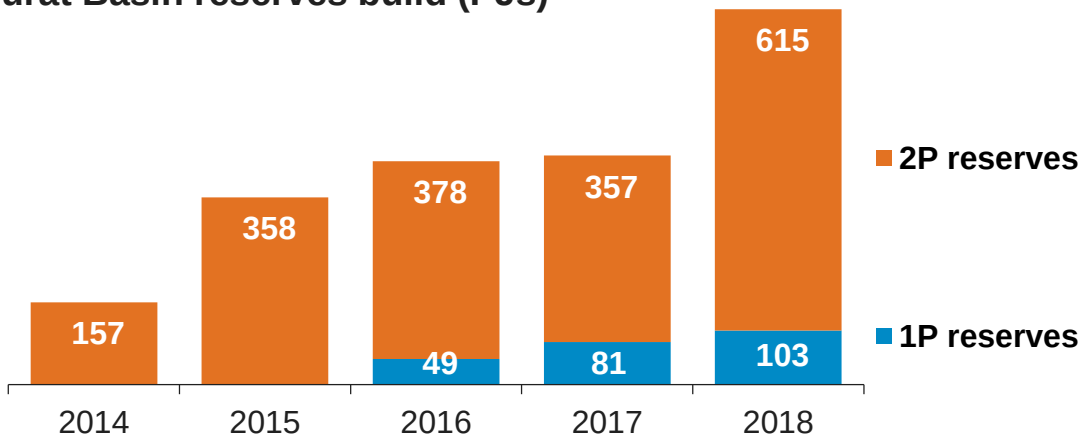
East coast gas development projects

Developing Surat Basin projects is the overwhelming priority for Senex

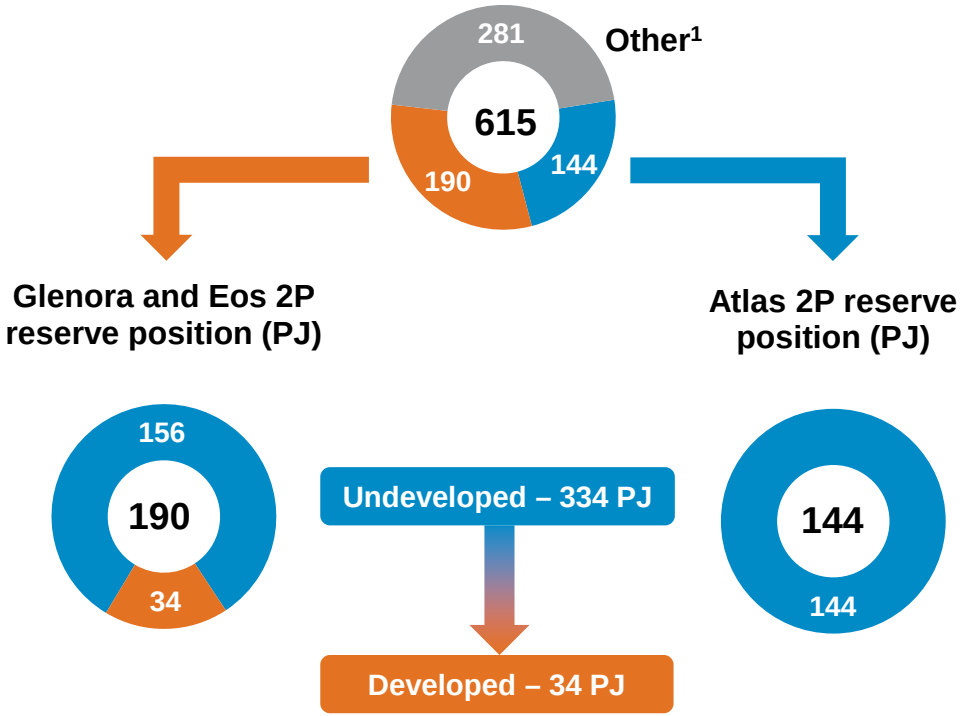
Material Surat Basin reserve position underpins future growth

- Integrated, multi-year drilling campaigns across WSGP and Project Atlas to convert undeveloped reserves to developed reserves and production
- Targeting lowest quartile operating and capital costs
- Focused appraisal and development drilling on Project Atlas to drive 2P reserve additions
- Multi-year appraisal program to be conducted over other Surat Basin 2P reserves[1]

Surat Basin reserves build (PJs)



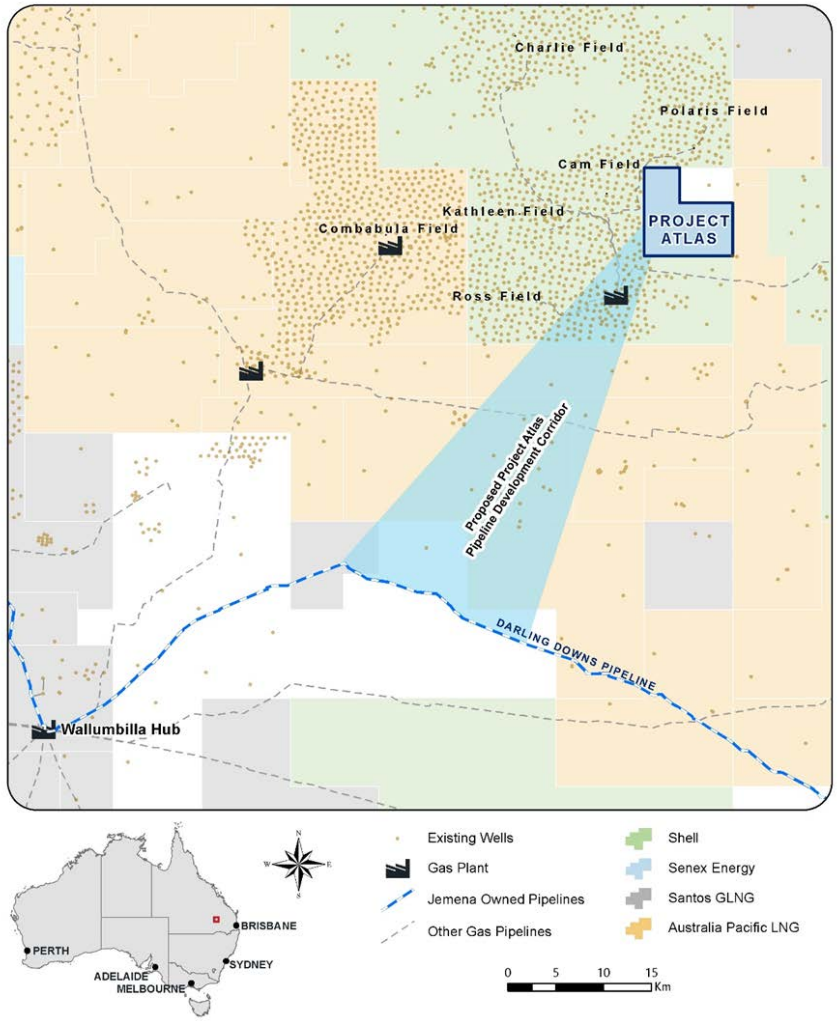
Surat Basin 2P reserve position (PJ)



[1] Other 2P reserves means Surat Basin 2P reserves at 30 June 2018 outside of Project Atlas, Glenora and Eos

Project Atlas

Prioritising accelerated development of top tier asset



During FY18:

- ✓ Awarded top tier Project Atlas acreage through demonstrated capability to deliver into the domestic market within two years of Petroleum Lease grant
- ✓ Booked 2P reserves of 144 petajoules over western portion of the acreage
- ✓ Initial focus on reservoir characterisation, development planning, land access, cultural heritage studies and environmental baseline assessments
- ✓ Consistently achieving milestones:

Mar 2018	✓ Secured Petroleum Lease
Jun 2018	✓ Agreed with Jemena to build, own and operate a $140 million, 40 TJ/day compression facility
Jul 2018	✓ Agreed with ANZ a $150 million corporate and development debt facility
Q1 FY19	✓ Engaged with domestic customers with strong expressions of interest previously received

Outlook:

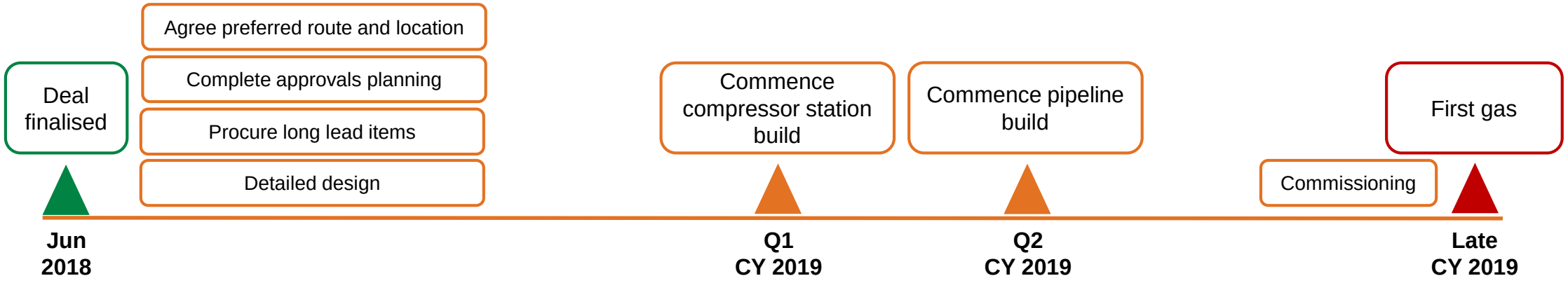
- ❑ Secure all remaining regulatory and environmental approvals
- ❑ Conduct eastern pilot to add reserves
- ❑ Commence optimised and integrated drilling campaign with WSGP in Q3 FY19
- ❑ Execute gas sales agreements to deliver first gas in late 2019

Project Atlas infrastructure

Jemena commenced activities to deliver first gas in late 2019

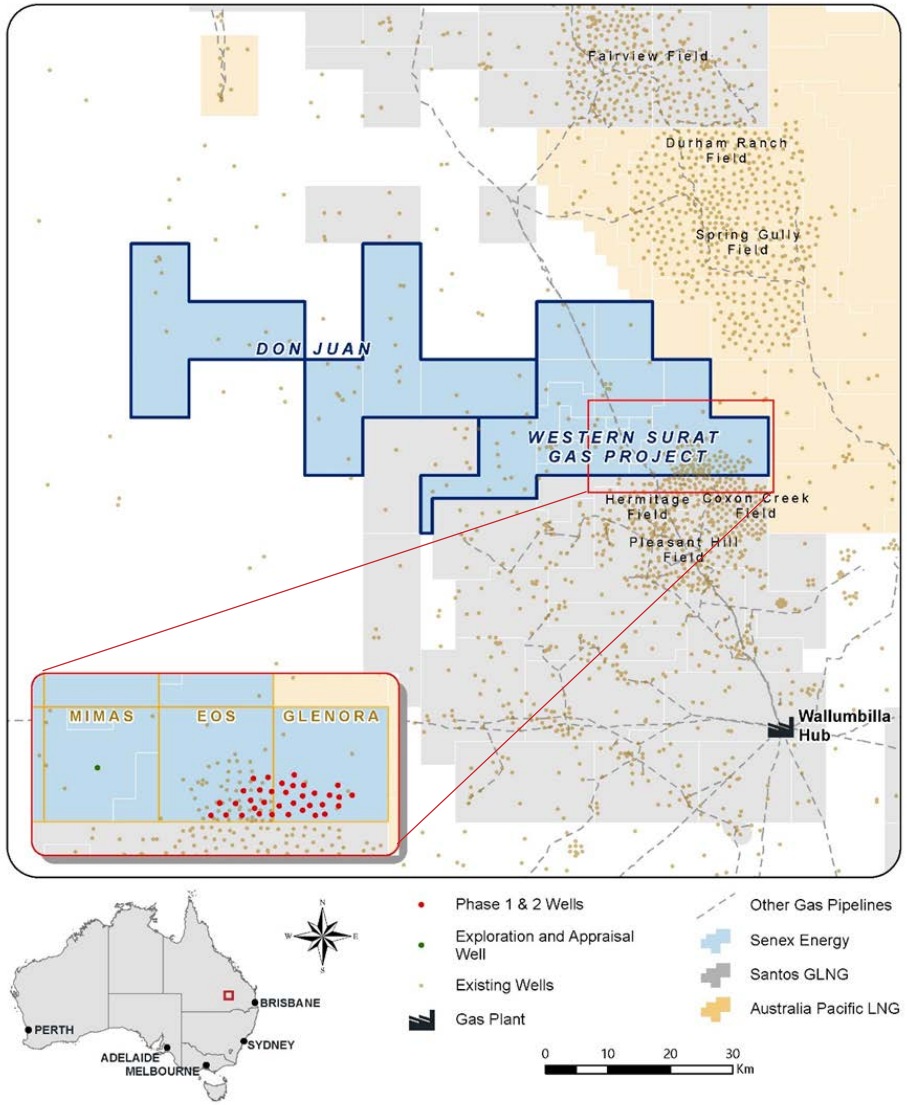
Jemena is a highly experienced, major infrastructure provider who will build, own and operate the Project Atlas compression facility and pipeline

- ✓ Jemena's open access model to drive capital and operating efficiency
- ✓ Highly competitive long term tariff; no Senex capital requirement
- ✓ Allows Senex to focus on the upstream portion of the project, while de-risking the schedule
- ✓ Flexibility to access multiple delivery points at Wallumbilla Hub
- ✓ Currently considering the preferred route for the pipeline and the final location of the compressor station
- ✓ Working closely with local landholders and community to ensure minimum impact



Western Surat Gas Project

Progressing staged development



During FY18:

- ✓ Successfully completed 30-well Phase 2 appraisal program on Glenora and Eos blocks and appraisal activities west of Eos
- ✓ Booked additional 1P (22 petajoules) and 2P (43 petajoules) reserves
- ✓ Consistently achieving milestones:

Dec 2017	✓ Delivered Phase 2 wells on time and on budget at A$1.2 million per well
Feb 2018	✓ Sanctioned long lead items for a modular compression facility with initial capacity of 16 TJ/day, with staged expansion as required
Apr 2018	✓ Secured Petroleum Lease over initial development area of Glenora and Eos
Jul 2018	✓ Agreed with ANZ a $150 million corporate and development debt facility
Aug 2018	✓ Secured all primary regulatory and environmental approvals

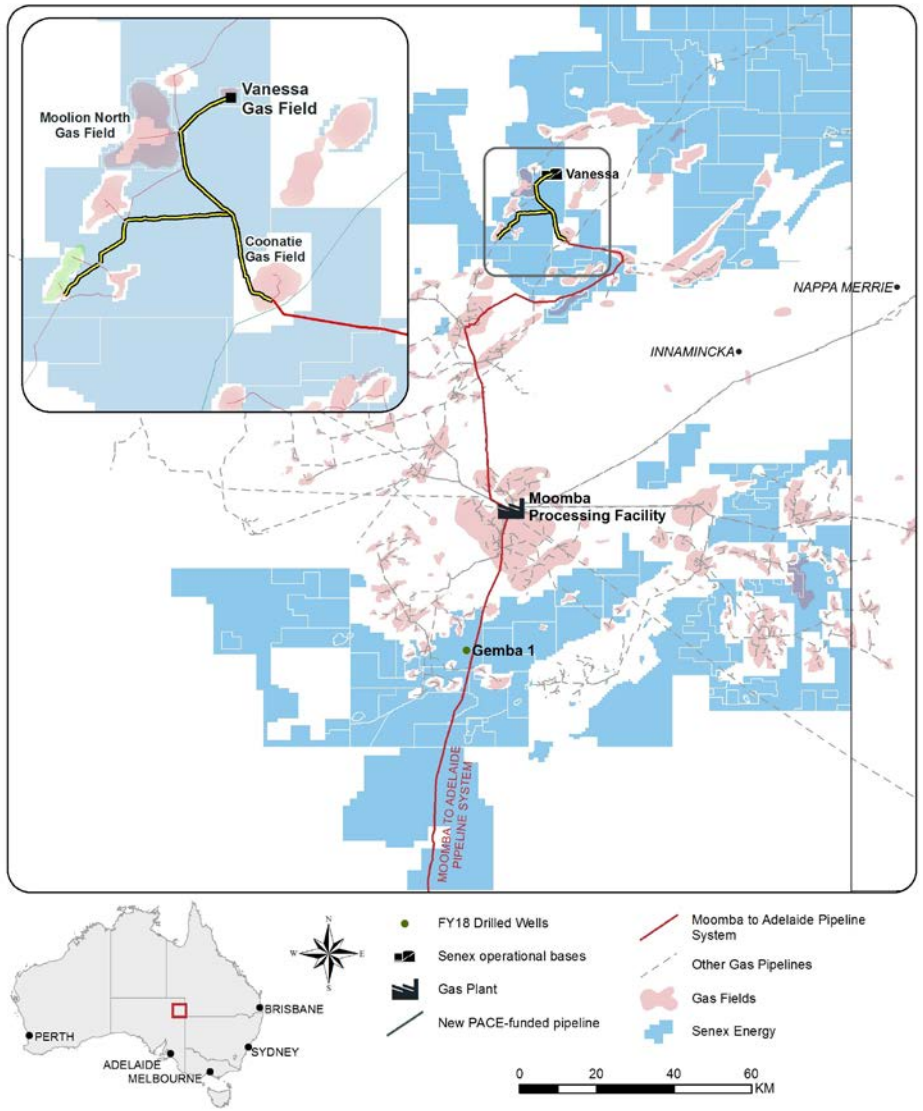
Outlook:

- ❑ Final Investment Decision (FID) on initial Field Development Plan
- ❑ Commence optimised and integrated drilling campaign with Project Atlas following debt facility Financial Close and FID
- ❑ Multi-year appraisal of acreage position outside of Glenora and Eos

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Cooper Basin gas

Bringing new gas volumes to market



During FY18:

- ✓ Signed a Gas Sales Agreement (GSA) with Pelican Point Power Limited and brought the Vanessa conventional gas field online in July 2018
  - Delivering gas for use at the Pelican Point Power Station; a significant generator of electricity to the South Australian market
  - The Senex-led gas pipeline project received $5.82 million in funding under the South Australian Government's PACE Gas Grant Program to support this opportunity

- ✓ Successfully drilled the Gemba-1 gas exploration well
  - Successfully intersected gas with volumes ahead of pre-drill expectation
  - Discovery of a potential new gas play
  - Developing a fracture stimulation and testing program to evaluate further potential
  - The project received $5.26 million in funding under the South Australian Government's PACE Gas Grant Program to support this opportunity

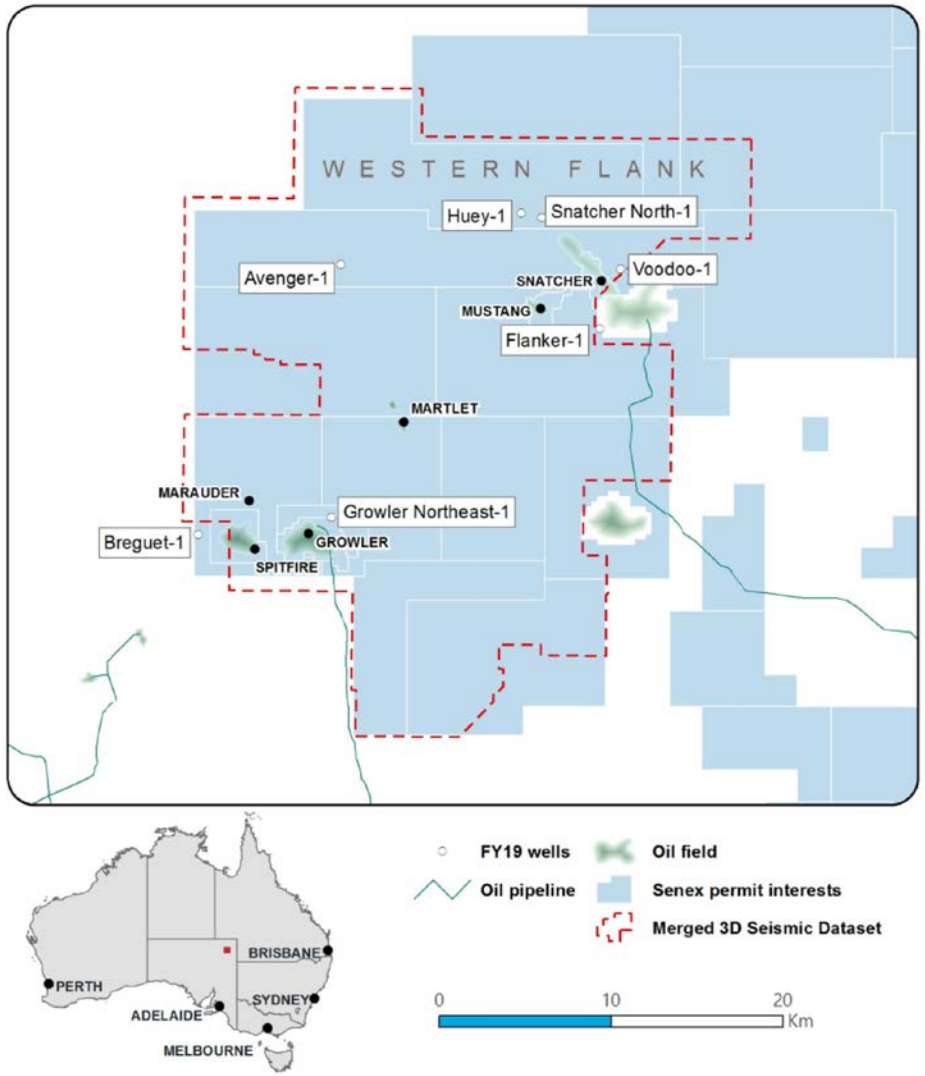
Outlook:

- ❑ Senex continues to see significant prospectivity in its Cooper Basin unconventional gas acreage with flexibility to progress longer-dated opportunities in the future

Cooper Basin oil

Western flank focus

Location of western flank exploration wells



During FY18:

- ✓ Strong production and high margins support ANZ debt facility and funds Senex operating expenditure
- ✓ Completed processing and interpretation of the Liberator 3D seismic: high impact targets to be drilled in FY19, free-carried by Beach
- ✓ Focused FY18 drilling program, five wells drilled, three successful
  - ☑ Growler-15 horizontal well – Highly successful producer, increased reserves and recovery
  - ☑ Marauder-1 exploration well – Discovered oil in the Birkhead, delivering production
  - ☑ Marauder-2 exploration and development well – Exploration leg unsuccessful, but sidetracked development leg successful and brought on line in July 2018
  - ☒ Martlet North-2 oil appraisal well – plugged and abandoned due to lack of commercial pay
  - ☒ Frey-1 oil exploration well – farmed out pre-drill to reduce risk, plugged and abandoned due to lack of significant hydrocarbons

Outlook:

- ❑ Prioritise expenditure on high impact western flank opportunities (minimum of ten wells agreed and free-carried by Beach for FY19, with potential for additional wells based upon success)
- ❑ Rationalise non-core acreage: optimise / monetise / farm-down / relinquish

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Senex highlights

Ian Davies, Managing Director and CEO

Senex highlights

Delivering with purpose

Operational successes underpin return to growth

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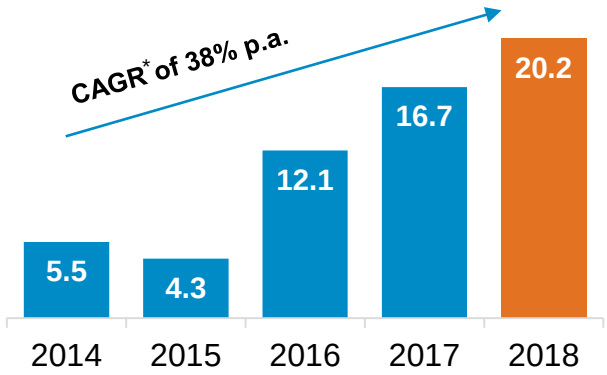
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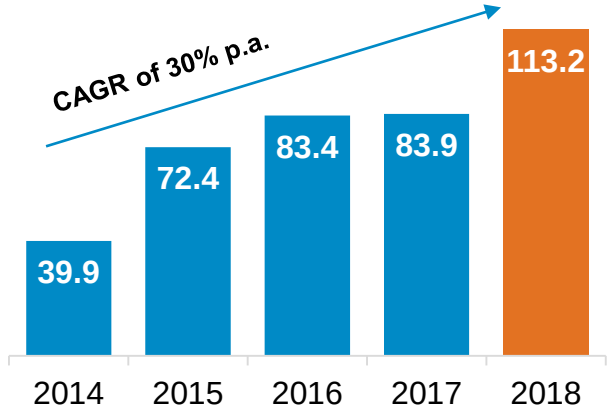
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Appendix: Reserves and resources

1P reserves - mmboe



2P reserves - mmboe



mmboe	1P Reserves	2P Reserves	2C Resources
Oil	2.5	8.3	5.3
Gas and gas liquids	17.7	104.8	-
Total as at 30 June 2018	**20.2**	**113.2**	**5.3**
Total as at 30 June 2017	16.7	83.9	208.1
Increase / (decrease)	21%	35%	(97%)

*CAGR – Compound Annual Growth Rate

Appendix: Net profit after tax and EBITDAX

$ million	FY17	FY18
Revenue	43.6	70.3
Operating costs	(25.1)	(27.3)
Gain on Beach transaction	-	16.9
Other revenue/costs[1]	(11.2)	(16.5)
EBITDAX	7.3	43.4
Exploration expense	(8.7)	(3.2)
Amortisation & depreciation	(21.1)	(20.6)
Non-cash impairment	-	(113.3)
Net Finance Costs	(0.2)	(0.4)
Statutory NPAT	**(22.7)**	**(94.0)**
Non-cash impairment	-	113.3
Restructuring costs	0.1	-
Gain on sale of exploration	-	(0.4)
Gain on Beach transaction	-	(16.9)
Underlying NPAT	**(22.5)**	**2.0**

$ million	FY17	FY18
Statutory net profit (loss) after tax	**(22.7)**	**(94.0)**
Add/(less):		
Net interest	0.2	0.4
Tax	-	-
Amortisation & depreciation	21.1	20.6
Non-cash impairment	-	113.3
EBITDA	**(1.4)**	**40.3**
Add/(less):		
Oil and gas exploration expense	8.7	3.2
EBITDAX	**7.3**	**43.4**

1. Other revenues/costs includes flowline revenue, other income, other operating expenses, general and administrative expenses

Numbers may not add due to rounding

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. 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.

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Supporting information for reserves 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 2018
- Surat Basin gas reserves and resources: 30 June 2018

External consultants: Senex engages the services of Degolyer and MacNaughton (D&M) and Netherland Sewell Associates (NSAI) 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. Fuel, flare and vent consumed to the reference point are included in reserves estimates (c. 6% of 2P oil reserves estimates may be consumed as fuel in operations depending on operational requirements).
- Surat Basin: Wallumbilla gas hub, approximately 45 kilometres south east of Roma, Queensland. Fuel, flare and vent consumed to the reference point are excluded from reserves estimates (c. 10% of 2P gas reserves estimates have been assumed to be consumed as fuel in operations).

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.