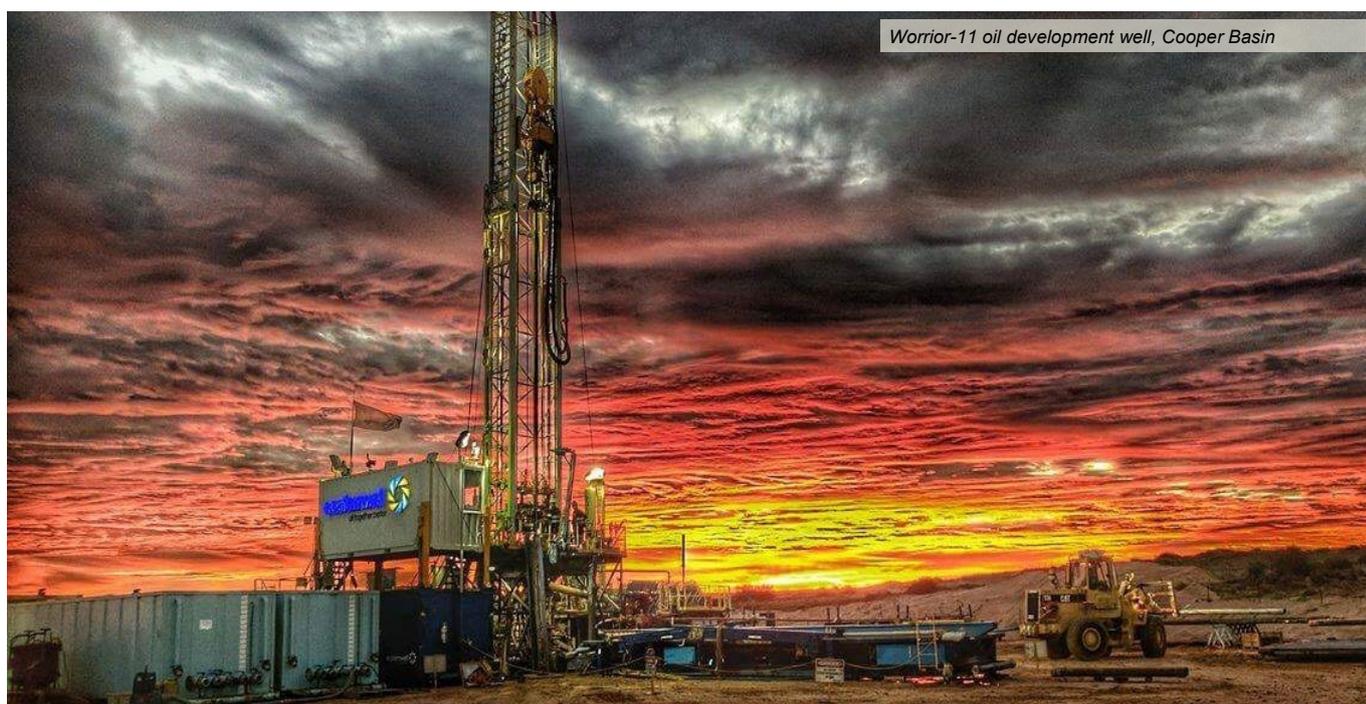


### HIGHLIGHTS

During the second quarter of FY17, Senex Energy (Senex, the Company, ASX:SXY) benefited from higher oil prices and met a major milestone on its flagship gas project (WSGP). Highlights of the quarter include:

- First appraisal wells brought online on the **Western Surat Gas Project** ahead of schedule, on budget and using local contractors
- Commencement of **FY17 drilling program** with success on the Worrior-11 oil development well, ahead of a multi-well oil exploration and development campaign in the western flank. Subsequent to quarter end, the Spitfire-8 oil appraisal well successfully intersected hydrocarbons in the target zone
- Core oil business continued to perform strongly, delivering **net production** of 200,000 bbls (down 5% on prior quarter) with continued strong operating cost performance
- **Sales revenue** of \$12.8 million, up 28% on prior quarter reflecting higher realised oil price and slightly higher sales volumes
- **Capital expenditure** of \$17.8 million on an increased work program
- Continued **strong balance sheet** at 31 December 2016 with cash balance of \$82.8 million and additional undrawn bank facilities of \$77 million

KEY PERFORMANCE METRICS	December Quarter Q2 FY17	September Quarter Q1 FY17	Quarter on Quarter change	December Quarter Q2 FY16	Half year H1 FY17
Net Production (mmboe)	0.20	0.21	(5%)	0.26	0.41
Net Sales volumes (mmboe)	0.20	0.19	5%	0.26	0.39
Sales revenue (\$ million)	12.8	10.0	28%	18.1	22.8
Cash (\$ million)	82.8	93.5	(11%)	99.6	82.8
Average realised oil price (A\$ per barrel)	64	53	21%	70	59



### FINANCIAL SUMMARY

**Sales revenue increased 28% to \$12.8 million this quarter, reflecting a higher realised oil price and higher sales volumes**

- The average realised oil price for the December quarter was A\$64 per barrel, compared to A\$53 per barrel the prior quarter. This reflected an increase in the Brent crude oil price and a favourable movement in the AUD/USD exchange rate. Senex did not receive any hedging settlements on sales volumes during the quarter
- Sales volumes for the December quarter were 200,000 barrels, up 5% on the previous quarter
- A hedging program is in place for the second half of FY17: the instruments consist of swaps providing downside protection below US\$55 per barrel, and call options providing upside participation above US\$60 per barrel

SALES	December Quarter Q2 FY17	September Quarter Q1 FY17	Quarter on Quarter change	December Quarter Q2 FY16	Half year H1 FY17
Oil sales (mmbobe)	0.20	0.19	5%	0.26	0.39
Sales revenue (\$ million)	12.8	10.0	28%	18.1	22.8
Average realised oil price (A\$ per barrel)	64	53	21%	70	59

**Capital expenditure of \$17.8 million was incurred during the quarter, a significant ramp up on the previous quarter**

- The major components of the capital expenditure for the quarter were spend relating to growth projects, including the Glenora pilot (well completions and surface facilities), the acquisition of the Liberator and Koonchera seismic surveys, and drilling of the Worrior-11 oil development well
- Senex continued work on the remediation of wells on the Eos block during the quarter (see page 4), expending \$2.6 million (not included in capital expenditure)

CAPITAL EXPENDITURE	December Quarter Q2 FY17	September Quarter Q1 FY17	Quarter on Quarter change	December Quarter Q2 FY16	Half year H1 FY17
Exploration and appraisal	15.2	6.5	134%	4.4	21.7
Development, plant and equipment	2.6	0.3	767%	3.0	2.9
<b>Total</b>	<b>17.8</b>	<b>6.8</b>	<b>162%</b>	<b>7.4</b>	<b>24.7</b>

*Numbers may not add due to rounding*

### PRODUCTION OPERATIONS

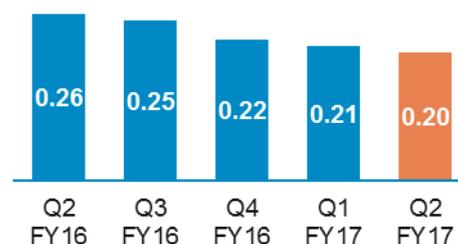
PRODUCTION	December Quarter Q2 FY17	September Quarter Q1 FY17	Quarter on Quarter change	December Quarter Q2 FY16	Half year H1 FY17
Net Production (mmboe)	0.20	0.21	(5%)	0.26	0.41
Oil	0.20	0.21	(5%)	0.26	0.41
Gas and gas liquids	-	-	-	-	-

#### Senex delivered net oil production of approximately 200,000 barrels for the quarter

Senex’s major producing oil fields continued to perform in line with, or ahead of expectations. The reduction of 5% on the prior quarter follows natural field decline, partly offset by ongoing production optimisation activities and well workovers.

Senex continues to drive operating efficiencies in its oil business, delivering strong operational cost control.

#### Quarterly Net Production (mmboe)



Production operations in the Cooper Basin

### SURAT BASIN

#### GAS | Western Surat Gas Project

##### The Glenora pilot was brought online during the quarter

The work program involved the completion of five existing wells and construction of surface facilities including a pipeline to Santos GLNG's facilities at the neighbouring Roma field. The work program was completed ahead of schedule, on budget and using local contractors.

Since bringing the pilot online in November 2016, Senex has undertaken a program of pulse testing on the wells. The testing has generated valuable data on the properties of the reservoir, which will help to inform the next phase of drilling on the block. Testing will be concluded in the coming weeks, after which time the wells will be brought online for continuous dewatering and production.

Senex continued to work with Santos GLNG during the quarter to progress a raw gas sales agreement from the Glenora pilot, ahead of first gas production from the wells.

##### Full field development planning progressing

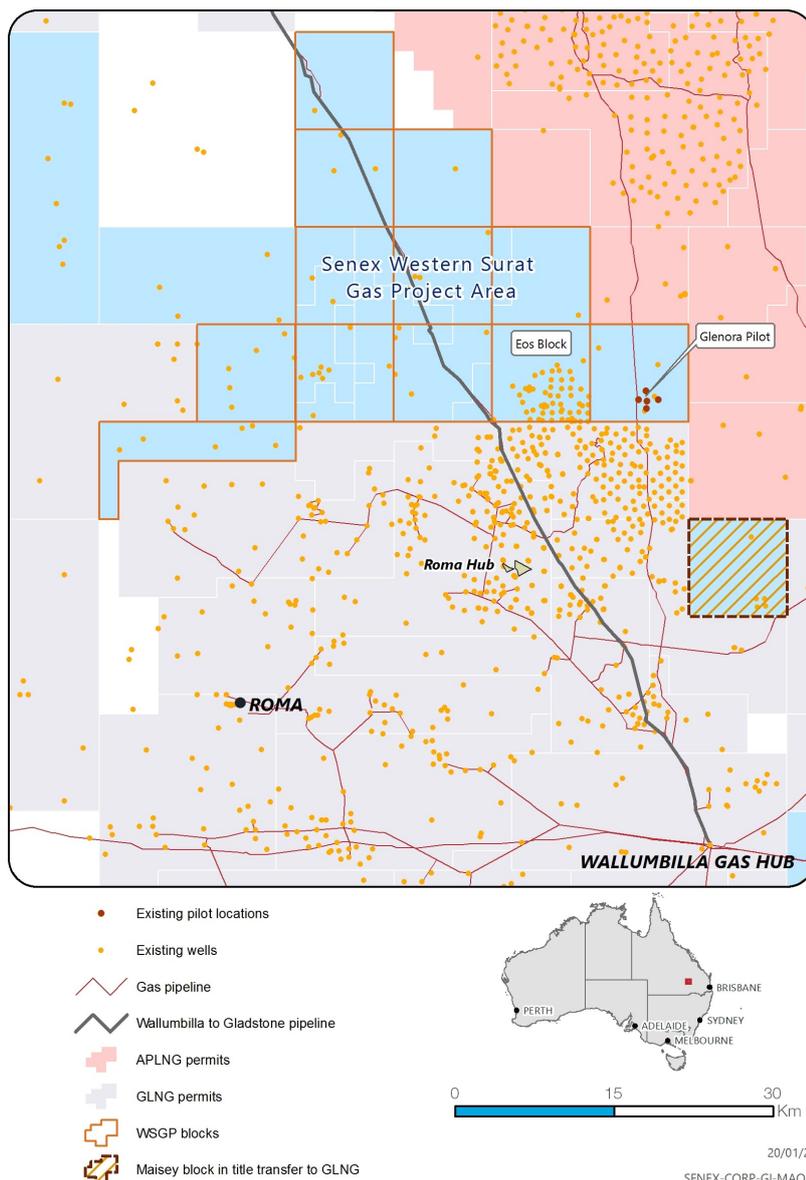
Senex is actively progressing the investment decision for the first material tranche of gas to be produced from the Western Surat Gas Project.

All long lead activities (including regulatory approvals, native title and land access) are being progressed in parallel with full field development planning.

##### During the quarter, Senex continued to plug, abandon and rehabilitate legacy QGC wells on the Eos block

As at 31 December 2016, the Company had safely and efficiently remediated seven of the 47 wells for which it received \$20 million from QGC in 2014 as part of the asset swap.

Evidence of good gas productivity has been observed during this process, with gas free-flowing to surface during routine rehabilitation procedures. These results confirm that Eos is a priority block for appraisal and development.



## COOPER BASIN

### OIL AND GAS | *Exploration and Development*

#### During the quarter, Senex achieved early success in its FY17 drilling campaign on **Worrior-11**

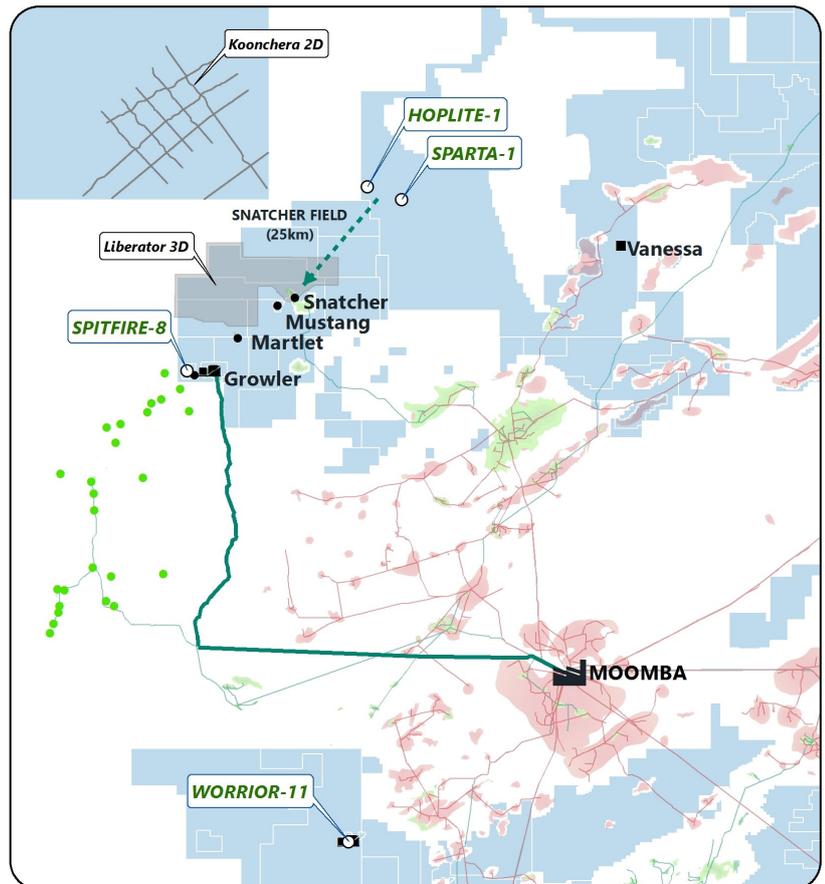
The **Worrior-11** (ex PEL 93: Senex 70% and operator) oil development well was drilled during December, and successfully intersected 11.3 metres of net pay in the target zones. The well was cased and suspended as a future producer, and the joint venture expects to bring this well online during Q3 FY17.

Since quarter end, the **Spitfire-8** appraisal well (ex PEL 104: Senex 60% and operator) was drilled to test the extent of the Birkhead reservoir on the field. The well successfully intersected hydrocarbons with an interpreted net pay of 7.2 metres in the target reservoir. This well will be cased and suspended as a producer. The rig will then move to the **Hoplite-1** exploration well in PEL 182 (Senex 57% and operator). Senex intends to drill a minimum of six wells in the Cooper Basin in FY17, primarily targeting reserves replacement.

#### Seismic surveys

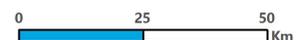
The 295 km<sup>2</sup> **Liberator 3D seismic survey** (ex PEL 111: Senex 60% and operator) was acquired during the quarter, covering the unmapped northern extent of the Snatcher oil field, and the area to its west. The survey area lies within the western flank fairway and targets Namur and Birkhead oil prospects. Processing of the seismic data will be undertaken during the second half of FY17, with interpretation to follow.

The 125 km<sup>2</sup> **Koonchera 2D seismic survey** (PEL 424: Senex 60% and operator) was also acquired during the quarter. The survey area is located 25 km north-west of the Snatcher oil field; minimal prior exploration activities have been undertaken in this part of the Basin. The survey targets structural highs that would justify further exploration activity. Processing and interpretation of the data is expected to be completed by the end of FY17, to define the forward work program.



23/01/2017  
SENEX-CORP-GI-MAO-170

- Beach operated fields
- Senex oil field
- Proposed Senex wells
- Senex gas field
- Senex operational bases
- Moomba processing facility
- Gas pipeline
- Oil pipeline
- Gas field
- Oil field
- Senex permit interests



### COOPER BASIN

#### GAS | *Vanessa gas field*

#### Senex continues to work with the SACB joint venture in evaluating commercialisation options for the Vanessa field

During the quarter, the PEL 182 JV parties agreed to run a production test on the Vanessa well to assist the evaluation of potential infrastructure solutions.

The production test commenced in January 2017 and involves a flow test of up to ten days, and an extended period of shut in to test reservoir pressure response.

#### GAS | *Unconventional gas JVs with Origin Energy*

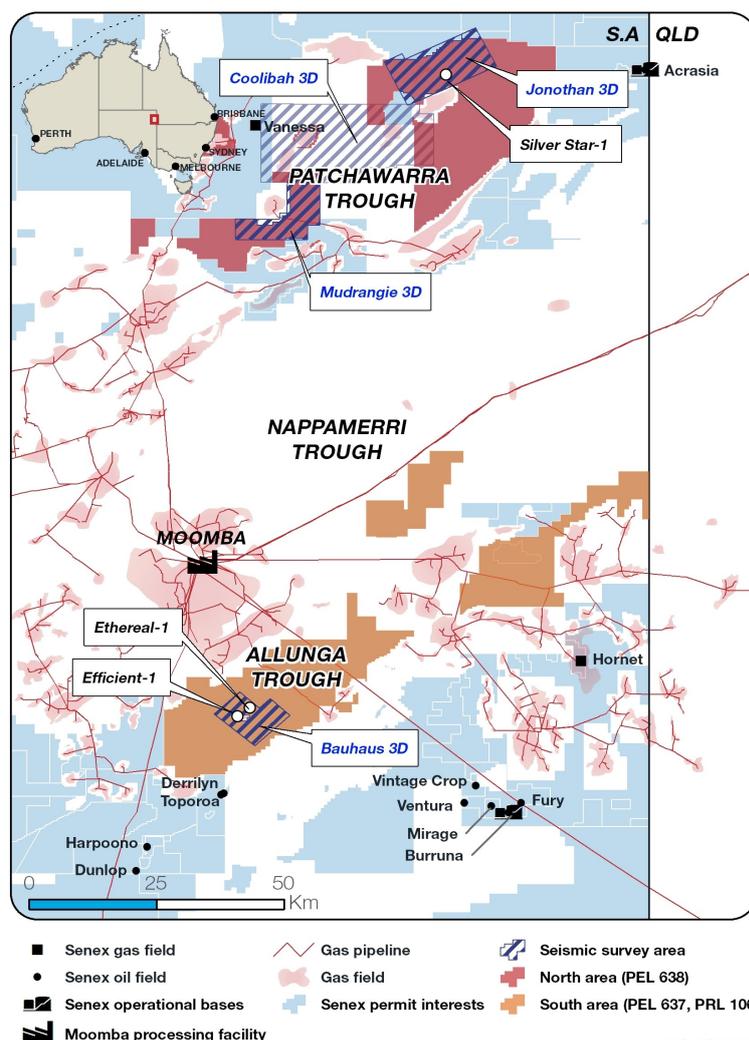
#### The Silver Star-1 gas exploration well will spud in February 2017

The original drilling schedule was delayed due to rig availability, with Easternwell 106 specifically chosen to accommodate the technical specifications of the well.

Silver Star-1 is a high impact gas exploration well targeting basin centred gas in the Permian sandstones of the Patchawarra Trough. The well is expected to be drilled to a depth of around 3,600 metres, with a potential lateral section of up to 1,500 metres. Multi-stage fracture stimulation and testing of the well is expected to follow.

In the Allunga Trough, the joint venture is awaiting materials to undertake a nitrogen lift test on the Ethereal-1 well, with the objective of increasing gas production. The well was fracture stimulated and placed on extended production test (EPT) during the prior quarter, and is currently cased and suspended.

Senex is free carried by Origin for its share of expenditure on the agreed \$105 million work program under the Senex-Origin farm-in arrangement.



10/10/2016  
SENEX-CORP-GI-MAO-176

### Conference Call

Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Graham Yerbury will hold a briefing to discuss the December quarterly results, as follows:

Date: Wednesday 25 January 2017

Time: 9am AEST

The audio briefing will be streamed live at this time and can be accessed via the Senex company page on the Open Briefing website: <http://www.openbriefing.com/OB/2377.aspx>

A recording of the teleconference will be available from 5pm AEST via the same link.

## FURTHER INFORMATION

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**ABOUT SENEX**  
*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.*

### GLOSSARY

**\$** means Australian dollars unless otherwise stated

**1P** means proved (developed plus undeveloped) reserves in accordance with the SPE PRMS

**2P** means proved plus probable reserves in accordance with the SPE PRMS

**3P** proved, probable plus possible reserves in accordance with the SPE PRMS

**ASX** means the Australian Securities Exchange operated by ASX Limited ACN 008 624 691

**ATP** means authority to prospect granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

**AVO** means amplitude variation with offset, an enhanced seismic interpretation technique using the changes in seismic reflection amplitude to determine rock-type and fluid content

**Barrel/bbl** means the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons

**boe** means barrels of oil equivalent, the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy

**bopd** means barrels of oil per day

**Bcf** means billion cubic feet

**Cooper Basin** means the sedimentary basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland

**Eromanga Basin** means the Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales

**ESP** means electric submersible pump

**Exploration** means drilling, seismic or technical studies to identify and evaluate regions or prospects with the potential to contain hydrocarbons

**FY** means financial year

**JV** means joint venture

**LPG** means liquefied petroleum gas

**mmbbls** means a million barrels

**mmboe** means a million barrels of oil equivalent

**mmscf/d** means million standard cubic feet of gas per day

**Net pay** means the smaller portions of the gross pay that meet local criteria for pay, such as porosity, permeability and hydrocarbon saturation

**OGIP** means original gas in place

**PEL** means petroleum exploration licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)

**PJ** means petajoule

**PL** means a petroleum lease granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)

**PPL** means petroleum production licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)

**PRL** means petroleum retention licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)

**Production** is the volume of hydrocarbons produced in production operations (including extended production testing)

**Reserve** means commercially recoverable resources which have been justified for development, as defined in the SPE PRMS

**SACB JV** means South Australian Cooper Basin Joint Venture (between Santos, Beach Energy and Origin Energy)

**Sales volumes** are equal to production less volumes of hydrocarbons consumed in operations (fuel, flare, vent and other shrinkage) and inventory movements

**Senex** means Senex Energy Limited ABN 50 008 942 827

**SPE PRMS** means the Petroleum Resources Management System 2007, published by SPE

**Surat Basin** means the sedimentary basin of Jurassic to Cretaceous age in southern QLD and northern NSW

**Tcf** means trillion standard cubic feet