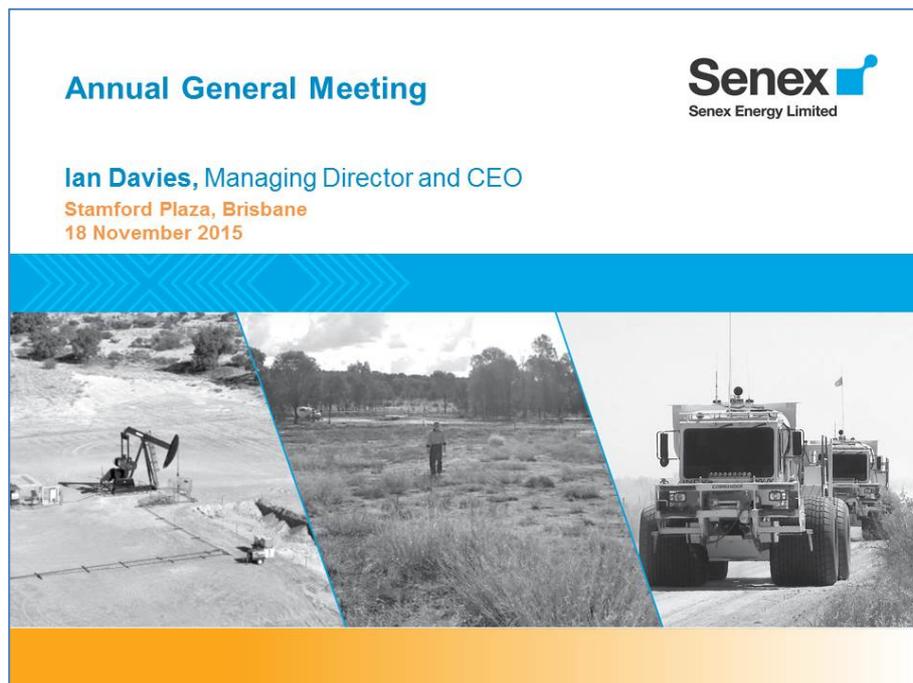


## Managing Director's Address

### Managing Director's Address to the Senex Annual General Meeting

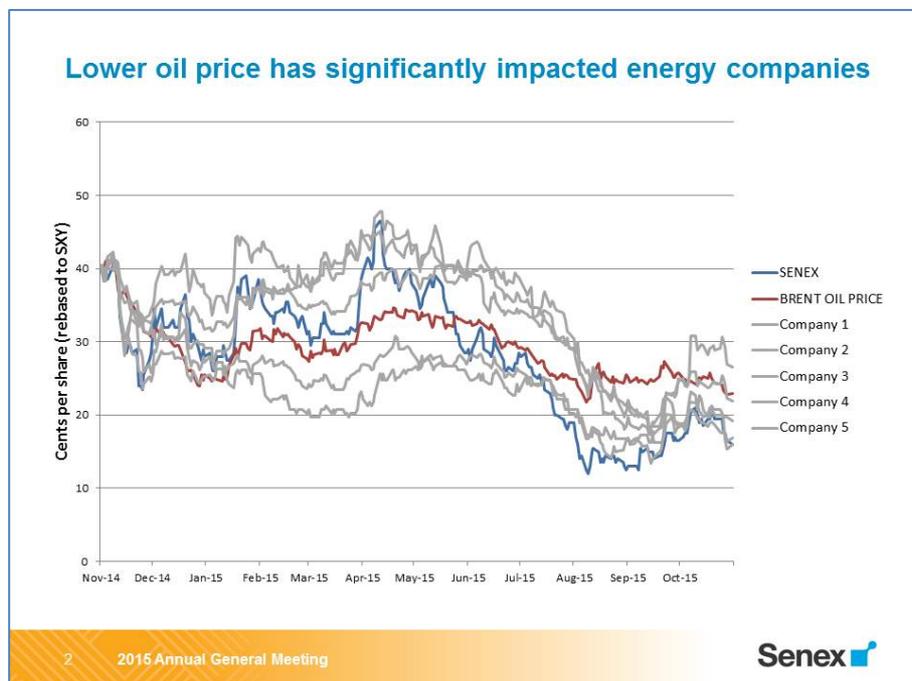
18 November 2015



Thanks Trevor and good morning Ladies and Gentlemen.

At the last AGM we had started to see the impact of a falling global oil price, and I shared our resolve to stay our strategic course and adjust to the new environment. A year on, our business is leaner and our focus areas sharpened, but our resolve has not wavered. Our vision is still firmly in sight; to be a growth focused oil and gas explorer and producer with world-class operating credentials.

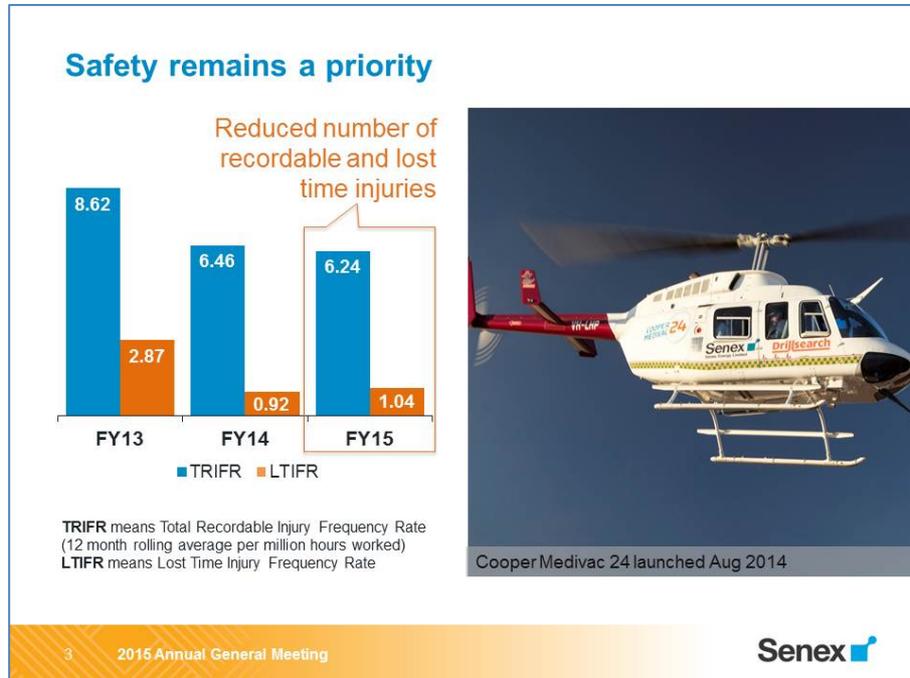
## Managing Director's Address



I echo our Chairman in that we are very unsatisfied with our share price today and we are working hard to emerge from this downturn as a stronger, more valuable company. The chart on screen shows how significant the impact of the lower oil price has been on our industry over the last 12 months.

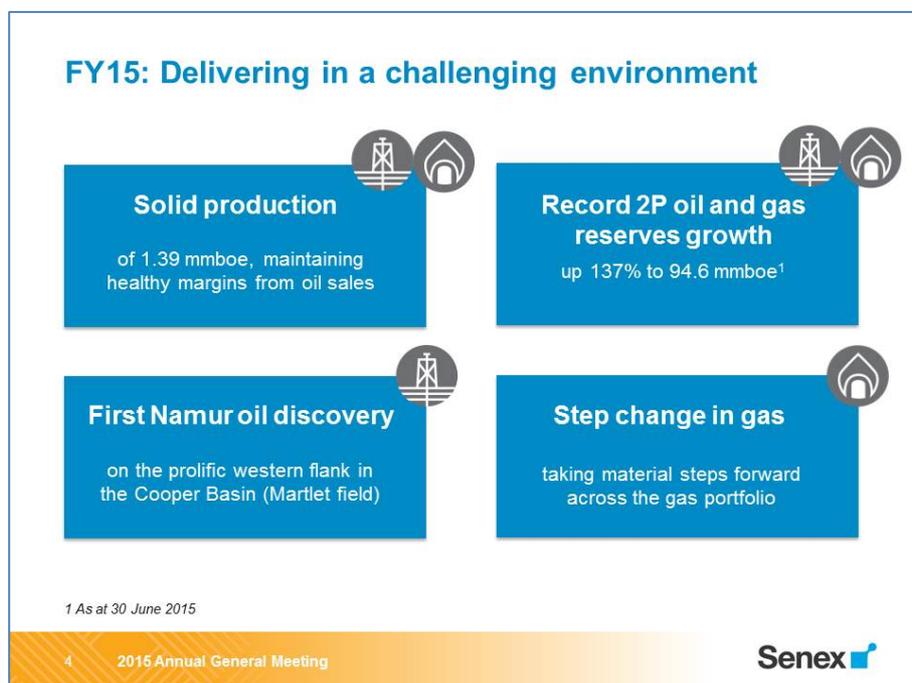
Today I will revisit Senex's performance in the 2015 financial year and the 2016 financial year to date, including our ongoing response to the lower oil price environment, and then discuss the significant progress made in delivering our strategy.

## Managing Director's Address



But first, I'm pleased to report that our safety performance again improved over the last 12 months, with a low number of recordable or lost time injuries. It can be easy for safety to slip with the distractions of the external environment and organisational changes, but we are committed to upholding and improving our safety culture. Our support of the Royal Flying Doctor Service and the Cooper Medivac 24 helicopter this year also reflect our commitment to the wellbeing of people living, working and visiting in remote South Australia.

## Managing Director's Address

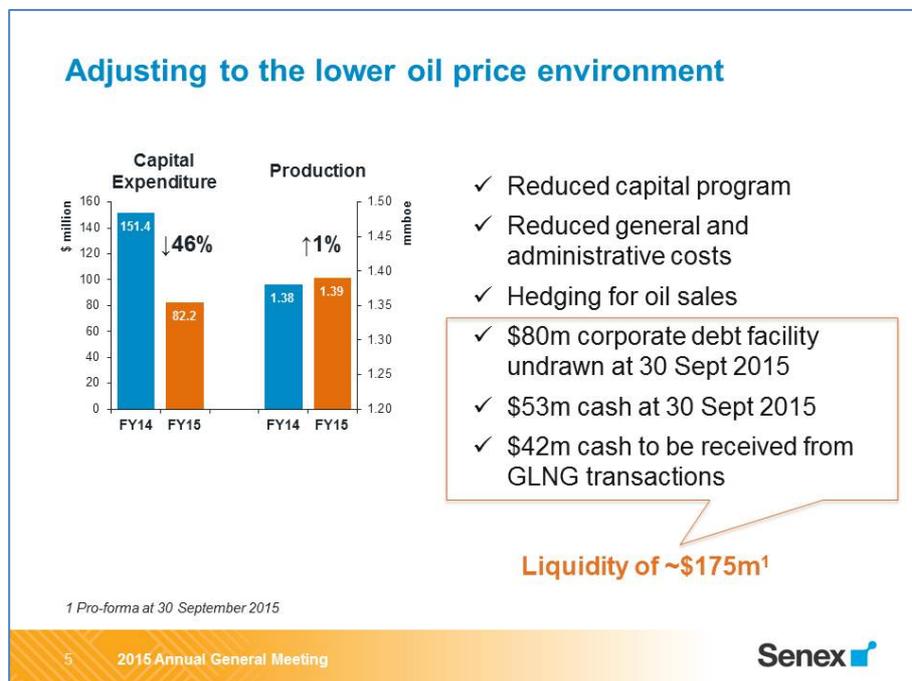


Senex's underlying operating performance in 2015 was solid, and we achieved a number of strategic milestones. Let me revisit the key operating highlights of the year.

- We achieved full year production of 1.39 million barrels of oil equivalent, in line with revised guidance, and maintained healthy margins from oil sales;
- We delivered our first western flank Namur oil discovery in the Cooper Basin;
- We achieved record proved plus probable oil and gas reserves growth; and
- We delivered a step change in the development of a material gas business.

The lower oil price environment impacted our earnings and cash flow, and compelled us to recognise a \$97 million impairment at 30 June. This was primarily recognised against non-producing assets in the Cooper Basin. Nonetheless, we entered this year in a healthy financial position and have continued to perform, evidenced by our first quarter highlights.

## Managing Director's Address



Reflecting on our response to the declining oil price, I can comfortably say that Senex acted quickly and prudently. With an expansive portfolio of oil and gas assets and growth projects over which we have majority equity and operatorship, we were able to efficiently reprioritise our capital allocation and work program. The adjusted focus was on cash preservation, low cost production from our core oil business, and continuing to progress growth projects without deploying significant capital.

Since January, we have implemented a suite of initiatives involving reduced capital expenditure, general and administrative cost savings, hedging for oil sales, and establishing an unsecured corporate debt facility. I'll briefly expand on these initiatives.

Compared to original 2015 guidance, our capital expenditure was reduced by 25 per cent to \$82.2 million. We halved our drilling program in the Cooper Basin to 13 wells and deferred selected field development or appraisal activities. We delivered full year production within our revised guidance range, continued to meet tenure commitments, and progressed key growth projects in the Cooper and Surat Basins.

We reduced our net general and administrative costs to under \$10 million during the financial year 2015, compared to over \$25 million in the prior year. Savings were achieved by reducing employee costs and corporate expenses, and were assisted by a depreciating Australian dollar.

## Managing Director's Address

We protected our oil sales revenue, which are received in US dollars, with hedging in the second half of last year. Up to one million barrels of our oil sales are hedged this year at an average floor price of A\$75 per barrel.

Our \$80 million unsecured corporate debt facility is available for three years. We have increased our cash balance by 9 per cent since 30 June to \$53.4 million at 30 September.

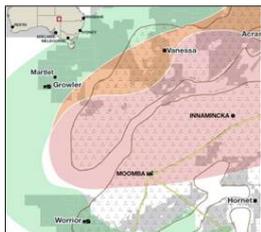
A further \$42 million in cash will be received upon completion of previously announced transactions with GLNG relating to the Western Surat Gas Project. As Trevor mentioned, assuming the receipt of the GLNG funds we anticipate a strong cash position at the end of the calendar year.

So on many fronts, we entered 2016 in good shape and our performance to date is on track.

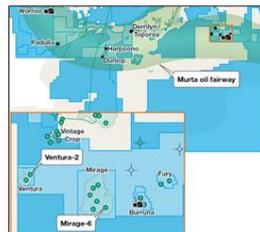
### Looking ahead | Oil



New well connections



Further drilling H2 FY16



Tight oil appraisal

6 2015 Annual General Meeting


Our first quarter oil production and sales volumes were steady. Our oil portfolio is producing in line with expectations and with new well connections and further drilling in the Cooper Basin this year, we remain confident of meeting our full year production guidance. In the week ahead we will undertake follow up drilling at the Martlet field in the Cooper Basin, spudding the Martlet-2 oil well.

As you would understand, achieving growth in our oil business is reliant on additional capital spend, and while the macro environment remains uncertain we will continue to prioritise balance sheet strength. We will have additional capital available with the cash injection from GLNG, however any ramp up in spending will remain contingent on an improvement in the macro pricing outlook.

## Managing Director's Address

We have security of tenure and our oil and gas resources remain in the ground. Because we have control over our portfolio we have the ability to rapidly scale up the work program once the outlook has improved.

### Looking ahead | Gas



Cooper Basin gas exploration (Origin Energy Joint Venture)



Vanessa gas well online in 2016 (Cooper Basin)



Western Surat Gas Project appraisal and completion of GLNG transactions

As I highlighted at last year's AGM, the annuity style cash flow that comes from a gas business is a complementary addition to our oil business, which is inherently more volatile. This is one driver of our long held strategy to diversify into gas and why we are prioritising this in the near term.

In terms of building a gas business and realising the market opportunity, we are making great strides.

In the Cooper Basin, we have just drilled the first well in our gas exploration program with Origin Energy. With encouraging results, the well was cased and suspended for fracture stimulation and extended production testing to understand the potential for gas flow. The second drilling target is expected to be spudded this quarter. The work program, for which Senex is free carried for its share, has the potential to materially increase Senex's gas reserves.

We also plan to commence gas production from the Vanessa field in 2016 with the downstream infrastructure available. This conventional gas well recorded strong flows during a 50-hour production test and is expected to generate cash flow in the second half of this financial year.

## Managing Director's Address

In the Surat Basin, we are close to completing the transactions with GLNG in relation to the Western Surat Gas Project. Put simply, the transactions with GLNG provide Senex with:

- A binding 20-year gas sales agreement for up to 50 terajoules per day;
- \$42 million dollars in cash in exchange for a small portion of our acreage;
- Provision of valuable technical and operating data; and
- Access to GLNG infrastructure.

These transactions provide Senex with a clear commercialisation and financing pathway with optionality for early gas production, and potential gas sales from late 2017. We are taking our future role as an upstream gas field operator in Queensland seriously. With a decades-long outlook, we are working closely with all stakeholders early to establish the foundations for collaborative, safe and efficient operations. I look forward to updating you on our progress with this project in the months ahead.



Ladies and Gentlemen, our resolve to generate long term shareholder value remains firm. We have the right strategy, assets and people to make this happen. We have proven we can perform against market headwinds and realise market opportunities. I continue to have a passion for this company and enthusiasm about our future and thank you for your continued support.

**Ian Davies**  
**18 November 2015**

## Managing Director's Address



Registered office:  
144 Edward Street  
Brisbane QLD 4000

Ph. +61 7 3335 9000

[www.senexenergy.com.au](http://www.senexenergy.com.au)

### FURTHER INFORMATION

**Investor Enquiries:**

Ian Davies

**Managing Director**

Senex Energy Limited

Phone: (07) 3335 9000

Tess Palmer

**Investor Relations Manager**

Senex Energy Limited

Phone: (07) 3335 9719

**Media Enquiries:**

Rhianne Bell

**Corporate Communications Manager**

Senex Energy Limited

Phone: (07) 3335 9859

### 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 over one million barrels of oil annually, and is successfully developing a gas business including the western Surat Gas Project in Queensland.*

## Managing Director's Address

### 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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### 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.

**2P** means proved plus probable reserves in accordance with the SPE PRMS (Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers).

**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.