HIGHLIGHTS

During the first quarter of FY17, Senex Energy (Senex, the Company, ASX:SXY) achieved material progress on its flagship gas project (WSGP) against the backdrop of an improving macro outlook for global energy markets. Against the previous quarter, highlights include:

- Significant on the ground progress on the Western Surat Gas Project, with appraisal wells online by end 2016
- Commencing a multi-well oil exploration campaign on PEL182, with first of two Namur oil prospects to spud by end 2016
- Net production for the September quarter of 210,000 bbls, down 5% on natural field decline
- Sales revenue of $10.0 million, down 36%, on lower realised oil price
- Capital expenditure for the September quarter of $6.8 million, primarily on the Western Surat Gas Project
- Continued strong balance sheet at 30 September 2016 with cash balance of $93.5 million and additional undrawn bank facilities of $77 million
- Second half FY17 hedging program completed, offering downside protection under US$55 per barrel (swaps) and upside participation above US$60 per barrel (call options)

### KEY PERFORMANCE METRICS

<table>
<thead>
<tr>
<th>Metric</th>
<th>September Quarter Q1 FY17</th>
<th>June Quarter Q4 FY16</th>
<th>Quarter on Quarter change</th>
<th>September Quarter Q1 FY16</th>
<th>Quarter on Quarter change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Production (mmboe)</td>
<td>0.21</td>
<td>0.22</td>
<td>(5%)</td>
<td>0.28</td>
<td>(25%)</td>
</tr>
<tr>
<td>Net Sales volumes (mmboe)</td>
<td>0.19</td>
<td>0.21</td>
<td>(10%)</td>
<td>0.26</td>
<td>(27%)</td>
</tr>
<tr>
<td>Sales revenue ($ million)</td>
<td>10.0</td>
<td>15.7</td>
<td>(36%)</td>
<td>18.8</td>
<td>(47%)</td>
</tr>
<tr>
<td>Cash ($ million)</td>
<td>93.5</td>
<td>102.4</td>
<td>(9%)</td>
<td>53.4</td>
<td>75%</td>
</tr>
<tr>
<td>Average realised oil price (A$ per barrel)</td>
<td>53</td>
<td>75</td>
<td>(29%)</td>
<td>73</td>
<td>(27%)</td>
</tr>
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Construction of tank pad on Glenora block, Surat Basin
Sales revenue decreased to $10.0 million, reflecting a lower realised oil price and lower production.

- The average realised oil price for the September quarter was A$53 per barrel, down 29% on the prior quarter. While Brent crude oil prices remained relatively flat compared with the prior quarter, Senex did not receive any hedging settlements on sales volumes. The price paid for the hedging protection was A$8 per barrel, which reduced the average realised oil price. This compares to the prior year which saw material hedging benefits of A$13 per barrel received, after accounting for the hedging cost.

- Sales volumes for the September quarter were 190,000 barrels, down 10% on the previous quarter primarily given lower production due to natural field decline, as well as timing impacts of oil sales revenue recognition.

**SALES**

<table>
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<tr>
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<td>Oil sales (mmboe)</td>
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- Hedging in place for the first half of FY17 guarantees an average Brent crude oil price floor price of US$45 per barrel, without limiting Senex’s exposure to the upside from higher oil prices.

- In early October, Senex secured hedging instruments for the majority of oil sales in the second half of FY17. The hedging program consists of swaps providing downside protection below US$55 per barrel, and call options providing upside participation above US$60 per barrel.

**Capital expenditure of $6.8 million was incurred during the quarter.**

- Capital expenditure for the quarter mainly related to the Western Surat Gas Project, with construction work commencing on the first phase appraisal program, as well as continued full field development planning.

- Capital expenditure will increase during FY17 in line with guidance as work continues on the appraisal program in the Surat Basin, and drilling recommences in the Cooper Basin late in 2016.
Senex delivered net oil production of 210,000 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 a routine workover of the Growler-3 well.

Wet weather conditions have caused delay to some capital projects in the Cooper Basin but have had no material impact. Senex continues to monitor weather conditions in the region.
SURAT BASIN

GAS | Western Surat Gas Project

Senex to bring first appraisal wells online by end 2016.

During the quarter Senex commenced construction of surface facilities required to bring the Glenora pilot wells online, including gathering lines, wellhead skids and a water storage tank pad. Completion of the five existing Glenora wells has also begun with Senex utilising the extensive regional experience of global oilfield services provider Schlumberger.

Key work program activities to achieve first gas production from the Glenora pilot—including land access arrangements, cultural heritage clearance and environmental approvals—have been secured.

In addition, the Company has kicked off the plug, abandonment and rehabilitation of legacy QGC wells with local Roma supplier Wild Desert. Senex received $20 million from QGC in 2014 to complete this work.
The completion of the Glenora pilot wells marks the first extended production testing by Senex in the area and is an important step in our continuing appraisal of the Western Surat Gas Project.

The Company intends to run a thorough appraisal program across the Project acreage in order to de-risk execution and achieve an optimal full field development plan.

Production data from the Glenora pilot will be utilised to characterise the reservoir in proximity to those wells, and should result in an inventory of step-out locations for future development drilling. Senex expects production from the Glenora pilots to conform to the typical profile of coal seam gas wells, with a period of dewatering to precede a gradual increase in gas production rates.

Senex continues to work with GLNG to progress a raw gas sales agreement from the Glenora pilot.

Full field development planning progressing

Senex continues to analyse potential full field development scenarios, considering all appropriate inputs including a comprehensive financing strategy. All long lead activities (including permit approvals and land access) are being progressed while this process of project de-risking takes place.
COOPER BASIN

OIL AND GAS | Exploration and Development

Exploration drilling to recommence in the Cooper Basin in late 2016.

Senex and its joint venture partner Beach have agreed the first two well locations of a multi-well campaign in PEL182 (Senex 60% and operator). The two wells (Spartan-1 and Hoplite-1) are targeting Namur oil horizons and have been defined by the Jasmine 3D seismic survey, located on acreage over which there has been minimal prior exploration.

Senex intends to drill a minimum of six wells in the Cooper Basin in FY17, primarily targeting reserves replacement. Exploration and development drilling prospects are being progressed in conjunction with joint venture partners, with rigs and other field services currently readily available in the Basin.

The Cooper Basin remains core to Senex’s growth strategy and the Company looks forward to increasing capital deployment as the oil pricing outlook improves.

Snatcher field (Senex 60% and operator)

Acquisition of the Liberator 3D seismic survey is due to commence in the second quarter of FY17 and will cover the unmapped northern extent of the Snatcher field. The additional information the seismic survey will provide is required for further development of this field.
GAS | Unconventional gas JVs with Origin Energy

The Silver Star-1 gas exploration well will be spudded before the end of 2016.

Silver Star-1 is a high impact gas exploration well targeting basin centred gas in the Permian sandstones of the Patchawarra Trough. The well has been identified from the Jonothan 3D seismic survey and is in close proximity to the existing Moondie-1 and Beanbush-1 discoveries.

The well is expected to be drilled to a depth of around 3,600 metres. Should the properties of the reservoir successfully meet certain thresholds defined by the joint venture, a lateral section of up to 1,500 metres will then be drilled. Multi-stage fracture stimulation and testing of the well is expected to follow.

Senex is free carried by its joint venture partner Origin for expenditure on Silver Star-1 (under the Senex-Origin farm-in arrangement), with the total cost of the well estimated at approximately $15 million.

In the south area (Allunga Trough), the unconventional gas exploration well Ethereal-1 was fracture stimulated and placed on extended production test (EPT) during the quarter. With production performance below expectations, the joint venture now plans to undertake a nitrogen lift test with the objective of increasing gas production.

In the meantime, a geomechanical study is underway to incorporate the results of the fracture stimulation and EPT into the regional model.
Conference Call

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

Date: Monday 17 October 2016
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/2286.aspx](http://www.openbriefing.com/OB/2286.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

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