

FY18 guidance on a non-recurring gain and impairment

Release Date: 15 August 2018

Senex Energy Limited (Senex, ASX: SXY) expects to recognise the following items in its 2018 full year accounts to be released on 21 August 2018.

During the second half of FY18 Senex made significant progress to simplify the business in line with its capital allocation priorities:

1. Successful development of its suite of high quality east coast gas projects, including the Western Surat Gas Project and Project Atlas;
2. Disciplined exploration, appraisal and development of Cooper Basin western flank oil assets; and
3. Other opportunities that complement Senex's strategic priorities and do not compromise the above.

In line with this initiative, the Company announced the termination of the Senex-Beach unconventional gas joint venture with consideration of up to \$43 million transferred as a free-carry commitment to the mutually owned Senex-operated Cooper Basin western flank oil assets. This transaction was completed in the second half of FY18, resulting in the recognition of a non-recurring gain.

Progress has also been made to rationalise non-core Cooper Basin assets, with certain acreage divested, farmed-down and relinquished since the beginning of 2018. The remaining non-core exploration acreage in the portfolio has been impaired to nil value in line with the accounting treatment for the evaluation of mineral resources¹ given Senex has no current plans for substantive expenditure on these assets.

In summary, Senex expects to recognise the following items in FY18:

- **Gain of approximately \$17 million in the second half of FY18** on the completion of the Beach Energy transaction, representing the difference between Senex's firm 60% share of the consideration and the carrying value of the Senex-Beach unconventional gas permits.
- **Additional non-cash impairment charges for the second half of FY18 of approximately \$33 million**, bringing the full year total impairment to \$113 million, on certain non-core Cooper Basin exploration assets.

This non-recurring gain and impairment are subject to finalisation of Senex's full year accounts, which are expected to be released to the ASX on Tuesday 21 August 2018.

FURTHER INFORMATION

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ABOUT SENEX ENERGY

Senex is an ASX-listed, growing and independent Australian oil and gas company with a 30-year history. We manage a strategically positioned portfolio of onshore oil and gas assets in Queensland and South Australia, with access to Australia's east coast energy market. Senex is focused on creating sustainable value for shareholders by leveraging our capability as a low cost, efficient and safe explorer and producer.

¹ Under the relevant accounting rules (AASB 6), exploration assets are required to be reviewed for impairment when a trigger is identified, for example, when substantive expenditure on further exploration is neither budgeted nor planned. In such a case, an entity shall perform an impairment test and any impairment loss is to be recognised in that period.