

## FY19 production and capital expenditure guidance

Release Date: 29 October 2018

Senex Energy Ltd (Senex, ASX: SXY) provides the following guidance in relation to FY19 production and capital expenditure:

- **FY19 production guidance of 1.1 – 1.5 mmbœ (FY18: 0.8 mmbœ)**
  - **Production growth from recent oil drilling successes and gas volume ramp-up**
- **FY19 capital expenditure (net to Senex) of \$110 – 130 million (FY18: \$80 million)**
  - **Acceleration of Surat Basin natural gas development programs and active oil exploration and development activity in the Cooper Basin**

In addition to FY19 guidance, Senex today announced completion of its \$150 million senior secured debt facility, Final Investment Decisions for the Project Atlas and Roma North natural gas developments, and details of the multi-year work programs for these projects. Refer separate announcements of 29 October 2018 for further information.

Commenting on today's guidance announcement, Senex Managing Director and CEO Ian Davies said:

"2019 will be an active and exciting year for Senex as we accelerate exploration and development programs to drive a step-change in production and cash flow.

"In the Surat Basin, execution of the Project Atlas and Roma North natural gas development programs will continue, and in the Cooper Basin a 10-well exploration and development campaign is underway.

"Having reached financial close of our \$150 million debt facility, these programs underpin a targeted increase in annual production to four million barrels of oil equivalent over the medium term, establishing Senex as a material supplier of natural gas to the east coast market."

### Production

Senex expects its production growth trajectory to continue, with material increases in both oil and gas volumes. Oil production is expected to exceed FY18 levels with full year contributions from the FY18 Marauder discovery and the Growler horizontal well, and two commercial oil discoveries from the first three wells of the FY19 drilling campaign expected to be brought online in Q2 FY19.

Gas production is forecast to increase materially as Roma North wells in the Western Surat Gas Project (WSGP) continue to ramp up and the Vanessa Field in the Cooper Basin contributes its first full year of production. FY19 production guidance is summarised below.

Production (mmbœ)	FY17	FY18	FY19	Growth
Oil	0.75	0.75	0.8 – 1.0	
Gas and gas liquids	Nil	0.09	0.3 – 0.5	
<b>Total</b>	<b>0.75</b>	<b>0.84</b>	<b>1.1 – 1.5</b>	<b>30% - 80%</b>

## Capital expenditure

FY19 will see acceleration of Senex's Project Atlas and Roma North natural gas development programs in the Surat Basin, and active oil exploration and development drilling in the Cooper Basin. Activities in FY19 will create the foundation for a step-change in production and cash flow over the medium term, while maintaining significant optionality for ongoing growth from Senex's existing acreage.

FY19 capital expenditure guidance is summarised below.

Capital expenditure (\$ million)	FY19 guidance	Key components
Surat Basin program <sup>1</sup>	85 – 105	<p><u>Project Atlas</u></p> <ul style="list-style-type: none"> <li>• Land access, environmental and regulatory approval processes</li> <li>• Construction of water management facilities</li> <li>• Construction of gas and water gathering network</li> <li>• Development well drilling and connections</li> </ul> <p><u>WSGP</u></p> <ul style="list-style-type: none"> <li>• Construction and commissioning of gas processing facility</li> <li>• Construction of water management facilities and monitoring bores</li> <li>• Development well drilling and connections</li> <li>• Five exploration and appraisal wells in broader WSGP / Don Juan acreage</li> </ul>
Cooper Basin program	Up to 45	<ul style="list-style-type: none"> <li>• Ten-well western flank drilling campaign</li> <li>• Westeros 3D seismic survey acquisition</li> <li>• Gemba gas discovery testing</li> <li>• Field optimisation activities</li> <li>• Stay in business activity</li> </ul>
Other	Up to 5	
<b>Total capital program</b>	<b>135 – 155</b>	
Less: Cooper Basin free-carry <sup>2</sup>	Up to (25)	
<b>Net to Senex</b>	<b>110 – 130</b>	<b>(FY18: \$80 million)</b>

<sup>1</sup> Excludes capital expenditure for the 40 TJ/day gas processing facility and pipeline under construction by Jemena. Refer ASX announcement of 18 June 2018 for further details.

<sup>2</sup> As announced on 16 April 2018, Senex and Beach Energy Ltd agreed the transfer of up to \$43 million (gross) of free-carry commitment from the joint venture's unconventional gas project to the Cooper Basin western flank oil assets. No additional interest in the Cooper Basin western flank oil assets will be earned by Beach through this free-carry arrangement.

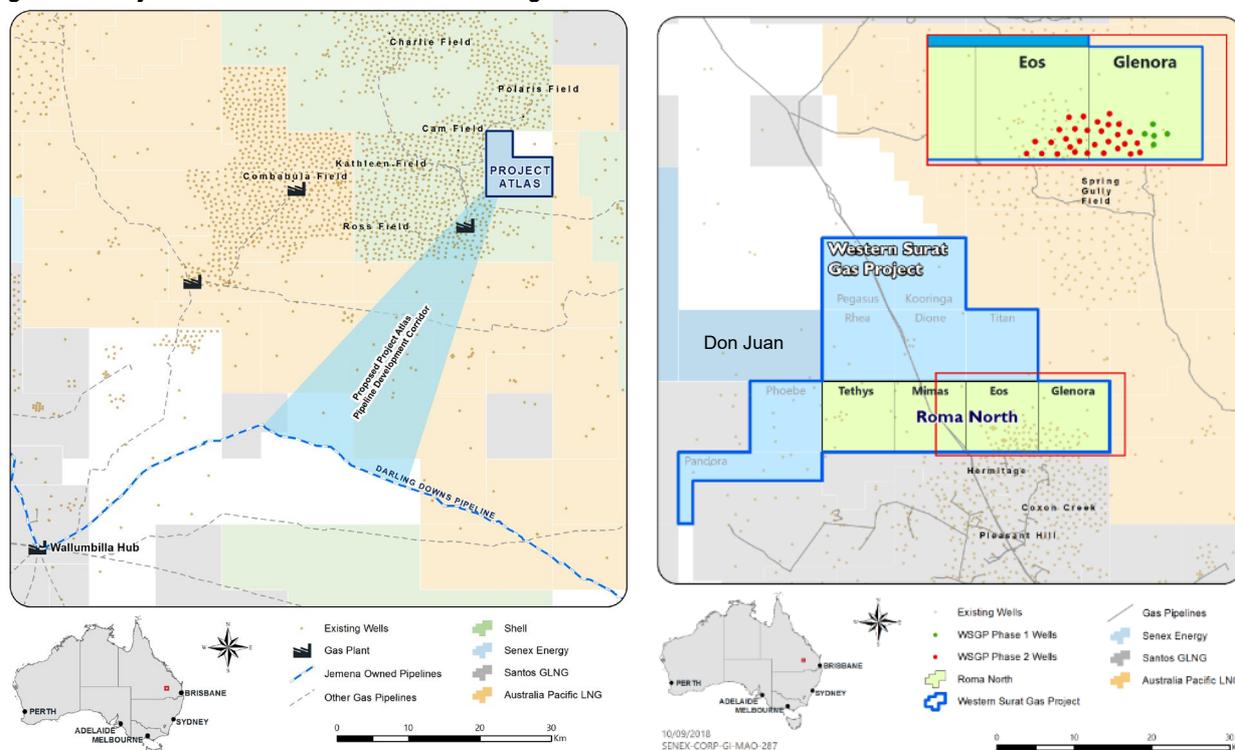
## Surat Basin

An integrated drilling and connection campaign across the Project Atlas and Roma North acreage will commence late Q3 FY19. An initial 15-well campaign under our existing tenure and approvals in Project Atlas will provide gas for commissioning of the processing facility. As announced on 18 June 2018, Jemena is funding and constructing a 32 TJ/day (~2 mmboe per annum) gas processing facility, 8 TJ/day of installed redundant capacity, pipelines and associated infrastructure. Procurement of long lead items is underway.

In Roma North, key activities include construction and commissioning of the gas processing facility and associated infrastructure, and commencement of the next phase of drilling. A 16 TJ/day (~1 mmboe per annum) facility will be constructed with modular design to allow rapid low-cost expansion to 24 TJ/day subject to further appraisal of acreage and strong well performance. Drilling is expected to commence post the initial 15 wells in Project Atlas.

Ongoing exploration and appraisal activity will also be undertaken in the broader WSGP and Don Juan acreage, with drilling of five wells. These wells are designed to appraise reservoirs and inform future well locations. This program began in Q1 FY19 with the Dione-10 appraisal well in the northern WSGP acreage, and the Indy East-1 and Carnarvon-5 wells in the Don Juan acreage. Two further exploration wells have recently been completed in the Don Juan acreage. Results were in line with expectations and will support ongoing studies in the region.

Figure 1: Project Atlas and Roma North acreage



## Cooper Basin

A 10-well oil exploration and development campaign is underway in the western flank of the Cooper Basin. The program is seeking to add new reserves from near-field and step-out exploration wells and accelerate production from existing fields via horizontal development wells. Exploration prospects were identified from the merged Liberator 3D seismic survey, and horizontal development wells follow on from the successful Growler-15 well in FY18. Success already achieved from the FY19 drilling campaign is expected to support increased production in FY19 and follow-on appraisal and development activity for FY20 and beyond.

In addition to western flank drilling activity, Senex will acquire the ~600 km<sup>2</sup> Westeros 3D seismic survey to address the highly prospective Namur Sandstone and support testing of a southern extension of the western flank. In PEL 516 in the south of the basin, fracture stimulation testing of the Gemba gas discovery will be undertaken.

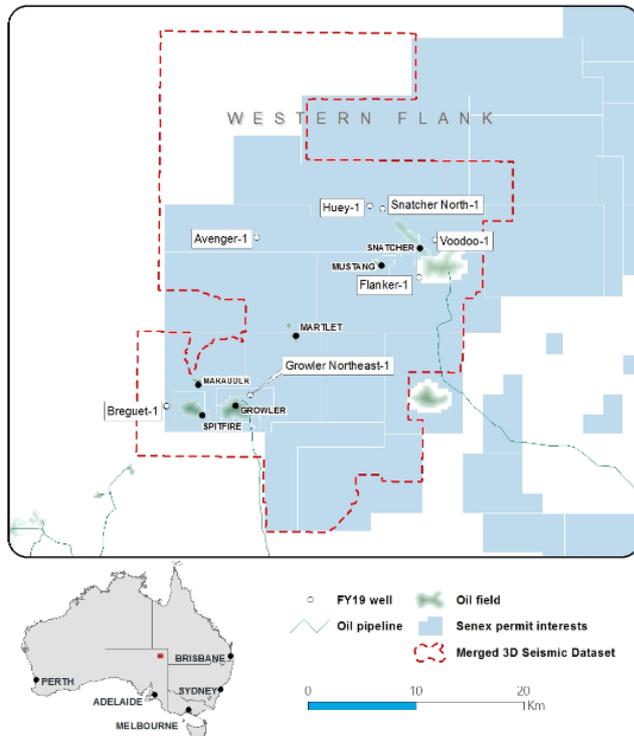
An FY19 Cooper Basin capital program of up to \$45 million is planned, of which up to \$20 million net to Senex is expected. This reduced level of capital expenditure is due to the April 2018 agreement with Beach Energy Ltd to transfer up to \$43 million of free-carry commitment from the joint venture's unconventional gas project to the Senex operated Cooper Basin western flank oil assets. Accordingly, this free-carry will fund the majority of western flank drilling and connection costs in FY19.

The FY19 program has begun successfully, with two commercial oil discoveries from the first three exploration wells. Breguet-1 and Snatcher North-1 have been cased and suspended and are expected online in Q2 FY19. A third well, Growler Northeast-1, encountered moveable hydrocarbons and has identified an area of interest in the Growler Halo area that is now being evaluated.

Wells and objectives for the FY19 drilling program are summarised below, with well locations shown in figure 2.

Well	Type	Timing	Objective	Result
Breguet-1	Exploration	Q1	Near field exploration on proven play	✓ Success: C&S
Growler Northeast-1	Appraisal	Q1	Appraisal of possible northeast extension of the Growler Field	✓ Met objectives: P&A
Snatcher North-1	Exploration	Q1	Near field exploration on northern extension of proven play	✓ Success: C&S
Huey-1	Exploration	Q2	Exploration well on proven play	
Avenger -1	Exploration	Q2	Exploration well on proven play	
Flanker-1	Exploration	Q2	Near field exploration testing mid Birkhead reservoir	
Voodoo-1	Exploration	Q2	Near field exploration testing mid Birkhead reservoir	
Growler-16	Dev. (Hz)	Q2	Horizontal development well	
Growler-17	Dev. (Hz)	Q3	Horizontal development well	
TBC	Exploration	Q3	Location and objectives to be agreed post testing of Breguet-1 and Snatcher North-1	

Figure 2: Cooper Basin FY19 well locations



## FURTHER INFORMATION

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## ABOUT SENEX

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.