

ASX Announcement

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Senex COVID-19 response and business update

Senex Energy Ltd (Senex, ASX: SXY) today provided an update on its response to COVID-19, and details of Senex's robust balance sheet and resilience in the current lower oil price environment.

COVID-19 response

Managing Director and CEO Ian Davies said Senex has an important role to play in supporting the community to limit the spread of COVID-19, and is implementing important business continuity measures for the Company.

"Senex's highest priority is the safety and well-being of our employees and the communities in which we operate, and accordingly we have enacted strict protocols across our business in respect to travel restrictions, field access arrangements, hygiene discipline and social distancing at our offices and work sites.

"Senex is working closely with Government, industry bodies and our joint venture partners to ensure these and other important measures are agreed and implemented, allowing continuing operations to fulfil the vital energy requirements of the domestic market", Mr Davies said.

Diversified revenue streams, low-cost operations and robust balance sheet in a lower oil price environment

Senex is in a strong financial position with resilient cashflows from its low-cost oil and gas operations. Further, Senex's transformational Surat Basin work program is to be completed in the coming months, with the Company retaining full discretion as to growth capital expenditure through its 100% operated asset position and disciplined approach.

Senex's oil and gas portfolio generates revenue from fixed price domestic gas contracts, oil-linked gas contracts and oil production with material downside hedging in place. A summary of Senex's price exposure is provided below.

- In the Cooper Basin, over 500,000 barrels of oil production is hedged for the 18-month period to 30 June 2021 at prices between A\$90-95/bbl.
- At Roma North, the oil-linked gas sales agreement with GLNG has downside price protection built into the contract and delivers positive operating cashflow at below US\$15/bbl and gas revenue of more than A\$5/GJ at current spot oil prices (US\$27/bbl) and exchange rates (AUD/USD 0.60).
- At Atlas, over 60% of expected gas production through to the end of calendar year 2022 is contracted at strong fixed prices.
- 95% of Surat Basin gas production is contracted for calendar year 2020.

As at 29 February 2020, Senex had strong liquidity with cash reserves of \$105 million and drawn debt of \$125 million. Senex's debt facility was sized to deliver our transformational Surat Basin gas projects, with peak net debt of less than \$80 million expected in Q1 FY21 upon completion of the work programs and at the commencement of free cash flow generation. Senex continues to enjoy strong banking syndicate support.

Operations update

Easternwell Rig 27 returned to Atlas in early March 2020 and has subsequently drilled and completed four wells. In total, 27 wells of the reduced 50 well Atlas campaign have now been drilled and completed, with 23 wells on production.

Gas production in the Surat Basin continues to perform well as Roma North and Atlas production ramps towards initial capacity of 48 TJ/day. Surat Basin gas production has now reached 27 TJ/day.

Field operations and work programs are currently proceeding with minimal disruption following the implementation of strict COVID-19 protocols and business continuity measures. There is no change to expected FY20 production of 1.8-2.0 mmmboe and expected FY20 EBITDA of \$40-50 million.

We will continue to monitor the impact of COVID-19 on our business and will update the market as appropriate.

Outlook

Managing Director and CEO Ian Davies said that Senex's resilient and low-cost business model and decisive actions in response to COVID-19, position the Company well to continue to deliver material operating cashflow in a lower oil price environment.

"Senex is in a strong financial position to complete our transformational Surat Basin gas projects and begin generating material free cash flow.

"Our low-cost operating model, diversified revenue streams and 100% operated asset position provide full discretion in respect of growth capital expenditure, and we will continue to be very disciplined in our approach.

"We remain focused on the safety and well-being of our staff, contractors and communities as our operations contribute to the ongoing vital energy needs of our customers and the east coast gas market", Mr Davies said.

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About Senex

Senex is a growing Australian oil and natural gas explorer and producer. We are focused on creating sustainable value for all stakeholders through low-cost, efficient and safe operations in the Surat and Cooper basins. Senex is helping to meet the energy challenge on the east coast of Australia through natural gas development projects which include Atlas, Australia's first dedicated domestic gas acreage.