

Quarterly report

For the quarter ended 31 March 2021



Highlights



Senex Energy Ltd (Senex, ASX: SXY) delivered robust operational and financial performance as well as inaugural dividends in Q3 from its high-growth, low-risk Surat Basin foundation asset base. Total production increased 8 per cent from the previous quarter to 4.6 PJ, with peak production reaching nameplate capacity of 52 TJ/day (~19 PJ/year). Balance sheet strength continued to be a standout feature as the completion of the sale of our Cooper Basin business in March resulted in a buoyant net cash position of \$36 million at the end of the quarter. The quality of our foundation assets and operational capability continues to enable development of our extensive 2P reserves of 780 PJ and our targeted five-fold growth in annual production to more than 60 PJe by the end of FY25.

- **Natural gas production rose 8 per cent to 4.6 PJ:** Daily peak production of 52 TJ/day (~19 PJ/year) reached, with Atlas production up 5 TJ/day, or 18 per cent
- **Sales revenue increased 19 per cent to \$33.2 million:** Largely due to greater production from Atlas and improved realised pricing from Atlas and oil-linked Roma North
- **Completion of sale of Cooper Basin business:** The sale to Beach Energy for \$87.5 million, announced in November 2020, completed on 1 March 2021
- **Additional customer contracts signed:** New gas sales agreements were secured, including with CleanCo Queensland for 2.55 PJ in 2022
- **Growth projects progressed:** FEED activities progressed for the expansion of Senex's Surat Basin natural gas production to 96 TJ/day (35 PJ/year), with an end-FY25 production target of more than 60 PJ/year
- **Inaugural dividends announced in February:** Dividends commenced, with ordinary and special dividends announced as part of the H1 FY21 results and paid in April

Comments from Managing Director and CEO Ian Davies

"Senex continued its quality operational and financial performance from our high-growth, low-risk natural gas assets, growing production and declaring a dividend for the first time.

"We have more than doubled production in the past 12 months, reaching nameplate capacity in the past quarter, to produce the equivalent of about 10 per cent of Queensland's gas demand.

"Senex also advanced future growth, with the Roma North expansion to 24 TJ/day on track for production in Q1 FY22, and FEED activities advancing to increase Surat Basin natural gas production to 96 TJ/day, or around 35 PJ/year.

"Senex is firmly focused on balance sheet strength, enhanced shareholder returns and tripling growth to our end-FY25 production target of more than 60 PJ/year," Mr Davies said.

Key performance metrics for continuing operations ¹	March Q3 FY20	December Q2 FY21	March Q3 FY21	Qtr on Qtr Change	FY21 YTD
Total production	2.1 PJ (0.36 mmboe)	4.3 PJ (0.74 mmboe)	4.6 PJ (0.80 mmboe)	8%	12.6 PJ (2.17 mmboe)
Total sales volumes ²	2.4 PJ (0.42 mmboe)	4.0 PJ (0.69 mmboe)	4.8 PJ (0.82 mmboe)	19%	12.2 PJ (2.09 mmboe)
Total sales revenue (\$ million)	22.0	27.9	33.2	19%	83.3
Average realised gas price (\$/GJ) ³	8.2	6.2	6.8	10%	6.4
Net cash / (debt) (\$ million)	(26.3)	(52.0)	36.0	\$88.0 million	36.0

¹ Continuing operations exclude Cooper Basin assets. Senex announced on 1 March 2021 the completion of the \$87.5 million sale to Beach Energy

² Includes third-party gas purchases of 0.6 PJ in Q3 FY20, 0.2 PJ in Q2 FY21 and 0.5 PJ in Q3 FY21

³ Average realised gas price excludes impact of oil price-linked hedges

Financial



Sales volumes and revenue

Sales volumes, for continuing operations, of 4.8 PJ were 19 per cent higher than the previous quarter due to the continued ramp-up in Atlas production and an increase in gas purchase volumes.

Sales revenue from continuing operations of \$33.2 million was 19 per cent higher than the prior quarter due primarily to increased Atlas production volumes during ramp-up and improved realised pricing at both Atlas and Roma North. The average realised Australian dollar gas price for the portfolio was up 10 per cent to \$6.80/GJ (Q2 FY21: \$6.20/GJ).

Sales volumes and revenue from continuing operations	March Q3 FY20	December Q2 FY21	March Q3 FY21	Qtr on Qtr Change	FY21 YTD
Gas sales volumes ⁴ (PJ)	1.9	3.8	4.3	13%	11.4
Third-party gas purchase volumes (PJ)	0.6	0.2	0.5	150%	0.8
Total sales volumes (PJ)	2.4	4.0	4.8	19%	12.2
Total sales revenue (\$ million)	22.0	27.9	33.2	19%	83.3
Average realised gas price (\$/GJ) ⁵	8.2	6.2	6.8	10%	6.4

NB. Totals throughout report may not add due to rounding



A new gas sales agreement was agreed with CleanCo Queensland for 2.55 PJ, which will keep helping the cleaner energy generator to provide power to the community

⁴ Senex own product

⁵ Average realised gas price excludes impact of oil price-linked hedges

Financial



Liquidity

As at 31 March 2021, Senex had strong liquidity with cash reserves of \$111 million and a net cash position of \$36 million following the completion of the Cooper Basin asset sale on 1 March 2021. Drawn debt reduced to \$75 million, following a voluntary \$35 million debt prepayment in the quarter that is available for redraw.

\$ million	March Q3 FY20	December Q2 FY21	March Q3 FY21	Qtr on Qtr Change
Cash reserves	98.7	58.0	111.0	91%
Drawn debt	125.0	110.0	75.0	(32%)
Undrawn debt	0	15	50	150%
Net cash / (debt)	(26.3)	(52.0)	36.0	\$88.0 million

Capital expenditure

Capital expenditure from continuing operations of \$7.9 million was 4 per cent lower for the quarter (Q2 FY21: \$8.3 million) as expansion activity continued (refer Development Update section on page 5).

\$ million	March Q3 FY20	December Q2 FY21	March Q3 FY21	Qtr on Qtr Change	FY21 YTD
Exploration and appraisal	0.6	0.3	0.0	(83%)	0.2
Development, plant and equipment	39.1	8.0	7.9	(2%)	22.5
Capital expenditure	39.7	8.3	7.9	(4%)	22.7

Hedging

A total of 54,430 barrels of oil-equivalent production is hedged for the three months ending 30 June 2021 using swaps with an average price of A\$90/bbl. A further 609,287 barrels of oil equivalent production is hedged at US\$56/bbl for 24 months commencing 1 July 2022.

Oil swaps	FY21 (April - June)	FY22 - FY23
Volume (kbbbl)	54	609
Weighted average swap price (A\$/bbl)	90	n/a
Weighted average swap price (US\$/bbl)	n/a	56

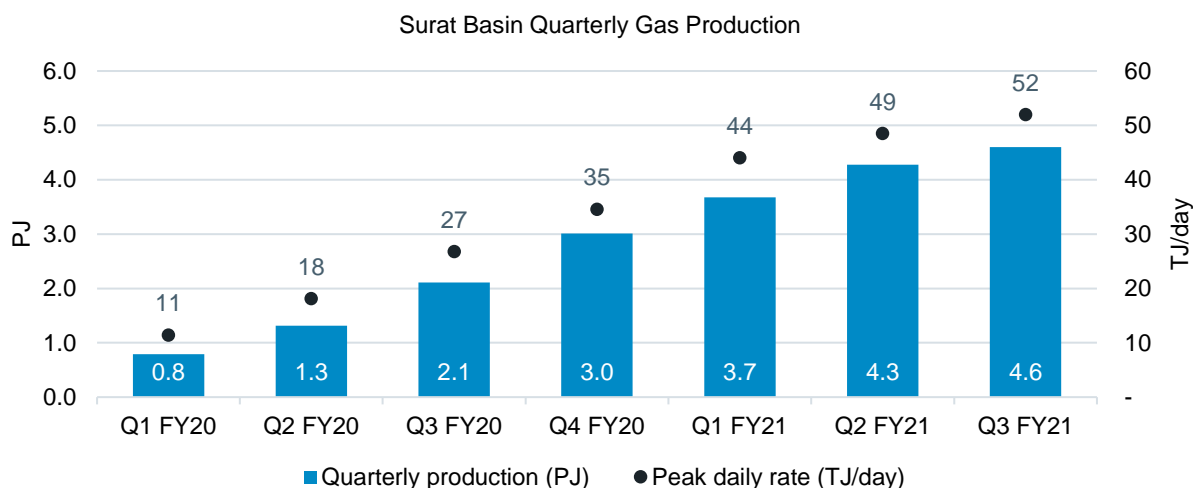
Operations



Production

In the Surat Basin, daily production reached a peak of 52 TJ/day (19 PJ/year) during the quarter. Gas production of 4.6 PJ was 8 per cent higher than the prior quarter. Daily production at Atlas reached nameplate capacity of 32 TJ/day in February.

The chart below shows continued strong quarterly growth in Surat Basin gas production and peak daily rates, with an average quarterly compound production growth rate of 34 per cent since Q1 FY20.



Production from continuing operations	March Q3 FY20	December Q2 FY21	March Q3 FY21	Qtr on Qtr Change	FY21 YTD
Total production (PJ)	2.1	4.3	4.6	8%	12.6

Development update

At the Investor Briefing held on 5 November 2020, Senex set a target of growth in annual production to more than 10mmboe (~60PJ/yr) by the end of FY25. This tripling of current production is to be achieved primarily through development of Senex’s extensive natural gas reserves position and its proven hub-and-spoke infrastructure operating model.

Senex holds 780 PJ of 2P reserves and over 1,000 PJ of 3P reserves across its Surat Basin natural gas acreage.

Roma North expansion to 24 TJ/day (~9 PJ/year) – Expected online in Q1 FY22

On 13 October 2020, Senex announced a Final Investment Decision (FID) for a 50 per cent expansion of natural gas production at Roma North to 24 TJ/day (~9 PJ/year), which is expected to be online in Q1 FY22.

Key activities underway include execution of the gas processing facility expansion, design of the wells and gathering campaign, progression of land access and other approvals, and procurement and fabrication of long-lead items including compressors and well field-equipment.

Atlas expansion to 48 TJ/day (~18 PJ/year)

On 21 September 2020, Senex announced that it had been awarded highly valuable Atlas acreage immediately adjacent Senex’s existing development. The Atlas acreage award enables expansion of natural gas production to 48 TJ/day (~18 PJ/year), a 50 per cent increase on the current firm production capacity of 32 TJ/day.

Activities underway for the expansion include working with Jemena on FEED and long-lead item planning for the gas processing facility expansion.

The Final Investment Decision for expansion of production capacity and compression facilities will be dependent on customers committing to term contract volumes.

Roma North expansion to 48 TJ/day (~18 PJ/year)

Senex continues to progress FEED activities for the expansion of the Roma North acreage to 48 TJ/day (~18 PJ/year), having previously secured the primary approvals required for this project, including environmental authorities to construct additional compression and wells, native title agreements and EPBC approval.

Activities underway for the expansion include gas processing site selection, and wells and gathering system design.



Procurement of long-lead items is underway for the expansion of Roma North to 24 TJ/day. The compressor modules pictured have been constructed in Canada and are in transit to Queensland.

Commercial and Corporate



Sale of Cooper Basin business

Senex announced on 3 November 2020 that it had entered into a binding agreement with Beach Energy to sell its Cooper Basin business for \$87.5 million cash consideration. The transaction achieved completion on 1 March 2021.

Director appointment

Senex announced the appointment of Ms Margaret Kennedy as an independent non-executive director of the Senex Board with effect from 1 April 2021. Ms Kennedy is a Board director and senior executive with more than 25 years' Australian and international experience across a portfolio of commercial, property, financial and retail businesses with listed Australian and multinational companies.

Senex and CleanCo sign new gas agreement

During the quarter Senex announced it had agreed a further domestic gas sales agreement with the power generator CleanCo Queensland of 2.55 PJ of natural gas for 2022.

Extraordinary General Meeting

On 18 March 2021, the Company held an Extraordinary General Meeting. The resolution to approve the proposed consolidation of share capital was passed by the requisite majority.

Share consolidation

Senex has completed a share consolidation which ultimately provides additional flexibility with dividend payments. On 23 March 2021 Senex shares were consolidated at the ratio of eight (8) fully paid ordinary shares into one (1) fully paid ordinary share.

Small-shareholding sale facility

On 15 October 2020, Senex announced that it was establishing a small-shareholding sale facility for shareholders who hold less than \$500 of fully paid ordinary Senex shares, with the facility closing on 26 November 2020. Approximately 900,000 shares were purchased from 1,110 shareholders.

Dividend payment

On 22 February, Senex announced the commencement of dividend distributions at an initial (pre-share consolidation) rate of 1 cent per share per annum for FY21 (to be paid half yearly) and an additional 0.5 cent per share dividend following completion of the Cooper Basin sale. Dividends totalling \$14.7 million have been paid in April.

Glossary



\$	Australian dollars	JV	Joint venture
ASX	Australian Securities Exchange operated by ASX Ltd	kbbbl	Thousand barrels of oil
ATP	Authority to Prospect - granted under the Petroleum Act 1923 (Qld) or the Petroleum Gas (Production and Safety) Act 2004 (Qld)	kboe	Thousand barrels of oil equivalent
bbl	Barrels - the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons	mmbbl	Million barrels of oil
Bcf	Billion cubic feet	mmboe	Million barrels of oil equivalent
Beach	Beach Energy Ltd	mmscfd	Million standard cubic feet of gas per day
boe	Barrels of oil equivalent - the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy	mscfd	Thousand standard cubic feet of gas per day
boepd	Barrels of oil equivalent per day	n.m.	Not meaningful
bopd	Barrels of oil per day	P&A	Plugged and abandoned
C&S	Cased and suspended	pcp	Prior corresponding period
Cooper	Cooper Energy Ltd	PEL	Petroleum Exploration Licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
EPBC	Environment Protection and Biodiversity Conservation Act	PJ	Petajoule
FEED	Front end engineering design	PL	Petroleum Lease granted under the Petroleum Act 1923 (Qld) or the Petroleum Gas (Production and Safety) Act 2004 (Qld)
FY	Financial year	PPL	Petroleum production licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
GJ	Gigajoule	PRL	Petroleum retention licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)
GLNG	Gladstone Liquefied Natural Gas, a JV between Santos, PETRONAS, Total and KOGAS	PRRT	Petroleum Resource Rent Tax
GSA	Gas sales agreement	Q, Qtr	Quarter
		SACB JV	South Australia Cooper Basin JV, which involves Santos (as operator) and Beach
		Senex	Senex Energy Ltd
		TJ	Terajoule
		YTD	Year to date

Further Information

Conference call

Senex Managing Director and CEO Ian Davies and Chief Financial Officer Mark McCabe will hold a conference call to discuss the quarterly results.

Date: Tuesday, 20 April 2021

Time: 10.00am AEST (Brisbane, Sydney, Melbourne)

The conference call will be streamed live and can be accessed via the Senex company page on the Open Briefing website: <https://www.openbriefing.com/OB/4207.aspx>

A recording of the conference call will be available via the same link.

About Senex

Senex is an established and rapidly growing Australian natural gas producer. Our Surat Basin asset base incorporates the low-risk, high-return Atlas and Roma North operations which contribute around 20 PJ/year of natural gas sales into the east coast gas market. Senex is focused on sustainably delivering balance sheet strength, resilient cashflows, growing dividends and increasing production as we pursue our end FY25 target of more than 60 PJ/year.

Authorised by:

Ian Davies

Managing Director and CEO
Phone: +61 7 3335 9000

Investor and media inquiries:

Mark McCabe

Chief Financial Officer
Phone: +61 7 3335 9000

Paul Larter

Communications Manager
Phone: +61 400 776 937

Registered Office

Level 30, 180 Ann Street
Brisbane Qld 4000

Postal Address

GPO Box 2233
Brisbane Qld 4001

Phone: +61 7 3335 9000

Facsimile: +61 7 3335 9999

Web: senexenergy.com.au

Senex Energy Ltd

ABN 50 008 942 827

Securities Exchange

ASX: SXY

Share Registry

Computershare
Investor Services
Phone: 1300 850 505