

Quarterly report

For the quarter ended 30 September 2020



Highlights



Senex Energy Ltd (Senex, ASX: SXY) has begun FY21 with strong financial performance and continued production growth from its Surat Basin natural gas assets. Senex also today announced the Final Investment Decision for expansion of natural gas production at Roma North by 50% to 24 TJ/day (~9 PJ/year), expected to be online in Q1 FY22. With an extensive Surat Basin natural gas reserves position and an established hub-and-spoke infrastructure operating model, Senex is uniquely positioned to contribute to Australia's gas-fired recovery from the COVID-19 recession and deliver production growth and jobs creation for years to come.

- **Quarterly production up 13% to 803 kboe:** Surat Basin gas production up 22% to 632 kboe as Atlas ramp-up continued; daily Surat Basin gas production now above 44 TJ
- **Sales revenue down 8% to \$31.1 million:** Strong domestic contracted gas prices offset by lower oil-linked gas pricing from Q4 FY20
- **Capital expenditure down 77% to \$7.9 million:** Surat Basin gas development completed in Q4 FY20; peak net debt of ~\$55 million reached with free cashflow generation now underway
- **Roma North expansion FID:** Expansion of natural gas production by 50% to 24 TJ/day (~9 PJ/year); >15% reduction in unit cost gas processing tariff; low-cost, high-return, long-life investment with IRR >60% and 32-year 2P reserves life
- **Additional highly valuable Atlas acreage awarded to Senex:** Immediate uplift in 1P, 2P and 3P gas reserves of 16 PJ, 41 PJ and 58 PJ¹; Authority to Prospect granted 1 October 2020; production expansion planning underway
- **Bowen Basin exploration acreage awarded to Senex:** High-potential gas acreage located on trend between the Scotia and Meridian gas fields; further scale and diversification of Senex's gas portfolio

Comments from Managing Director and CEO Ian Davies:

"Senex has begun the new financial year with strong momentum and new investments underway for acceleration of production from our extensive natural gas reserves position in the Surat Basin.

"We announced FID for the expansion of Roma North gas production by 50% to 24 TJ/day (~9 PJ/year). This low-cost, high-return and long-life investment is the first example of Senex's high-quality investment opportunities.

"We also welcomed the Queensland Government's award of new Atlas acreage, which will increase supply of affordable natural gas to the domestic market. Planning is now underway for a 50% increase in Atlas gas production to 48 TJ/day (~18 PJ/year).

"These projects demonstrate Senex's unique ability to contribute to Australia's gas-fired recovery from the COVID-19 recession. We are committed to investing for the long-term to unlock valuable gas resources, stimulate economic activity and create jobs," Mr Davies said.

| Key performance metrics | September Q1 FY20 | June Q4 FY20 | September Q1 FY21 | Qtr on Qtr Change |
|-------------------------------------|-------------------|------------------|-------------------|-------------------|
| Total production (kboe) | 332 | 711 | 803 | 13% |
| Total sales volumes (kboe) | 319 | 661 ² | 724 ² | 10% |
| Total sales revenue (\$ million) | 23.9 | 33.7 | 31.1 | (8%) |
| Average realised oil price (\$/bbl) | 100.0 | 78.9 | 80.3 | 2% |
| Net cash / (debt) (\$ million) | 31.6 | (45.1) | (54.6) | 21% |

¹ For further information, refer to the ASX announcement of 21 September 2020

² Includes third party gas purchases of 7 kboe in Q4 FY20 and 8 kboe in Q1 FY21

Financial



Sales volumes and revenue

Sales volumes of 724 kboe were 10% higher than the prior quarter. Higher production was partially offset by planned maintenance at the Roma North gas processing facility in August 2020. Oil sales volumes were lower due to natural decline and temporary shut-in of some fields.

Sales revenue of \$31.1 million was 8% lower than the prior quarter. Higher sales volumes were offset by lower realised oil-linked Roma North gas prices following oil price declines in Q4 FY20 and planned maintenance at the Roma North gas processing facility. The average realised Australian dollar oil price was up 2% to \$80.3/bbl (Q4 FY20: \$78.9/bbl), which includes the revenue effect of oil hedges³.

| Sales volumes and revenue (Senex share) | September Q1 FY20 | June Q4 FY20 | September Q1 FY21 | Qtr on Qtr Change |
|---|-------------------|--------------|-------------------|-------------------|
| Oil sales volumes (kbbl) | 180 | 142 | 117 | (18%) |
| Senex own gas and gas liquids sales volumes ⁴ (kboe) | 139 | 512 | 599 | 17% |
| Third party gas purchase volumes (kboe) | – | 7 | 8 | 19% |
| Total sales volumes (kboe) | 319 | 661 | 724 | 10% |
| Oil sales revenue (\$ million) | 18.0 | 11.2 | 9.4 | (16%) |
| Gas and gas liquids sales revenue (\$ million) | 5.9 | 22.4 | 21.7 | (3%) |
| Total sales revenue (\$ million) | 23.9 | 33.7 | 31.1 | (8%) |
| Average realised oil price (\$/bbl) | 100.0 | 78.9 | 80.3 | 2% |
| Average realised gas and gas liquids price (\$/GJe) | 7.3 | 7.4 | 6.2 | (16%) |

NB. Totals throughout report may not add due to rounding



Surat Basin natural gas production

³ Senex recognises revenue using the accrual accounting method. For Senex oil sales, revenue is accrued at provisional prices when oil is delivered to the SACB JV at Moomba. The final price is determined and an adjustment recorded when oil is shipped to the end customer, around 70 days later. Consequently, in a declining oil price environment, the average realised oil price in a quarter may be lower due to re-pricing of the prior quarter's accrued volumes at the lower prevailing spot price. The opposite effect can occur in a rising oil price environment.

⁴ Senex own product. Total Q4 FY20 sales volumes of 661 kboe include 7 kboe of non-methane sales volumes; Q1 FY21 sales volumes of 724 kboe include 8 kboe of non-methane sales volumes

Financial



Liquidity

As at 30 September 2020, Senex had strong liquidity with cash reserves of \$70.4 million and net debt of \$54.6 million.

Following completion of Senex's Surat Basin natural gas developments, peak net debt of ~\$55 million was reached in Q1 FY21 and was materially below both original guidance of <\$80 million and revised guidance of <\$60 million. Free cashflow generation from Senex's Surat Basin gas developments is now underway.

| \$ million | September Q1 FY20 | June Q4 FY20 | September Q1 FY21 | Qtr on Qtr Change |
|--------------------------|----------------------|-----------------|----------------------|----------------------|
| Cash reserves | 96.6 | 79.9 | 70.4 | (12%) |
| Drawn debt | 65.0 | 125.0 | 125.0 | – |
| Net cash / (debt) | 31.6 | (45.1) | (54.6) | 21% |

Capital expenditure

Capital expenditure of \$7.9 million was 77% lower than the prior quarter following completion of Senex's Surat Basin natural gas developments. Capital expenditure in Q1 FY21 included workover activity in the Growler oil field and stay in business expenditure.

| \$ million | September Q1 FY20 | June Q4 FY20 | September Q1 FY21 | Qtr on Qtr Change |
|---|----------------------|-----------------|----------------------|----------------------|
| Exploration and appraisal | 2.9 | 2.1 | 0.5 | (76%) |
| Development, plant and equipment | 37.7 | 33.0 | 7.4 | (78%) |
| Capital expenditure incurred (gross) | 40.6 | 35.1 | 7.9 | (77%) |
| Less: Cooper Basin free-carry ⁵ | 0.0 | (0.3) | – | (100%) |
| Capital expenditure (net to Senex) | 40.6 | 34.8 | 7.9 | (77%) |

Hedging

A total of 243,970 barrels of oil equivalent production is hedged for the nine months ending 30 June 2021 using swaps with an average price of A\$90/bbl.

| Oil swaps | FY21 (Oct.-June) |
|---------------------------------------|---------------------|
| Volume (kbbl) | 244 |
| Weighted average swap price (A\$/bbl) | 90 |

⁵ As announced on 16 April 2018, Senex and Beach 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

Operations

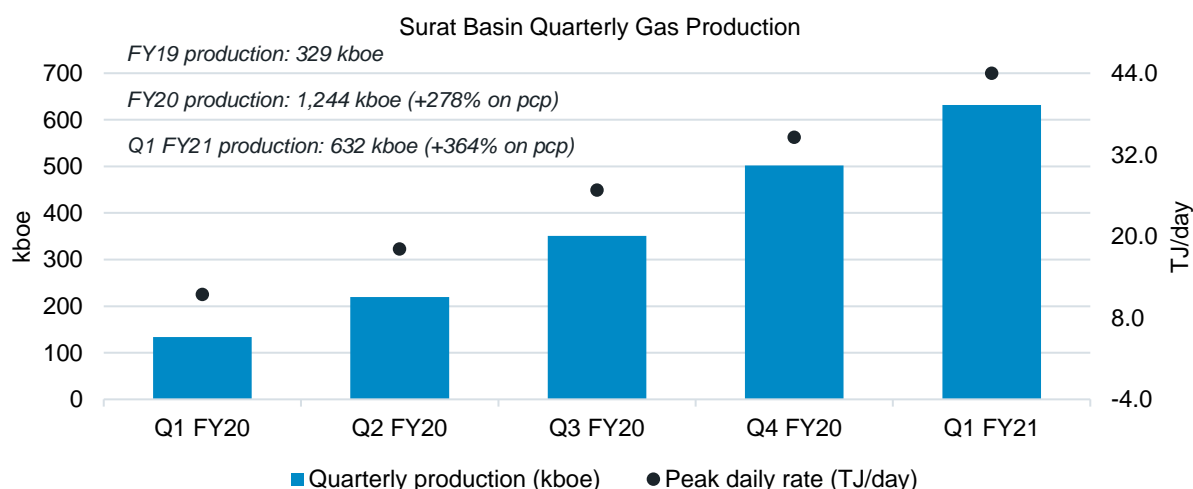


Production

Oil and gas production of 803 kboe was 13% higher than the prior quarter.

In the Cooper Basin, oil and gas production of 171 kboe was 12% lower than the prior quarter due to natural field decline and temporary shut-in of some oil fields.

In the Surat Basin, gas production of 632 kboe was 22% higher than the prior quarter. Daily production has exceeded 44 TJ/day subsequent to quarter end and continues to track rapidly towards initial nameplate capacity of 48 TJ/day (~18 PJ/year). The chart below demonstrates strong quarterly growth in Surat Basin gas production and peak daily rates.



At Roma North, gas production of 307 kboe was in line with the prior quarter. On 13 October 2020, Senex announced the Final Investment Decision for expansion of natural gas production at Roma North by 50% to 24 TJ/day (~9 PJ/year), expected to be online in Q1 FY22.

At Atlas, gas production of 325 kboe was 52% higher than the prior quarter as strong production ramp-up continued. Daily production has exceeded 25 TJ subsequent to quarter end and continues to track towards initial nameplate capacity of 32 TJ/day. On 21 September 2020, Senex announced it had been awarded preferred tenderer status for additional highly valuable Atlas acreage immediately adjacent to Senex's existing development. The award enabled Senex to commence planning for expansion of natural gas production at Atlas by 50% to 48 TJ/day (~18 PJ/year).

| Production (Senex share) | September Q1 FY20 | June Q4 FY20 | September Q1 FY21 | Qtr on Qtr Change |
|--------------------------------|-------------------|--------------|-------------------|-------------------|
| Oil (kbbl) | 180 | 146 | 126 | (13%) |
| Gas and gas liquids (kboe) | 152 | 566 | 677 | 20% |
| Total production (kboe) | 332 | 711 | 803 | 13% |

NB. Preliminary Cooper Basin production data for current quarter

Roma North expansion FID



On 13 October 2020, Senex announced the Final Investment Decision for expansion of natural gas production at Roma North by 50% to 24 TJ/day (~9 PJ/year), expected to be online in Q1 FY22. Key highlights of this low-cost, high-return, long-life investment include:

- Capital expenditure of \$20 million net to Senex on natural gas wells, gas gathering infrastructure and water management infrastructure, to be funded through existing cash reserves
- Jemena intends to construct and fund Roma North compression facility expansion, with commissioning expected in Q1 FY22
- 50% increase in production capacity to 24 TJ/day (~9 PJ/year), with a >15% reduction in the unit cost gas processing tariff payable by Senex
- Existing 15-year gas sales agreement in place with GLNG for additional volumes at oil-linked gas prices with significant down-side protection
- Low-cost, high-return, long-life investment: IRR >60% with 32-year 2P reserves life at 24 TJ/day



Roma North gas processing facility at 16 TJ/day (~6 PJ/year) nameplate capacity; footings in place (highlighted) ready for expansion to 24 TJ/day (~9 PJ/year)

New gas acreage awards



Highly valuable Atlas acreage

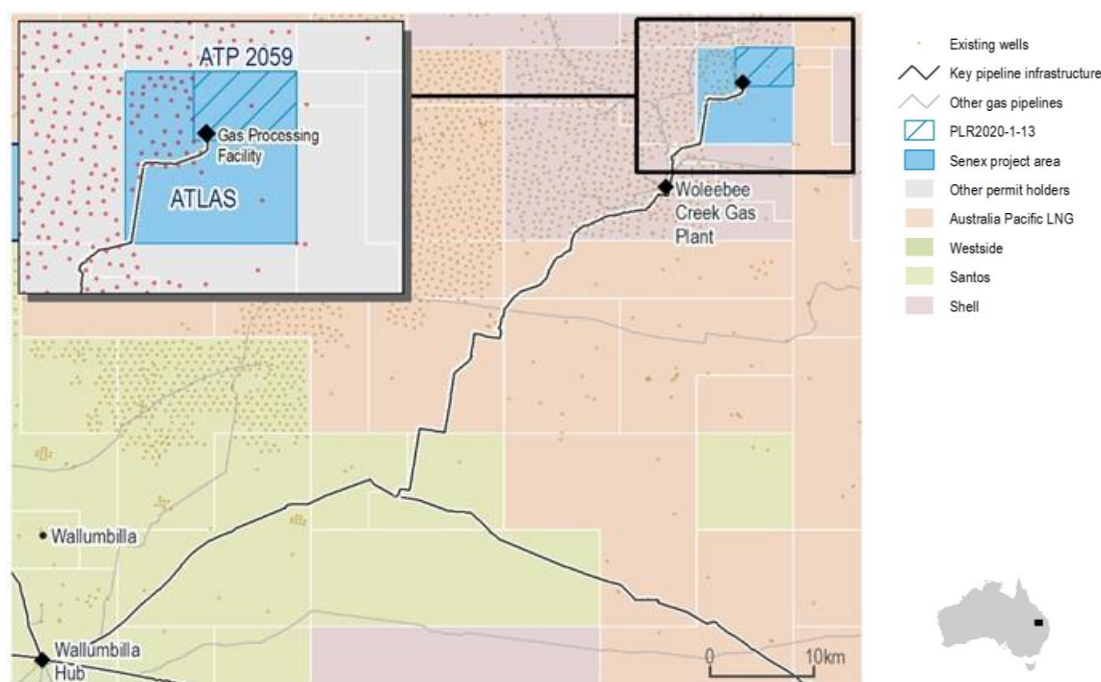
On 21 September 2020, Senex announced it had been awarded preferred tenderer status for additional highly valuable Atlas acreage immediately adjacent to Senex's existing development. On 1 October 2020, Senex was granted Authority to Prospect (ATP) 2059 in relation to the new Atlas acreage.

The award enabled Senex to commence planning for expansion of natural gas production at Atlas by 50% to 48 TJ/day (~18 PJ/year). The commercialisation plan to expand production will leverage Senex's existing hub-and-spoke infrastructure model:

- Existing Jemena gas processing facility to be expanded; availability for additional production volumes expected in the first half of 2022, subject to completion of definitive agreements with Jemena
- Existing Senex water management infrastructure to be utilised
- Development drilling for expansion of production to be funded by free cashflow and existing debt facilities
- Ongoing marketing of gas to Queensland manufacturers and other domestic users, providing further support for Australia's gas-fired recovery from the COVID-19 recession

Relevant metrics in relation to Atlas and the new acreage award are set out below.⁶

| | Existing Atlas | New acreage | Expanded Atlas | Change |
|------------------------------|----------------|-------------|----------------|--------|
| Area (sq km) | 58 | 18 | 76 | ↑ 31% |
| 1P gas reserves (PJ) | 94 | 16 | 110 | ↑ 17% |
| 2P gas reserves (PJ) | 234 | 41 | 275 | ↑ 18% |
| 3P gas reserves (PJ) | 234 | 58 | 292 | ↑ 25% |
| Planned production (TJ/day) | 32 | | 48 | ↑ 50% |
| Planned production (PJ/year) | ~12 | | ~18 | ↑ 50% |



Atlas natural gas acreage

⁶ For further information, refer to the ASX announcement of 21 September 2020

New gas acreage awards

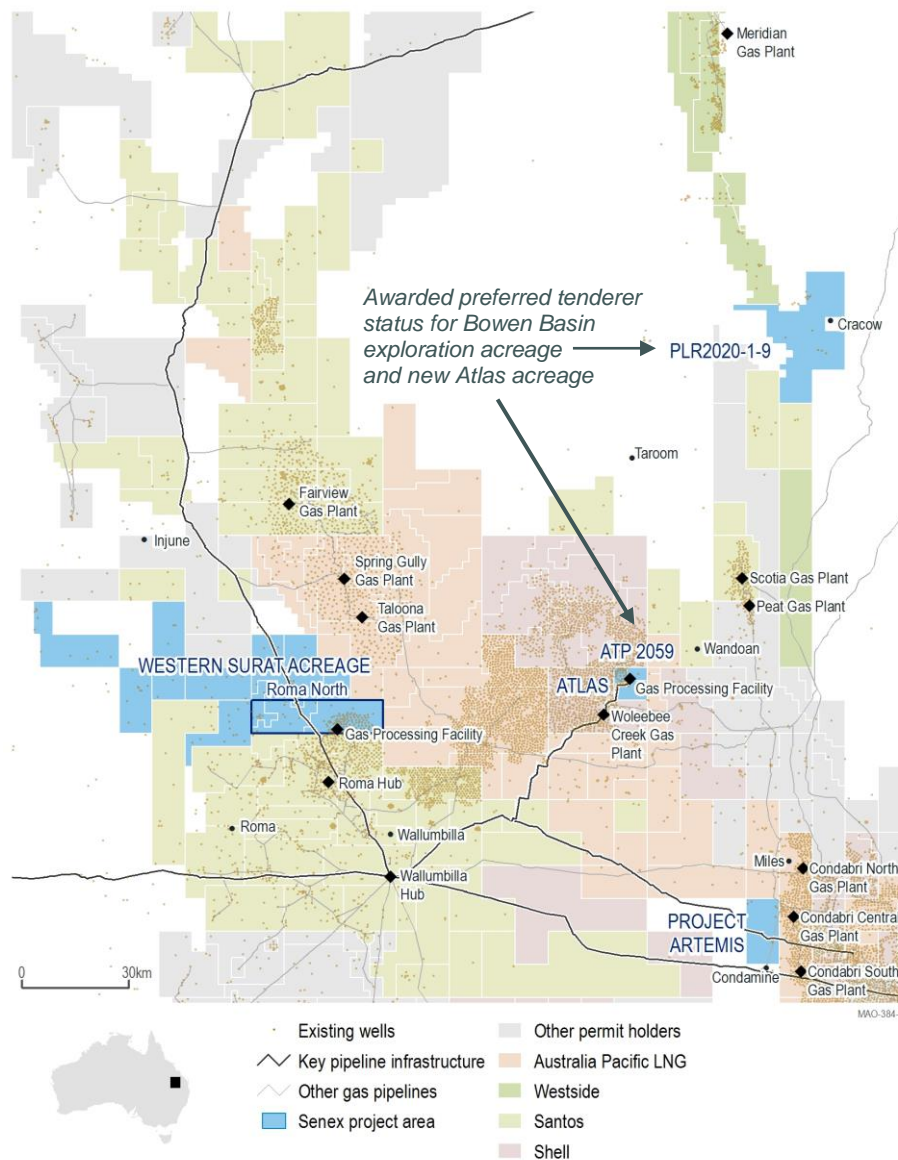


Bowen Basin exploration acreage

As announced on 21 September 2020, Senex was awarded preferred tenderer status for high-potential exploration acreage in the Bowen Basin on trend with the Scotia and Meridian gas fields (block PLR2020-1-9). The new exploration acreage provides further scale and diversification to Senex's natural gas portfolio.

The Bowen Basin comprises successful producing gas developments including the Fairview, Arcadia, Peat, Scotia, Meridian and Moranbah fields. PLR2020-1-9 overlies a large regional fault system extending through to the Scotia and Peat fields, providing potential for high permeability and gas content.

Senex will undertake an initial four-year work program comprising geological studies, 2D seismic acquisition and an exploration well. Senex's application for this acreage was submitted based on study results indicating potential for analogous development to the Scotia gas field.



A growing and diversified gas supply portfolio in the Surat and Bowen basins

Commercial and Corporate



Supporting Queensland jobs with gas supply to Gladstone's Northern Oil Refinery

On 22 September 2020, Senex announced a domestic GSA for up to 2.5 PJ of natural gas with Southern Oil Refining's Northern Oil Refinery near Gladstone. The GSA will help Northern Oil Refinery grow its business and will support 32 jobs directly and hundreds of jobs indirectly across Queensland.

Northern Oil Refinery will use Atlas natural gas in its oil refining and advanced biofuels production plants at Yarwun, near Gladstone. These plants represent a world-class approach to management of used oils and are aimed at eliminating waste. The biofuels production plant is undertaking ground-breaking research in the application of waste materials to produce bio-crude oil.

Under the initial two and a half year agreement, Senex will supply Northern Oil Refinery with 0.3 PJ of gas a year with a mechanism to extend the supply of gas for a further five years at 0.35 PJ a year, taking the total contract quantity to 2.5 PJ. Gas is being supplied at the Wallumbilla Gas Hub in Queensland at a fixed price in line with current market levels, indexed annually.

Date of Annual General Meeting

In accordance with ASX Listing Rule 3.13.1, Senex will hold its Annual General Meeting on Thursday, 19 November 2020 commencing at 9.30am AEST (Brisbane) / 10.30am AEDT (Sydney, Melbourne).

The AGM will be held as a virtual meeting using technology to facilitate shareholder participation. Further information will be set out in the Notice of Meeting which will be released to the ASX and shareholders in October 2020.



Supplying natural gas to Southern Oil Refining's advanced biofuels and oil refining plants at Yarwun, near Gladstone

Glossary



| | | | |
|----------------|---|----------------|--|
| \$ | Australian dollars | JV | Joint venture |
| ASX | Australian Securities Exchange operated by ASX Ltd | kbbl | 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 |

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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, 13 October 2020

Time: 10.00am AEST (Brisbane) / 11.00am AEDT (Sydney, Melbourne)

The conference call will be streamed live and can be accessed via the Senex company page on the Open Briefing website: <http://www.openbriefing.com/OB/3989.aspx>

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

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.

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