

Quarterly report

For the quarter ended 30 June 2021

Senex
Senex Energy Limited

Highlights



Senex Energy Ltd (Senex, ASX: SXY) successfully reached its targeted initial plateau natural gas production during the quarter, with quarterly production increasing to 4.7 PJ. Growth activities remain on track, with initial Roma North production expansion to 9 PJ/year expected to be online in Q1 FY22. FEED activities were completed for additional production expansion projects at both Atlas and Roma North, with electrification studies underway at Roma North for a reduced carbon footprint and increased operational efficiency. During the quarter, the Company signed a further gas sales agreement, concluding a three-year deal with Nyrstar in Port Pirie, South Australia, with more gas sales negotiations continuing in a tightening east coast gas market.

- **Initial plateau production successfully achieved:** Quarterly production up 1% to 4.7 PJ with expansion projects underway. Sales revenue down 2% to \$32.5 million after gas processing facility maintenance brought forward to FY21.
- **Growth projects on track:** Roma North expansion to 9 PJ/year (24 TJ/day) expected online in Q1 FY22. Roma North Expansion to 18 PJ/year (48 TJ/day) with FEED completed and electrification studies underway. Atlas expansion to 18 PJ/year (48 TJ/day) FEED completed with FID dependent on customer term contract commitment.
- **Additional customer contract signed:** Senex to supply 1.7 PJ over three years from January 2022 to Nyrstar at Port Pirie, South Australia.
- **Executive team strengthened:** Mr Ben Lacey to join Senex from AGL in the newly created role of EGM Energy Solutions. Mr Simon Ellinor is to commence in late August as CFO.

Comments from Managing Director and CEO Ian Davies

“Senex reached a milestone this quarter, achieving its initial production plateau, at an annualised run rate of around 19 PJ/year before production expansions.

“Production and sales performance in our natural gas portfolio continues to deliver strong and stable cashflows, a strong balance sheet, and exposure to rising oil prices and a tightening east coast gas market.

“We are quickly progressing the development of our significant Surat Basin natural gas reserves, to deliver our targeted five-fold growth in annual production to more than 60 PJe by the end of FY25.

“Our near-term growth projects are proceeding well, with Roma North on track to deliver an expansion to 9 PJ/year in Q1 FY22. Further production expansion of an additional 18 PJ/year at Roma North and Atlas combined progressed through FEED during the quarter.

“Portfolio production following completion of planned expansion projects will total around 36 PJ/year.

“Senex is committed to supporting our customers with long term lower-carbon Surat Basin natural gas supply as Australia transitions to a lower carbon future”, Mr Davies said.

Key performance metrics for continuing operations ¹	June Q4 FY20	March Q3 FY21	June Q4 FY21	Qtr on Qtr Change	FY21 YTD
Total production	3.0 PJ (0.5 mmbœ)	4.6 PJ (0.8 mmbœ)	4.7 PJ (0.8 mmbœ)	1%	17.3 PJ (3.0 mmbœ)
Total sales volumes ²	2.8 PJ (0.5 mmbœ)	4.8 PJ (0.8 mmbœ)	4.7 PJ (0.8 mmbœ)	(2%)	16.9 PJ (2.9 mmbœ)
Total sales revenue (\$ million)	25.1	33.2	32.5	(2%)	115.8
Average realised gas price (\$/GJ) ³	7.5	6.8	6.9	1%	6.5
Net cash / (debt) (\$ million)	(45.1)	36.0	26.0	(28%)	26.0

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 0.04 PJ in Q4 FY20, 0.5 PJ in Q3 FY21 and 0.6 PJ in Q4 FY21

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

Financial



Sales volumes and revenue

Total sales volumes, for continuing operations, of 4.7 PJ were 2% per cent lower than the previous quarter reflecting:

- gas processing facility maintenance activities at Atlas and Roma North brought forward into FY21; and
- increased gas purchase volumes relating to increased customer nominations following the Callide power station outage.

Sales revenue from continuing operations of \$32.5 million was 2% per cent lower than the prior quarter, with the average realised Australian dollar gas price for the portfolio up 1% to \$6.9/GJ (Q3 FY21: \$6.8/GJ).

Sales volumes and revenue from continuing operations	June Q4 FY20	March Q3 FY21	June Q4 FY21	Qtr on Qtr Change	FY21 YTD
Gas sales volumes ⁴ (PJ)	2.8	4.3	4.1	(4%)	15.5
Third-party gas purchase volumes (PJ)	0.0	0.5	0.6	14%	1.4
Total sales volumes (PJ)	2.8	4.8	4.7	(2%)	16.9
Total sales revenue (\$ million)	25.1	33.2	32.5	(2%)	115.8
Average realised gas price (\$/GJ) ⁵	7.5	6.8	6.9	1%	6.5

NB. Totals throughout report may not add due to rounding



Compressor equipment being lifted into place at Roma North during the quarter to support expansion to 9 PJ/year

⁴ Senex own product

⁵ Average realised gas price excludes impact of oil price-linked hedges. JCC-linked revenue trails Brent by approximately 5 months.

Financial



Liquidity

As at 30 June 2021, Senex had strong liquidity with cash reserves of \$101.0 million and a net cash position of \$26.0 million. Drawn debt remained at \$75.0 million.

\$ million	June Q4 FY20	March Q3 FY21	June Q4 FY21	Qtr on Qtr Change
Cash reserves	79.9	111.0	101.0	(9%)
Drawn debt	125.0	75.0	75.0	0%
Undrawn debt	0.0	50.0	50.0	0%
Net cash / (debt)	(45.1)	36.0	26.0	(28%)

Capital expenditure

Capital expenditure from continuing operations of \$10.4 million was 31% per cent higher for the quarter (Q3 FY21: \$7.9 million) as expansion activity continued (refer Development Update section).

\$ million	June Q4 FY20	March Q3 FY21	June Q4 FY21	Qtr on Qtr Change	FY21 YTD
Exploration and appraisal	0.7	0.1	0.9	1173%	1.1
Development, plant and equipment	31.2	7.9	9.4	20%	31.9
Capital expenditure	32.0	7.9	10.4	31%	33.1

Hedging

609 kbbl barrels of oil equivalent production is hedged at US\$56/bbl for 24 months commencing 1 July 2021.

Oil swaps	FY22 – FY23
Volume (kbbl)	609
Weighted average swap price (A\$/bbl)	n/a
Weighted average swap price (US\$/bbl)	56

Operations

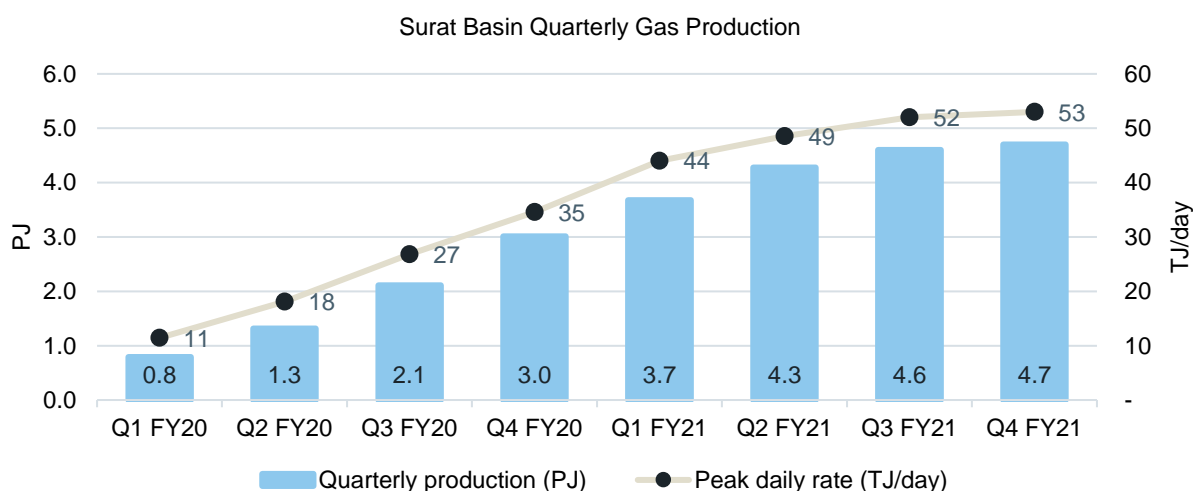


Production

In the Surat Basin, daily production reached a peak of 53 TJ/day during the quarter. Gas production of 4.7 PJ was 1% per cent higher than the prior quarter.

Production from continuing operations	June Q4 FY20	March Q3 FY21	June Q4 FY21	Qtr on Qtr Change	FY21 YTD
Total production (PJ)	3.0	4.6	4.7	1%	17.3

The chart below demonstrates continued strong quarterly growth in Surat Basin gas production and peak daily rates, with an average quarterly compound production growth rate of 27% since Q1 FY20.



Development update

At the Investor Briefing held on 5 November 2020, Senex set a target of growth in annual production to more than 10mmboe (~60 PJe) by the end of FY25. This more than 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 9 PJ/year (24 TJ/day) – 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). Project execution is progressing well, with the facilities expected to be online in Q1 FY22.

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

Senex has completed FEED activities for the expansion of the Roma North acreage to 18 PJ/year (48 TJ/day), which will involve the construction of a new 9 PJ/year gas compression facility to the west of the existing facility. Notwithstanding FEED completion, electrification studies are underway at Roma North to assess the opportunity to reduce Senex’s carbon emissions from the project and increase operational efficiency. The project remains on target for FID in 1H FY22.

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

Senex has completed FEED activities for the expansion of Atlas to 18 PJ/year (48 TJ/day), a 50 per cent increase on the current firm production capacity. The Final Investment Decision for expansion of production capacity and compression facilities will be dependent on agreeing term contract volumes with customers, for which discussions are ongoing.

Commercial and Corporate



New gas sales agreement

During the quarter, Senex finalised a gas supply agreement with Nyrstar to supply 1.7 PJ of natural gas over three years from 1 January 2022 for operational use at Nyrstar's metal processing plant at Port Pirie, South Australia.

Executive appointments

Chief Financial Officer

On 25 May 2021, Senex announced the appointment of Mr Simon Ellinor as Chief Financial. Mr Ellinor has more than 20 years' experience in a diverse range of senior financial, commercial and leadership roles and joins Senex from Sunwater, where he currently serves as Chief Financial Officer.

Mr Ellinor has spent over 10 years in a number of senior management positions within Rio Tinto, including as Chief Financial Officer of Rio Tinto Coal Australia and Rio Tinto Salt and Uranium, and managing the Australian investor relations activities of Rio Tinto. Mr Ellinor previously performed global investor relations for Alcan Inc in Montreal following 10 years in corporate taxation at both Alcan and PricewaterhouseCoopers. Simon is to commence in his role in late August.

Chief Commercial Officer

The announcement of a new CFO follows the previously announced appointment of currently serving Chief Financial Officer Mr Mark McCabe to the critical role of Chief Commercial Officer, leading Senex's natural gas marketing, trading, commercial and business development functions.

EGM Energy Solutions

We are also pleased to announce that Mr Ben Lacey will be joining Senex in the newly created role of EGM Energy Solutions, assisting our current and future customers navigate the challenges and opportunities of energy supply efficiency and decarbonisation as Australia transitions to a lower carbon future.

Mr Lacey brings more than 25 years of senior energy market commercial and leadership experience including domestic gas and power supply and trading, stationary and renewables supply construction and management and LNG project supply and optimisation. Mr Lacey joins Senex from AGL where he currently serves as GM Origination and is responsible for leading external energy market negotiations within Integrated Energy. Mr Lacey previously served as GM and Director of Shell Energy Australia and held a number of senior management positions for QGC and BG Group.

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: 20 July 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/4319.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 pursuing a production target of 60 PJe/year by the end of FY25. Our foundation asset base incorporates the low carbon, high-return Atlas and Roma North operations, which contribute more than 21 PJ/year of sales into the east coast gas market. Senex is focused on sustainably delivering balance sheet strength, resilient cashflows and growing dividends as part of a decarbonised future.

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