

Senex and GLNG execute major gas sales agreement and \$42 million asset sale agreement

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Senex Energy Limited (Senex, ASX: SXY) and GLNG have entered into a series of major agreements for the development of the Western Surat Gas Project in Queensland.

Key points:

- Senex to receive \$42 million in cash, plus a comprehensive suite of subsurface, production and other technical data that will accelerate and de-risk Senex's project for a successful Final Investment Decision, in exchange for the sale of the 77 km² Maisey block within ATP 889 to GLNG
- Senex to supply up to 50 TJ/day of sales gas from its Western Surat Gas Project to GLNG under a binding 20-year gas sales agreement (GSA) at USD JCC oil-linked pricing
- Potential shared use of existing GLNG water treatment and gas processing infrastructure
- Raw gas sales and raw water disposal from Glenora Pilot agreed in principle to enable early gas sales
- Subject to satisfaction of conditions (including approvals) outlined in this announcement

Commenting on the transaction, Senex Managing Director Ian Davies said the execution of the long-term agreements with GLNG's participants, industry majors Santos, Total, PETRONAS and KOGAS, delivers a clear commercialisation and financing pathway to enable Senex to proceed towards a Final Investment Decision (FID) for the Western Surat Gas Project. In addition, the bankable nature of the GSA will enable project financing at FID.

"These transactions will deliver significant value to Senex through enabling an accelerated monetisation of our material resource base. This is a natural relationship given our acreage sits adjacent to GLNG's Roma fields. The provision of production and subsurface information from these operating fields together with close collaboration with GLNG will be hugely valuable to the efficient development of both projects," he said.

Senex's Western Surat Gas Project represents a near term opportunity to develop a major new revenue stream for Senex from a large 2P reserve base in a strategically located gas producing region.

"Even at current oil prices and exchange rates we expect the project to be economic, although there is further work to do to proceed to FID. This is a transformational deal for Senex and aligns with our strategy to capitalise on the strength of Australia's East Coast gas market whilst maintaining our financial strength," Mr Davies said.

Transaction details

The following table summarises the transactions, which are conditional on certain government approvals and GLNG participant approval. Completion of the transactions is expected by the end of 2015, pending government approvals.

Transaction	Details
Sale of Maisey block and funding	<ul style="list-style-type: none"> GLNG to acquire the Maisey block for \$42 million in cash. GLNG to provide a suite of technical and operating data in respect of the Roma field of material value to Senex as it progresses to FID. Cash to be deployed on Western Surat Gas Project expenditure.
Binding Heads of Agreement for GSA	<ul style="list-style-type: none"> GSA for gas from the Western Surat Gas Project area over a 20-year contract term. GSA provides for the staged ramp up in sales volumes to a maximum of 50 TJ/day following FID. USD market pricing based on a JCC oil-linked formula. Delivery of sales gas into the GLNG Comet Ridge to Wallumbilla Pipeline at a point on Senex's permits, with the potential for shared use of existing GLNG infrastructure. Ability to include Don Juan¹ equity gas volumes at Senex's option. Ability to sell up to 15% of gas volumes to domestic gas customers.
Commercialisation of pilot	<ul style="list-style-type: none"> Raw gas sales and raw water disposal from Glenora Pilot agreed in principle to enable early gas sales.
Collaboration	<ul style="list-style-type: none"> GLNG to provide production data to Senex to de-risk accelerated project development. Collaboration between GLNG and Senex on data and standards. Potential shared use of existing GLNG water treatment and gas processing infrastructure.

Analyst briefing

Senex Managing Director and Chief Executive Officer Ian Davies will hold a briefing on this transaction today at 10.30am AEST. The audio briefing will be streamed live at this time and can be accessed via the Senex company page on the Open Briefing website: <http://webcast.openbriefing.com/2415/>

FURTHER INFORMATION

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¹ ATP 593P and ATP 771P – Senex 45% and Operator, Arrow Energy 55%.

ABOUT GLNG

GLNG is led by Santos, in partnership with three of the world's leading energy companies – PETRONAS from Malaysia, Total from France, and KOGAS from South Korea. GLNG includes the development of coal seam gas resources in the Bowen and Surat basins in Queensland, a 420km gas transmission pipeline to Gladstone, and two LNG trains with a combined nameplate capacity of 7.8 million tonnes per annum on Curtis Island.

ABOUT SENEX ENERGY

Senex is an S&P/ASX 300 exploration and production company with significant oil and gas acreage in Australia's Cooper and Surat Basins. Senex currently produces over 1 million barrels of oil each year, and has successfully diversified its business with the commencement of gas sales in 2014 and initiation of the Western Surat Gas Project.

Figure 1: Senex Western Surat Gas Project

