

To: Company Announcement Office **From:** David Pegg

Company: ASX Limited **Pages:** 26

Date: 22 February 2021

Subject: Senex Energy Limited (ASX:SXY) FY21 Half-Year Report

I provide the following for the Senex Energy Limited FY21 Half-Year Report:

Page 2 **Appendix 4D**

Page 3 **Half-Year Report**

With regards



David Pegg
Company Secretary

Appendix 4D

Based on accounts that have been reviewed

Results for announcement to the market

All comparisons are to the half-year ended 31 December 2019.

				\$ million
Revenue from contracts with customers	Increased	239%	to	44.8
Profit/(loss) after tax from continuing operations	Improved	\$11.5m	to	1.7
Underlying profit after tax from continuing operations	Improved	\$10.5m	to	0.6
Profit/(loss) after tax from ordinary activities	Decreased	\$1.4m	to	0.1

Underlying profit after tax from continuing operations is a non-IFRS measure. A reconciliation to statutory net profit after tax from ordinary activities is included below. Commentary on the Group's operating performance and results from operations is set out in the ASX announcement and Half-Year Report. Underlying profit has not been subject to audit or review by Senex's external auditors.

Dividends

The Company determined to pay a 0.5 cents per share (cps) ordinary dividend following the release of the FY21 Half-Year report and a special dividend of 0.5 cps, subject to completion of the sale of the Cooper Basin business. No dividends were paid during the current or prior year.

Net tangible asset backing

	31 Dec 2020	31 Dec 2019
Net tangible assets per ordinary security	\$0.21*	\$0.24*

* Net tangible assets per ordinary security excluding Right of Use Assets is \$0.10 (31 December 2019: \$0.12).

Additional Appendix 4D disclosure requirements can be found in the Half-Year Report.

This report is based on the consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by Ernst & Young.

Reconciliation of profit after tax from ordinary activities to underlying profit/(loss) after tax from continuing operations

\$ million	Half-year ended 31 December 2020	Half-year ended 31 December 2019
Statutory net profit after tax from ordinary activities	0.1	1.5
Loss/(profit) from discontinued operations	1.6	(11.2)
COVID-19 government relief	(1.1)	-
Gain on sale of Senex Pipeline & Processing Pty Ltd	-	(0.1)
Underlying profit/(loss) after tax from continuing operations	0.6	(9.9)

These consolidated financial statements for the half-year ended 31 December 2020 are to be read in conjunction with the 2020 Annual Report.

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**SENEX ENERGY LIMITED
AND ITS CONTROLLED ENTITIES**

ABN 50 008 942 827

**FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
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SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
CORPORATE INFORMATION

This Half-Year report for the six months ended 31 December 2020 is for Senex Energy Limited (**Senex or the Company**) and its controlled entities (collectively known as **the Group**).

The Group's presentation and the Company's functional currency is Australian dollars (\$).

The nature of the operations and principal activities of the Group are described in the Directors' Report on page 6.

DIRECTORS:	Trevor Bourne	Chairman, Independent Non-Executive Director
	Ian Davies	Managing Director and Chief Executive Officer
	Timothy Crommelin	Independent Non-Executive Director
	Ralph Craven	Independent Non-Executive Director
	John Warburton	Independent Non-Executive Director
	Glenda McLoughlin	Independent Non-Executive Director. Commenced 1 July 2020
	Debra Goodin	Independent Non-Executive Director Retired 19 November 2020

SECRETARY: David Pegg

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SECURITIES EXCHANGE: Australian Securities Exchange (**ASX**)
Code: SXY

BANKERS: ANZ Banking Group Ltd
Level 20, 111 Eagle Street
Brisbane, Queensland 4000

AUDITORS: Ernst & Young
Level 51, 111 Eagle Street
Brisbane, Queensland 4000

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT

Your Directors present their report for the Company and its consolidated entities for the half-year ended 31 December 2020.

DIRECTORS

The Directors who served at any time during or since the end of the half-year until the date of this report are:

- Trevor Bourne Chairman, Independent Non-Executive Director
- Ian Davies Managing Director and Chief Executive Officer
- Timothy Crommelin Independent Non-Executive Director
- Ralph Craven Independent Non-Executive Director
- John Warburton Independent Non-Executive Director
- Glenda McLoughlin Independent Non-Executive Director. Commenced 1 July 2020
- Debra Goodin Independent Non-Executive Director. Retired 19 November 2020

PRINCIPAL ACTIVITY

The principal activities of entities within the consolidated group are oil and gas exploration, development and production.

REVIEW AND RESULTS OF OPERATIONS

Highlights – First Half FY21

- Gas sales revenue from continuing operations up 239% to \$44.8 million (H1 FY20: \$13.2 million).
- Operating cash flow up 30% to \$23.6 million (H1 FY20: \$18.2 million).
- Operating cash flow – continuing operations improved to \$15.7 million (H1 FY20: (\$2.2 million))
- Surat Basin production up 271% to 8.0 PJ (H1 FY20: 2.1 PJ).
- Surat Basin gas production reached 50 TJ/day (>18 PJ/year). Atlas achieved a daily rate above 30 TJ after period end.
- Sale of the Cooper Basin business to Beach Energy in November 2020 for \$87.5 million, which will strengthen the Group's balance sheet and cashflow resilience. Completion is expected in Q3 FY21.
- Highly valuable acreage awarded immediately adjacent to the Group's existing Atlas facilities with an immediate uplift in 1P, 2P and 3P gas reserves of 16 PJ, 41 PJ and 58 PJ respectively.
- Final Investment Decision (**FID**) taken for Roma North expansion to 24 TJ/day (~9 PJ/year)
- Front End Engineering Design (**FEED**) activities commenced for expansion of Roma North to 48 TJ/day and Atlas to 48 TJ/day (~18 PJ/year each).

Financial performance

- The Group's gas sales revenue for the half-year ended 31 December 2020 (**H1 FY21**) was \$44.8 million, an increase of 239% from the half-year ended 31 December 2019 (**H1 FY20**). The increase in revenue is primarily due to:
 - higher gas production following completion of Surat Basin drilling; partially offset by
 - lower realised pricing, particularly for the Brent-linked Roma North field.
- Gas unit operating costs were \$2.30/ GJ produced as Atlas ramp-up continued through H1 FY21.
- The Group's net profit before tax from continuing operations was \$1.7 million (H1 FY20: loss of \$9.7 million). The result is due to the significant increase in sales following the successful completion of the FY20 Surat Basin drilling program in June 2020.
- The Group's underlying net profit after tax from continuing operations was \$0.6 million (H1 FY20: loss of \$9.9 million).
- At 31 December 2020, the Group held cash reserves of \$58.0 million and had drawn debt of \$110.0 million. Net debt at 31 December 2020 was \$52.0 million.
- The Group has undrawn debt of \$15.0 million available for use as required.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT

Financial performance (continued)

- The Group 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. Completion is expected in Q3 FY21.

Operational performance

Senex delivered Surat Basin production growth of 271% to 8.0 PJ (H1 FY20: 2.1 PJ) from the continued ramp-up of gas volumes from the Roma North and Atlas natural gas developments.

Since 31 December 2020, daily production reached 50 TJ/day (>18 PJ/year) with Atlas reaching initial nameplate capacity of 32 TJ/day (~12 PJ/year).

Development activity

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

On 21 September 2020, the Group announced that it had been awarded additional highly valuable acreage immediately adjacent to the Group's existing Atlas development. The acreage award enables rapid expansion of natural gas production to ~18 PJ/year. FEED activities have commenced for the expansion of the Jemena owned and operated gas processing facility and wells and gathering program

Roma North expansion to 24 TJ/day (~9 PJ/year)

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

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

The Group has commenced FEED activities for the expansion of the Roma North acreage to 48 TJ/day, with primary approvals required for this project, including environmental authorities to construct additional compression and wells, native title agreements and EPBC approval, previously obtained.

People, environment and community

Total recordable injury frequency (TRIFR) decreased to nil incidents per million hours worked (half-year ended 31 December 2019: 5.4). The decrease in TRIFR follows the Group's focus on safety culture and contractor safety performance, undertaking leadership field visits, contractor safety audits and inspections. The personal risk assessment framework introduced previously was embedded as part of toolbox and pre-start meetings.

Commercial and Corporate

Additional Atlas domestic gas sales agreements

Contracted volumes across calendar years 2021 and 2022 increased by over 6 PJ, including a new two-year gas sales agreement with Alinta Energy to supply 4 PJ of natural gas from 1 January 2021 at the Wallumbilla Gas Hub in Queensland. Natural gas supply from Senex's acreage is now fully contracted for both calendar year 2021 and 2022.

Director retirement

Non-Executive Director Ms Debra Goodin retired as a Director of the Company on 19 November 2020. Ms Goodin served as the Chair of the Audit and Risk Committee and a member of the Nomination Committee and the People and Remuneration Committee.

Executive changes

On 21 December 2020, Senex announced a number of changes to the executive team. Mark McCabe, currently Chief Financial Officer, will move to the new position of Chief Commercial Officer, and will commence in the position pending Chief Financial Officer recruitment. Darren Stevenson has been promoted to the new role of Executive General Manager – Surat Basin, while Peter Mills will continue in the role of Chief Operating Officer until the end of the financial year as part of a formal leadership succession arrangement.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT

Reconciliation of profit after tax to underlying profit/(loss) after tax

\$m	Half-year ended 31 December 2020	Half-year ended 31 December 2019
Statutory net profit after tax from ordinary activities	0.1	1.5
Loss/(profit) from discontinued operations	1.6	(11.2)
COVID-19 government relief	(1.1)	-
Gain on sale of Senex Pipeline & Processing Pty Ltd	-	(0.1)
Underlying profit/(loss) after tax	0.6	(9.9)

Underlying net profit/(loss) after tax is a non-IFRS measure and has not been subject to audit or review by Senex's external auditors. Items removed from underlying net profit/(loss) after tax are:

Loss/(profit) from discontinued operations

The Group announced on 3 November 2020 that it had entered into a binding agreement with Beach Energy to sell its Cooper Basin business. The Cooper Basin's contribution to the Group's result has been recognised as a discontinued operation and removed from the underlying result.

COVID-19 government relief

State and federal governments have announced measures to help businesses during the COVID-19 pandemic. Senex received relief in the form of JobKeeper payments and payroll tax rebates (\$1.1 million recognised in continuing operations and \$0.2 million is recognised in discontinued operations). These have been removed from underlying profit as they are abnormal and are not expected to be long-term arrangements.

Gain on sale of Senex Pipeline & Processing Pty Ltd

In September 2019, Senex completed the sale of its Roma North gas processing facility and pipeline to major energy infrastructure operator Jemena for \$50 million cash. The gain on disposal of this facility has been removed from underlying profit.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Company in the half-year ended 31 December 2020 that have not been otherwise detailed in this Directors' report.

EVENTS AFTER THE REPORTING DATE

Except for the items disclosed under 'Review and results of operations' above, the Directors are not aware of any matter or circumstance not otherwise dealt with in the reports or the accounts that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

AUDITOR INDEPENDENCE

The independence declaration received from the auditor of Senex Energy Limited is set out on page 10 and forms part of this Directors' Report for the half-year ended 31 December 2020.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT

DIVIDENDS

The Company determined to pay a 0.5 cps ordinary dividend following the release of the FY21 Half-Year Report and a special dividend of 0.5 cps, subject to completion of the sale of the Cooper Basin business. No dividends were paid during the current or prior year.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and financial statements. Amounts in the financial statements have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Trevor Bourne
Chairman

Brisbane, Queensland
19 February 2021



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Senex Energy Limited

As lead auditor for the review of the half-year financial report of Senex Energy Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Senex Energy Limited and the entities it controlled during the financial period.

Ernst & Young

Anthony Jones
Partner
19 February 2021

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**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Note	For the half-year ended 31 December 2020 \$'000	For the half-year ended 31 December 2019 \$'000
Continuing operations			
Revenue	3 (a)	50,089	14,577
Other income	3 (b)	373	622
Expenses excluding net finance costs	4 (a)	(39,091)	(22,883)
Oil and gas exploration expense		-	(10)
Finance expenses	4 (b)	(9,629)	(2,024)
Profit/(loss) before tax from continuing operations		1,742	(9,718)
Income tax benefit/(expense)		-	-
Profit/(loss) after tax from continuing operations		1,742	(9,718)
(Loss)/profit after tax for the period from discontinued operations	5	(1,649)	11,235
Net profit attributable to owners of the parent entity		93	1,517
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss (net of tax)			
Change in fair value of cash flow hedges		(5,463)	(1,837)
		(5,463)	(1,837)
Total comprehensive loss for the period attributable to owners of parent entity		(5,370)	(320)
Earnings per share attributable to the ordinary equity holders of the parent entity:			
Basic earnings (cents per share)		0.01	0.10
Diluted earnings (cents per share)	6	0.01	0.10
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic earnings/(loss) (cents per share)		0.12	(0.67)
Diluted earnings/(loss) (cents per share)	6	0.11	(0.67)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		As at 31 December 2020 \$'000	As at 30 June 2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	58,029	79,908
Prepayments		3,207	568
Trade and other receivables	7	13,335	10,438
Inventory		809	710
Other financial assets		3,973	9,558
		79,353	101,182
Assets held for sale	5	134,749	140,877
Total current assets		214,102	242,059
Non-current assets			
Trade and other receivables	7	-	49
Property, plant and equipment		215,765	210,272
Oil and gas properties		228,553	231,974
Exploration assets		21,128	20,856
Intangible assets		3,961	4,133
Other financial assets		-	348
Total non-current assets		469,407	467,632
TOTAL ASSETS		683,509	709,691
LIABILITIES			
Current liabilities			
Trade and other payables		15,573	26,264
Provisions		5,147	8,661
Lease liabilities		4,438	2,649
Other financial liabilities		904	682
		26,062	38,256
Liabilities directly associated with assets held for sale	5	50,460	49,112
Total current liabilities		76,522	87,368
Non-current liabilities			
Provisions		23,510	24,078
Interest bearing liabilities	8	102,541	116,314
Lease liabilities		170,760	170,396
Other financial liabilities		741	1,125
Total non-current liabilities		297,552	311,913
TOTAL LIABILITIES		374,074	399,281
NET ASSETS		309,435	310,410
EQUITY			
Contributed equity		540,468	540,468
Reserves		27,736	28,804
Accumulated losses		(258,769)	(258,862)
TOTAL EQUITY		309,435	310,410

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	For the half-year ended 31 December 2020 \$'000	For the half-year ended 31 December 2019 \$'000
Cash flows from operating activities		
Receipts from customers	66,043	52,822
Payments to suppliers and employees	(42,390)	(35,148)
Payments for exploration expenditure	-	(5)
Payments for rehabilitation of wells	-	(166)
Interest received	178	382
Interest paid	(7,037)	(2,561)
Receipts from commodity hedges	5,550	1,510
Other receipts	1,225	1,355
Net cash flows from operating activities	23,569	18,189
Cash flows from investing activities		
Payment for oil & gas assets, plant & equipment and intangibles	(27,902)	(84,625)
Proceeds from free carry funding	-	3,314
Proceeds from disposal of assets	-	50,130
Net cash flows used in investing activities	(27,902)	(31,181)
Cash flows from financing activities		
(Repayments of)/proceeds from debt funding	(15,000)	75,000
Payments for debt facility cost	-	(301)
Payments for lease arrangements	(1,993)	(1,507)
Payments to Halliburton under tight oil agreement	-	(111)
Net cash flows from financing activities	(16,993)	73,081
Net (decrease)/increase in cash and cash equivalents	(21,326)	60,089
Net foreign exchange differences	(553)	(90)
Cash and cash equivalents at the beginning of the period	79,908	62,669
Cash and cash equivalents at the end of the period	58,029	122,668

The Consolidated Statement of Cash Flows includes cash flows from discontinued operations. Refer to Note 5 for additional detail. The Consolidated Statement of Cash Flows should also be read in conjunction with the accompanying notes.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The following table presents the Consolidated Statement of Changes in Equity for the half-year ended 31 December 2020:

	Contributed Equity \$'000	Accumulated Loss \$'000	Share-based Payments Reserve \$'000	Hedging Reserve \$'000	Total \$'000
Balance at 1 July 2020	540,468	(258,862)	21,739	7,065	310,410
Profit for the period	-	93	-	-	93
Other comprehensive loss	-	-	-	(5,463)	(5,463)
Total comprehensive loss	-	93	-	(5,463)	(5,370)
Transactions with owners, recorded directly in equity:					
Settlement of short-term incentives ¹	-	-	2,984	-	2,984
Share based payments expense	-	-	1,411	-	1,411
Balance at 31 December 2020	540,468	(258,769)	26,134	1,602	309,435

The following table presents the Consolidated Statement of Changes in Equity for the half-year ended 31 December 2019:

	Contributed Equity \$'000	Accumulated Loss \$'000	Share-based Payments Reserve \$'000	Hedging Reserve \$'000	Total \$'000
Balance at 1 July 2019	540,468	(207,495)	19,415	3,408	355,796
Profit for the period	-	1,517	-	-	1,517
Other comprehensive loss	-	-	-	(1,837)	(1,837)
Total comprehensive income	-	1,517	-	(1,837)	(320)
Transactions with owners, recorded directly in equity:					
Share based payments expense	-	-	1,275	-	1,275
Balance at 31 December 2019	540,468	(205,978)	20,690	1,571	356,751

¹ Certain FY20 KMP and staff short term incentives were settled with immediately vested performance rights

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Senex Energy Limited (the Company) and its controlled entities (collectively known as “the Group”) for the half-year ended 31 December 2020 were authorised for issue on 19 February 2021 in accordance with a resolution of the Directors.

The Company is:

- a company limited by shares;
- incorporated and domiciled in Australia;
- publicly traded on the Australian Securities Exchange (ASX code: SXY); and
- a for-profit entity for the purpose of preparing the financial statements.

The principal activities of entities within the Group during the year were oil and gas exploration, development and production.

Basis of preparation

- The half-year financial statements for the half-year ended 31 December 2020 have been prepared in accordance with AASB 134 *Interim Financial Reporting*. The half-year financial statements are condensed half-year financial statements and do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements.
- The half-year financial statements should be read in conjunction with the Annual Report of Senex Energy Limited as at 30 June 2020. The half-year financial statements present reclassified comparative information where required for consistency with the current period’s presentation.
- It is also recommended that the half-year financial statements be considered together with any public announcements made by the Group during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the Corporation Act 2001 and Australian Securities Exchange Listing Rules.
- The controlled entities are all those entities over which the Group has power, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect its returns.
- In preparing the consolidated condensed half-year financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.
- The controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.
- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency translation

The Group’s presentation and the Company’s functional currency is Australian dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date and any resulting gain or loss is taken to profit or loss.

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies

Except as disclosed below, accounting policies adopted in the preparation of the half-year financial statements are consistent with those used in the preparation of the Group's Annual Report for the year ended 30 June 2020.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature
- it is important for understanding the results of the Group
- it would influence the economic decisions that users make
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions, disposals and impairment write-downs
- it relates to an aspect of the Group's operations that is important to its future performance

New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of new standards effective as of 1 July 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time at 1 July 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group. Should there be any impact in future years accounting policies will be updated accordingly.

Significant accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. These are consistent with those disclosed in the 30 June 2020 Annual Report:

Reserves estimates	Other accounting policies
Impairment of oil and gas properties, exploration assets and inventory	Note 7
Rehabilitation provisions	Note 8

NOTE 2: OPERATING SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Identification of reportable segments

At 30 June 2020 the Group identified the Surat Basin and Cooper/Eromanga Basin as two identifiable operating segments. On 3 November 2020, Senex announced that it had entered into a binding agreement

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 2: OPERATING SEGMENTS (continued)

with Beach Energy Ltd to sell its Cooper Basin business. The sale will result in Senex's exit from the entire Cooper/Eromanga Basin operating segment. Please refer to Note 5 for additional information.

Following the disposal of the Cooper/Eromanga operating segment the Group considers there to be one operating segment, being the exploration and production of oil and gas in Queensland.

The Group has identified its operating segment based on the internal reports that are reviewed and used by the executive leadership team, who are considered to be the chief operating decision makers, in assessing performance and in determining the allocation of resources. The operating and reportable segments are based on the geographical location of the resources which correspond to the Group's strategy, are the sources of the Group's major risks and have the most effect on the rates of return.

Major customers

The Group sells gas to a range of customers including GLNG, ENGIE, Santos, CleanCo, CSR, Orora and Origin Energy. All customers are located within Australia.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those used to prepare the financial statements. Certain revenues, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment. At 31 December 2020, unallocated assets are \$88.2 million (30 June 2020: \$102.7 million), which is primarily cash of \$58.0 million (\$79.9 million). Unallocated liabilities are \$23.6 million (30 June 2020: \$29.7 million), which is primarily lease liabilities of \$9.2 million (\$9.8 million).

NOTE 3: REVENUE

	For the half-year ended 31 December 2020 \$'000	For the half-year ended 31 December 2019 \$'000
(a) Revenue from contracts with customers		
Hedge settlements	5,241	1,358
Gas sales	44,848	13,219
	50,089	14,577
(b) Other income		
Net gain on sale of assets	-	261
Interest income	159	361
Other	214	-
	373	622

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 4: EXPENSES

	For the half-year ended 31 December 2020 \$'000	For the half-year ended 31 December 2019 \$'000
(a) Expenses excluding net finance costs		
Operating costs	10,434	7,570
<i>Other operating costs</i>		
Pipeline and processing tariffs	4,912	495
Royalties	3,225	1,356
<i>Depreciation and amortisation</i>		
Amortisation of oil & gas properties	7,981	3,578
Other property, plant and equipment and intangibles	6,478	3,201
Third party product purchases	1,780	-
<i>Other expenses</i>		
Employee expenses not included in operating costs ¹	1,205	2,839
Foreign exchange loss	553	37
Operating lease expense	50	2
Other expenses	2,473	3,805
	39,091	22,883
(b) Finance expenses		
Rehabilitation accretion	111	124
Debt facility accretion	1,227	45
Lease and bank interest	8,291	1,855
	9,629	2,024

¹ Includes \$1.1 million reduction in expenses from State and Federal government measures to assist businesses during the COVID-19 pandemic such as Jobkeeper payment and payroll tax rebates. A further \$0.2 million reduction in expenses is recognised in discontinued operations.

NOTE 5: DISCONTINUED OPERATIONS

On 3 November 2020, the Group announced that it had entered into a binding agreement with Beach Energy to sell its Cooper Basin business for \$87.5 million cash consideration. The sale will result in the Group's exit from the Cooper Basin after more than 20 years, and will strengthen the Group's balance sheet and cashflow resilience.

The sale has an effective date of 1 July 2020 with completion expected in Q3 of FY21. The sale is subject to customary conditions, including Senex financier consents and regulatory approvals.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5: DISCONTINUED OPERATIONS (continued)

Senex will continue to operate the Cooper Basin assets until completion of the transaction. On completion, the provisional sales price will be adjusted for economic activity from 1 July 2020.

At 31 December 2020, the Cooper Basin business was classified as a disposal group held for sale and as a discontinued operation. The Cooper Basin business represents the Group's Cooper/Eromanga operating segment. The results of Cooper Basin business for the period are presented below:

	For the half-year ended 31 December 2020	For the half-year ended 31 December 2019
	\$'000	\$'000
Revenue	20,053	40,424
Expenses	(21,472)	(28,816)
Finance cost	(230)	(373)
(Loss)/profit before tax	(1,649)	11,235
Tax (expense)/benefit	-	-
(Loss)/profit after tax for the period from discontinued operations	(1,649)	11,235

Assets and liabilities associated with the Cooper Basin disposal group, as disclosed below, have been reclassified into assets held for sale and liabilities directly associated with the assets held for sale.

	As at 31 December 2020	As at 30 June 2020
	\$'000	\$'000
Current assets		
Prepayments	56	22
Trade and other receivables	10,293	9,527
Inventory	6,541	6,015
Non-current assets		
Property, plant & equipment	37,053	38,924
Oil and gas properties	63,289	60,538
Exploration assets	17,517	25,851
Total assets	134,749	140,877
Current liabilities		
Trade and other payables	7,320	5,181
Provisions	768	468
Other financial liabilities	190	190
Non-current liabilities		
Provisions	41,200	42,211
Lease liabilities	407	487
Other financial liabilities	575	575
Total liabilities	50,460	49,112

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 5: DISCONTINUED OPERATIONS (continued)

The net cash flow generated by the Cooper Basin business for the half-year ended 31 December 2020 was \$6.4 million (H1 FY20: \$10.4 million). The cash contribution is represented by \$7.9 million of operating cash inflow (H1 FY20: \$20.4 million), \$1.5 million of investing cash outflow (H1 FY20: \$10.1 million) and nil financing cashflows (H1 FY20: nil).

The basic and diluted loss per share for the half-year ended 31 December 2020 was 0.11 cents per share (half-year ended 31 December 2019: basic and diluted earnings per share of 0.77 cents per share and 0.76 cents per share respectively).

NOTE 6: EARNINGS PER SHARE

The number of ordinary shares used in the calculation of basic earnings/(loss) per share is the weighted average number of ordinary shares of Senex Energy Limited outstanding during the period. For the purposes of calculating diluted earnings per share at 31 December 2020, 39.0 million dilutive shares were taken into account (31 December 2019: 32.0 million dilutive shares). The Group's potential dilutive ordinary shares are share awards granted under the employee share ownership plans for which terms and conditions are described in Note 15 to the 30 June 2020 Annual Report. At 31 December 2020, no instruments are considered antidilutive (31 December 2019: nil).

WORKING CAPITAL

NOTE 7: TRADE AND OTHER RECEIVABLES

	As at 31 December 2020 \$'000	As at 30 June 2020 \$'000
Trade receivables (not subject to provisional pricing)	13,335	10,419
Sundry receivables non-interest bearing and unsecured	-	19
Total current trade and other receivables	13,335	10,438
Sundry receivables non-interest bearing and unsecured	-	49
Total non-current trade and other receivables	-	49

FINANCIAL MANAGEMENT

NOTE 8: NET DEBT

The Group's purpose is to create long-term shareholder value through the discovery, acquisition, development and sale of oil and gas. The Group will invest capital in assets where they fit its strategy. The Group primarily monitors capital using the net debt measure.

The Group has a \$160 million Senior Secured Multi-Currency Facility Agreement (SFA). The SFA comprises of the \$125 million Facility A (reserve-based facility), the \$25 million Facility B and \$10 million Facility C (both working capital facilities for general corporate purposes).

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 8: NET DEBT (continued)

Facility A matures on 26 October 2025 while Facility B and C mature on 26 October 2021.

In November 2020 the \$125 million Facility A converted to a revolving credit facility following the substantive completion of Roma North and Atlas development activity associated with the FY20 drilling program. The Group has drawn down \$110 million of the \$125 million committed Facility A revolving loan. The remaining \$15 million continues to be available for utilisation upon request. The reduced utilisation of Facility A will provide overall savings in interest costs.

	As at 31 December 2020 \$'000	As at 30 June 2020 \$'000
Non-current interest-bearing liabilities		
Bank loan	(110,000)	(125,000)
Debt facility transaction costs	7,459	8,686
Total interest-bearing liabilities	(102,541)	(116,314)
Less: cash and cash equivalent		
Cash at bank and in hand	58,029	79,908
Total cash and cash equivalents	58,029	79,908
Net (debt)/cash excluding transaction costs	(51,971)	(45,092)

NOTE 9: FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities

All financial assets not measured at fair value are recognised initially at fair value plus transaction costs. Financial liabilities not measured at fair value are recognised initially at fair value. Subsequent measurement of financial assets and liabilities depends on their classification, summarised in the table below.

Financial assets and liabilities carried at amortised cost take into account any discount or premium on acquisition, and fees or costs associated with the asset or liability. Due to the short-term nature and floating interest rate structure of these assets and liabilities, their carrying value is assumed to approximate their fair value.

Fair values

For financial assets and liabilities carried at fair value the Group uses the following to categorise the inputs and methodology used to determined fair value at the reporting date:

Level 1	The fair value is calculated using quoted market prices in active markets.
Level 2	The fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3	The fair value is estimated using inputs for the asset or liability that are not based on observable market data.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9: FINANCIAL ASSETS AND LIABILITIES (Continued)

The table below is presented outlines the fair value of financial assets and liabilities for continuing operations:

	As at 31 December 2020			As at 30 June 2020		
	Amortised cost	Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value through profit or loss	Fair value through OCI
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	58,029	-	-	79,908	-	-
Trade and other receivables	13,335	-	-	10,438	-	-
Other financial assets:						
Crude oil price swaps - current ¹	-	-	3,973	-	-	9,558
Crude oil price swaps - non-current ¹	-	-	-	-	-	348
	71,364	-	3,973	90,346	-	9,906
Financial liabilities						
Trade and other payables	15,573	-	-	26,264	-	-
Interest bearing liabilities	102,541	-	-	116,314	-	-
Lease liabilities	170,760	-	-	170,396	-	-
Other financial liabilities - current:						
Interest rate swaps - current ²	-	-	904	-	-	682
Interest rate swaps - non-current ²	-	-	741	-	-	1,125
	288,874	-	1,645	312,974	-	1,807

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SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 9: FINANCIAL ASSETS AND LIABILITIES (Continued)

1) Level 2

Crude oil price swaps have been designated as cash flow hedge instruments. The fair value of crude oil price swaps has been determined with reference to the Brent ICE forward price (USD) and forward exchange rate (AUD:USD) compared with the exercise price of the instrument along with the volatility of the underlying commodity price and the expiry of the instrument.

2) Level 2

Interest rate swaps have been designated as cash flow hedge instruments. The fair value of interest rate swaps has been determined with reference to the floating bank bill swap bid (BBSY) forward rate compared with the fixed price leg that the Group will pay.

The Group did not have any level 1 financial instruments as at 31 December 2020 or 30 June 2020.

OTHER FINANCIAL DISCLOSURE

NOTE 10: COMMITMENTS

There has been no other material change to the leasing and financing commitments disclosed in the most recent annual financial report.

Capital commitments contracted for at the reporting date but not recognised as liabilities were \$2.5 million (30 June 2020: \$6.3 million).

NOTE 11: CONTINGENCIES

The Group is aware of Native Title claims made in respect of areas in Queensland in which the Group has an interest and recognises that there might be additional claims made in the future. A definitive assessment cannot be made at this time of what impact the current or future claims, if any, may have on the Group.

The Group has entered various counterindemnities of bank and performance guarantees related to its own future performance, which are in the normal course of business. The likelihood of these guarantees being called upon is considered remote.

The Group also has certain obligations to perform exploration work pursuant to the terms of the granting of petroleum exploration permits in order to maintain rights of tenure. These commitments may be varied as a result of renegotiations of the terms of the exploration permits, licences or contracts or alternatively upon their relinquishment and cannot be reliably estimated.

There were no other unrecorded contingent assets or liabilities in place for the Group at 30 June 2020.

NOTE 12: DIVIDENDS PAID AND PROPOSED

The Company determined to pay a 0.5 cps ordinary dividend following the release of the FY21 Half-Year Report and a special dividend of 0.5 cps, subject to completion of the sale of the Cooper Basin business. No dividends were paid during the current or prior year.

NOTE 13: EVENTS AFTER THE REPORTING DATE

Since the end of the financial year, the Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly or may significantly affect the operations of the Company or the Group, the results of the operations of the Company or the Group, or the state of affairs of the Company or the Group in subsequent financial years.

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

Directors' Declaration

In accordance with a resolution of the directors of Senex Energy Limited, we state that:

- a) the financial statements and notes of Senex Energy Limited and its controlled entities (collectively known as "the Group") are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

On behalf of the Board



Trevor Bourne
Chairman



Ian Davies
Managing Director

Brisbane, Queensland
19 February 2021



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Independent Auditor's Review Report to the Members of Senex Energy Limited.

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Senex Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to be 'AJ' followed by a horizontal line.

Anthony Jones
Partner
Sydney
19 February 2021

A handwritten signature in cursive script, appearing to be 'MTL' followed by a horizontal line.

Matthew Taylor
Partner
Brisbane
19 February 2021

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