



ABN 50 008 942 827

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

SENEX ENERGY LIMITED
ABN 50 008 942 827

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SENEX ENERGY LIMITED
ABN 50 008 942 827

CORPORATE INFORMATION

This half-year report covers Senex Energy Limited ("the Company") and its controlled entities (collectively known as "the Group").

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

The nature of the operations and principal activities of the Group are described in the Directors' Report on page 5.

DIRECTORS: Denis F Patten (Chairman)
Ian Davies (Managing Director and Chief Executive Officer)
Robert J Pett (Non-executive Director)
Benedict M McKeown (Non-executive Director)
Tim Crommelin (Non-executive Director))

COMPANY SECRETARY: Frank Connolly

**REGISTERED OFFICE AND
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Code: SXY

SOLICITORS: Corrs Chamber Westgarth
Waterfront Place
1 Eagle Street
Brisbane, Queensland 4000

McCullough Robertson
Level 11, Central Plaza Two
66 Eagle Street
Brisbane, Queensland 4000

BANKERS: ANZ Banking
Level 16
324 Queen Street
Brisbane, Queensland 4000

SENEX ENERGY LIMITED
ABN 50 008 942 827

CORPORATE INFORMATION

Westpac Banking Corporation
109 St. Georges' Terrace
Perth, Western Australia 6000

AUDITORS:

Ernst & Young
1 Eagle Street
Brisbane, Queensland 4000

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2010.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Denis F Patten (Chairman)

Ian Davies (Managing Director and Chief Executive Officer) Appointed on 19 July 2010

Robert J Pett (Non-executive Director)

Benedict M McKeown (Non-executive Director)

Tim Crommelin (Non-executive Director) Appointed on 13 October 2010

John T Kopcheff (Executive Director) Retired on 22 September 2010

PRINCIPAL ACTIVITY

The principal activities during the half-year of entities within the consolidated group were oil and gas exploration and production.

REVIEW AND RESULTS OF OPERATIONS

Highlights

- Senex Energy Limited ("Senex", "the Company") and its controlled entities (collectively known as "the Group") completed its corporate transformation during the half-year ended 31 December 2010. This has included the appointment of a new management team, establishment of a Brisbane corporate office, and change of company name to Senex from Victoria Petroleum N.L.
- The Group had \$49,284,995 cash on hand as at 31 December 2010.
- The Group's revenue for the half-year ended 31 December 2010 was \$2,867,935, a decrease of 62% over the \$7,627,073 for the half-year ended 31 December 2009, principally due to the continuing impact of wet weather in the Cooper Basin.
- The Group recorded a gross profit of \$2,281,617 for the half-year ended 31 December 2010, a decrease of 51% over the \$4,630,728 for the half-year ended 31 December 2009.
- The Group's net loss after tax for the half-year ended 31 December 2010 was \$1,658,129 as compared with a net profit after tax of \$1,753,058 for the half-year ended 31 December 2009.
- The total net oil production to the Group was 11,805 barrels ("bbls") of oil for the 6 months ended 31 December 2010, a decrease of 85% over the 78,871 bbls of oil production reported for the 6 months ended 31 December 2009.
- In February 2011, the Company regained access to the Growler oil field in the South Australian Cooper Basin and has recommenced oil production and sales from the region.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Development and Production Activity

Cooper and Eromanga Basins, South Australia / Queensland

- The total gross oil production from operations over the half-year period was estimated at 53,447 bbls of oil at an average production rate of greater than 290 bbls of oil per day ("bopd").
- The total net oil production to the Group was 11,805 bbls for the 6 months ended 31 December 2010.

Field	Gross Production (bbls)	Net Production (bbls)
PRL 15 (Growler)	-	-
PEL 111 (Snatcher)	-	-
PPL 213 & PPL 214 (Mirage & Ventura)	8,416	5,050
ATP 752P (Cuisinier)	45,031	6,755
Total	53,447	11,805

- Production from the Group's Cooper Basin operations has been severely impacted throughout the half year by flooding, with only Mirage, Ventura and Cuisinier contributing production in the period.
- Access to the Growler field was re-established post half-year end in February 2011 via the construction of an alternative access route. Production from Growler wells 1 to 5 recommenced in February 2011, with the Group's planned exploration and development programme across PRL 15 and PEL 104 planned to commence in March 2011.
- Exploration success during FY10 in the Santos-operated ATP 752P resulted in exploration well Cuisinier-1 being placed on extended production testing in June 2010, and contributing significantly to production for the half-year period.
- The Snatcher field is expected to remain flood affected into FY12.

Exploration Activity & Outlook

Cooper Basin, South Australia / Queensland

- On 21st February 2011, the Group announced an upgrade to its reserves position in its existing fields, resulting in an increase in Proved and Probable ("2P") reserves of 194% from 1.6 million bbls to 4.7 million bbls. Proved, Probable and Possible ("3P") reserves increased by 193% from 4.5 million bbls to 13.2 million bbls.
- The Group's planned exploration program for FY11 was delayed due to the continuing presence of floodwaters throughout PEL 104 and PEL 111 denying access to these permits, resulting in no additional wells drilled in these permits during the half-year period.
- The first oil discovery in southwest Queensland Cooper Basin permit ATP 752P, Cuisinier-1, was placed on production in June 2010. Barta North-1 and Cuisinier-2 have also subsequently been drilled, cased and suspended as future producers.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

- Following these successes, ATP 752P Joint Venture has approved and commenced the drilling of a third Cuisinier well, Cuisinier-3, in February 2011.
- Fury-1 was drilled in PEL 115 during FY10 by farminee Monitor Energy Ltd and Lion Petroleum Pty Ltd. The Company retained a 33% interest in this permit. Continuing access constraints as a result of the weather have to date prevented Fury-1 from being placed on production testing.
- In June 2010 Senex announced it had completed its acquisition of a 49.9% working interest in PEL 182 from AuDax Energy Limited.
- In December 2010 Senex executed an agreement to acquire a 50% interest in PEL 88 and a 5% interest in PEL 100 from Traditional Oil Pty Limited. Following completion of this acquisition, Senex will hold 100% of PEL 88. The acquisition is currently subject to obtaining regulatory and joint venture party consents.
- The acquisitions of PEL 182, PEL 88 and PEL 100 continue to enhance the Group's exposure to the highly prospective Western Margin Oil Trend.

Surat Basin Coal Seam Gas, Queensland

- Following reserves certification in ATP 574P and PL 171 in January 2011, Senex has 2P certified reserves across all four of its Queensland CSG permits.

Permit	Operator	2P certified reserves (PJ)		3P certified reserves (PJ)	
		Gross	Net	Gross	Net
ATP 574P ¹	QGC	88.0	26.4	234.3	70.3
PL 171	QGC	38.0	7.6	449.0	89.8
ATP 771P	Senex	100.0	45.0	197.8	89.0
ATP 593P	Senex	-	-	-	-
Total		226.0	79.0	881.1	249.1

¹ ATP574P includes PLAs 392 and 393, which are currently pending grant over this ATP.

- Senex and QGC have agreed aggressive work programmes aimed at proving up further 2P reserves in ATP 574P and PL 171 for calendar year 2011. Commencement of these programmes has been delayed due to the Queensland flood events, however is expected to ramp up significantly in the coming months.
- During the half year period, Senex and Bow Energy Limited ("Bow") reached agreement on the transfer of operatorship of ATP 771P and ATP 593P Don Juan Project from Bow to Senex. The transfer is currently underway, with Senex planning to drill two coreholes in ATP 593P prior to the end of the financial year.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Corporate

Corporate Restructure

- A new management team was appointed to Senex during the half year period and following 31 December 2010. This included the following key appointments:
 - Mr Ian Davies – Managing Director
 - Dr Steven Scott – General Manager, Exploration
 - Mr Michael Herrington – General Manager, Operations
 - Ms Julie Whitcombe – Chief Financial Officer
 - Mr Frank Connolly – Legal Counsel and Corporate Secretary.
- The change in management team was accompanied by a relocation of the Group's head offices to Brisbane from Perth. The Brisbane office was opened in August 2010, with the registered office being formally changed in February 2011.
- Subsequent to 31 December 2010, the Group has completed its restructure programme with the rebranding of Victoria Petroleum N.L. as Senex Energy Limited.

Capital Raising

- On 22 November 2010, the Company successfully completed a placement of 70,271,000 shares at 37 cents to raise \$26 million before costs towards future exploration and development of the Group's permit areas.

Issue of Unlisted Options

- Senex issued 11,810,000 share options during the period to management and employees of the Company. These options have exercise prices varying between 25.5 cents and 37 cents, and expiry dates ranging to 19 July 2018.
- 75,000 share options were exercised during the period, raising \$18,750 before costs.

Investment in Impress Energy Limited

- In November and December 2010, the Company invested \$7 million to acquire an additional stake in Impress Energy Limited ("Impress"). This investment took the Group's overall holding in Impress to 20%. Impress is the Company's joint venture partner in key petroleum tenements, including PEL 111 (Snatcher), PRL 15 (Growler) and PEL 104.
- On 21st February 2010, the Company accepted into the Beach Energy Limited ("Beach") takeover offer for 100% of Impress shares. The sale will realise \$15 million in cash for the Group, with a gain on disposal of c. \$2.6 million (before tax) to be recognised in the Income Statement for the financial year to 30 June 2011.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Proposed acquisition of Stuart Petroleum Limited

- On 21st February 2010, Senex announced it had reached agreement with Stuart Petroleum Limited ("Stuart") to enter into a friendly merger transaction.
- Under the terms of the proposed transaction, Senex has made an offer to acquire all of the shares in Stuart Petroleum Limited on the basis of 2.5 Senex shares for every Stuart share held in an off-market takeover bid.
- The offer when made was subject to a minimum acceptance level of 50.1%. On 7 March 2011, Senex declared its offer for Stuart Petroleum unconditional.
- In association with the offer, Senex entered a Pre-Bid Acceptance Agreement with Stuart's major shareholder, Mr David Clarke, to acquire an initial 19.9% stake in Stuart.
- Stuart is an independent oil and gas exploration and production company based in Adelaide. Stuart holds exploration and production permits across the Cooper Basin.

EVENTS AFTER THE BALANCE SHEET DATE

Except for the item 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.

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	As at 31 December 2010 \$	As at 30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	6,284,995	16,791,150
Term deposits		43,000,000	20,000,000
Prepayments		12,910	1,130,000
Trade and other receivables	6	1,425,754	1,895,528
Held for trading financial assets		568,968	356,030
Total Current Assets		51,292,627	40,172,708
Non-current Assets			
Trade and other receivables		190,500	99,750
Property, plant and equipment		421,639	17,246
Available-for-sale financial assets		15,047,318	5,096,667
Exploration assets		3,856,138	984,843
Oil and gas properties	7	29,277,174	27,601,120
Total Non-current Assets		48,792,769	33,799,626
TOTAL ASSETS		100,085,396	73,972,334
LIABILITIES			
Current Liabilities			
Trade and other payables		2,670,801	3,060,193
Provisions		246,887	208,451
Total Current Liabilities		2,917,688	3,268,644
Non-current Liabilities			
Provisions		1,948,080	2,120,368
Total Non-current Liabilities		1,948,080	2,120,368
TOTAL LIABILITIES		4,865,768	5,389,012
NET ASSETS		95,219,628	68,583,322
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	11	176,814,470	151,266,106
Reserves		4,399,852	1,653,781
Accumulated losses		(85,994,694)	(84,336,565)
TOTAL EQUITY		95,219,628	68,583,322

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

SENEX ENERGY LIMITED
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	For the half-year ended 31 December 2010 \$	For the half-year ended 31 December 2009 \$
Continuing operations			
Revenue	4(a)	2,867,935	7,627,073
Cost of sales		(586,318)	(2,996,345)
Gross profit		2,281,617	4,630,728
Other income	4(b)	371,812	35,312
Other operating expenses	4(d)	(426,622)	-
Impairment of oil and gas properties		-	(129,632)
Oil and gas exploration expense		(742,910)	(1,012,446)
General and administrative expenses	4(c)	(3,745,822)	(1,748,190)
Profit / (Loss) from continuing operations before income tax		(2,261,925)	1,775,772
Income tax benefit		603,796	160,381
Profit / (Loss) from continuing operations after income tax		(1,658,129)	1,936,153
Discontinued operations			
Loss from discontinued operations after income tax		-	(183,094)
Net profit / (loss) for the period attributable to owners of the parent entity		(1,658,129)	1,753,059
Other comprehensive income			
Foreign currency translation		-	(125,070)
Net fair value gains on available-for-sale financial assets		2,419,902	388,635
Transferred realised gains to other income		(164,038)	(14,412)
Other comprehensive income for the period, net of tax		2,255,864	249,153
Total comprehensive income / (loss) for the period attributable to owners of parent entity		597,735	2,002,212
Earnings per share from continuing operations attributable to the ordinary equity holders of the parent (cents per share):			
Basic earnings / (loss) per share		(0.31)	0.49
Diluted earnings / (loss) per share		(0.31)	0.46

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	For the half-year ended 31 December 2010 \$	For the half-year ended 31 December 2009 \$
Cash flows from operating activities			
Receipts from customers		763,828	6,371,124
Payments to suppliers and employees		(2,919,984)	(4,610,671)
Payments for exploration expenditure		(2,213,205)	(849,777)
Payments for production expenditure		(1,127,860)	-
Interest received		1,257,176	235,552
Fees received for technical services		656,045	724,468
Other receipts		30,229	23,752
Net cash flows from / (used in) operating activities		(3,553,771)	1,894,448
Cash flows from investing activities			
Payment for oil and gas properties		(1,161,882)	(8,000,000)
Payments for development of oil and gas properties		(1,187,937)	(3,705,432)
Payments for purchase of investments		(7,076,540)	-
Purchase of property, plant and equipment		(445,551)	(17,150)
Proceeds from disposal of property, plant and equipment		494,723	-
Proceeds from disposal of subsidiary / investment		103,120	416,150
Term deposits released		20,000,000	-
Net cash flows from / (used in) investing activities		10,725,933	(11,306,432)
Cash flows from financing activities			
Proceeds from share issues	11	26,019,020	16,070,923
Transaction costs on issue of shares		(672,366)	(389,347)
Net cash flows from / (used in) financing activities		25,346,654	15,681,576
Net increase in cash and cash equivalents		32,518,816	6,269,592
Net foreign exchange differences		(24,971)	(203,791)
Cash and cash equivalents at the beginning of the period		16,791,150	18,289,877
Cash and cash equivalents at the end of the period	5	49,284,995	24,355,678

The consolidated cash flow of statement should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

The following table presents the consolidated statement of changes in equity for the half-year ended 31 December 2010:

	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payments reserve \$	Net realised gain reserve \$	Total \$
At 1 July 2010	151,266,106	(84,336,565)	-	2,101,870	(448,089)	68,583,322
Profit / (Loss) for the period	-	(1,658,129)	-	-	-	(1,658,129)
Other comprehensive income	-	-	-	-	2,255,864	2,255,864
Total comprehensive income	-	(1,658,129)	-	-	2,255,864	597,735
Transactions with owners, recorded directly in equity:						
Issue of share capital	26,019,020	-	-	-	-	26,019,020
Share issue costs, net of tax	(470,656)	-	-	-	-	(470,656)
Share-based payments	-	-	-	490,207	-	490,207
At 31 December 2010	176,814,470	(85,994,694)	-	2,592,077	1,807,775	95,219,628

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

The following table presents the consolidated statement of changes in equity for the half-year ended 31 December 2009:

	Issued capital \$	Accumulated losses \$	Foreign currency translation reserve \$	Share based payments reserve \$	Net realised gain reserve \$	Total \$
At 1 July 2009	110,018,067	(86,925,857)	269,662	2,101,870	237,102	25,700,844
Profit / (Loss) for the period	-	1,753,059	-	-	-	1,753,059
Other comprehensive income	-	-	(125,070)	-	374,223	249,153
Total comprehensive income	-	1,753,059	(125,070)	-	374,223	2,002,212
Transactions with owners, recorded directly in equity:						
Issue of share capital	16,070,923	-	-	-	-	16,070,923
Share issue costs, net of tax	(431,752)	-	-	-	-	(431,752)
At 31 December 2009	125,657,238	(85,172,798)	144,592	2,101,870	611,325	43,342,227

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. CORPORATE INFORMATION

The financial report of Senex Energy Limited (previously known as Victoria Petroleum N.L.) ("the Company") and its consolidated entities (collectively known as "the Group") for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 4 March 2011.

Senex Energy Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX code "SXY").

The principal activities during the half-year of entities within the Group were oil and coal seam gas exploration and production.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Victoria Petroleum N.L. as at 30 June 2010.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Group during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and Australian Securities Exchange Listing Rules.

(a) Basis of preparation

The half-year consolidated financial report is a general-purpose condensed financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The half-year financial report has been prepared on a historical cost basis, except for held for trading and available for sale investments that have been measured at fair value.

The financial report is presented in Australian dollars (\$).

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010, except for the adoption of amending Standards and Interpretations effective for annual reporting periods beginning on or after 1 July 2010.

From 1 July 2010 the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2010, including:

- *AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- *AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions*
- *AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments*

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments identified by management are based on the nature of the resources which correspond to the Group's strategy. Discrete financial information of each of these segments is reported to the executive management team on at least a monthly basis.

The reportable segments are based on operating segments determined by the nature of the resources, as these are sources of the Group's major risks and have the most effect on the rates of return.

Types of resources

Coal Seam Gas

The Coal Seam Gas exploration segment pertains to the Group's interest in the Surat Basin in Queensland.

Oil

The oil exploration and production segment pertains to the Group's interest in the Cooper and Eromanga Basins in South Australia and Queensland.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those used to prepare the financial statements and in the prior period.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Net gains / losses on disposal of available-for-sale investments.
- Fair value gains / losses on held-for-trading derivatives.
- Impairment of assets - impairment of assets is not included in the measurement of segment profit or loss where they are not expected to recur.
- Corporate expenses.

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. OPERATING SEGMENTS (CONTINUED)

The following tables present the revenue and profit information for reportable segments for the half-years ended 31 December 2010 and 31 December 2009:

	Coal Seam Gas		Oil		Total	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Revenue						
Revenue, before tax	-	-	1,059,858	6,538,911	1,059,858	6,538,911
Technical service fees	-	-	735,552	854,793	735,552	854,793
Total segment revenue	-	-	1,795,410	7,393,704	1,795,410	7,393,704
<i>Unallocated item:</i>						
Interest income					1,072,525	233,369
Total revenue per statement of comprehensive income					2,867,935	7,627,073

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. OPERATING SEGMENTS (CONTINUED)

	Coal Seam Gas		Oil		Total	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Results						
Segment result	(233,053)	(764,526)	272,613	4,019,806	39,560	3,255,280
Reconciliation of segment net profit / (loss) after tax to net profit / (loss) before tax						
<i>Unallocated items:</i>						
Net gain / (loss) on sale of subsidiaries / investments					-	35,312
Interest income					1,072,525	233,369
Other revenue					17,336	-
Net gain / (loss) on investments held for trading					190,438	(90,822)
Net gain / (loss) on available-for-sale financial asset					164,038	-
Foreign exchange gain / (loss)					(24,971)	(183,686)
Corporate expenses					(3,720,851)	(1,240,312)
Net profit / (loss) before tax per the statement of comprehensive income					(2,261,925)	1,775,772

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

3. OPERATING SEGMENTS (CONTINUED)

	Coal Seam Gas		Oil		Total	
	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010
	\$	\$	\$	\$	\$	\$
Segment assets						
Segment operating assets	2,432,697	667,766	31,312,415	28,740,749	33,745,112	29,408,515
Held for trading financial assets					568,968	356,030
Available-for-sale financial assets					15,047,318	5,096,667
Unallocated assets ¹					50,723,998	39,111,122
Total assets from continuing operations per the statement of financial position					100,085,396	73,972,334
Segment liabilities	720,611	462,129	2,492,750	3,331,414	3,213,361	3,793,544
Unallocated liabilities					1,652,407	1,595,468
Total liabilities from continuing operations per the statement of financial position					4,865,768	5,389,012

¹ The unallocated assets include cash at bank of \$6,284,995 (30 June 2010: \$16,971,150), term deposits of \$43,000,000 (30 June 2010: \$20,000,000), accrued interest on term deposits of \$322,770 (30 June 2010: \$507,393) and other sundry receivables and fixed assets.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

4. REVENUE AND EXPENSES

	For the half-year ended 31 December 2010 \$	For the half-year ended 31 December 2009 \$
Revenue and expenses from continuing operations		
(a) Revenue		
Oil sales	1,059,858	6,538,911
Interest income	1,072,525	233,369
Technical service fees	735,552	854,793
	2,867,935	7,627,073
(b) Other income		
Net gain from sale of subsidiary / investments	-	35,312
Net gain recognised on re-measurement to fair value of investments held for trading	190,438	-
Net gain on sale of available-for-sale financial asset	164,038	-
Other	17,336	-
	371,812	35,312
(c) General and administrative expenses		
Net loss recognised on re-measurement to fair value of investments held for trading	-	(90,822)
Employee benefits expense	(2,266,871)	(746,094)
Foreign exchange losses	(24,971)	(183,686)
Depreciation expense	(41,159)	(3,018)
Travel and accommodation	(187,249)	(25,797)
Share registry fees	(44,890)	(67,951)
Printing, postage and stationery	(33,886)	(14,529)
Operating lease expense	(235,430)	(179,700)
Consultants	(106,351)	(13,090)
Audit and taxation advice	(81,308)	(65,800)
Information technology support fees	(54,805)	(52,515)
Filing and listing fees	(39,192)	(38,440)
Insurance	(90,341)	(33,041)
Public relations	(88,168)	(54,028)
Subscriptions	(9,475)	(4,447)
Communication costs	(34,268)	(20,632)
Legal Fees	(153,960)	(75,335)
Other	(253,498)	(79,265)
	(3,745,822)	(1,748,190)
(d) Other operating expenses		
Other operating expenses relate to costs associated with the continued operation and maintenance of the Group's oil fields whose production was suspended during the period due to the continued impact of wet weather in the Cooper Basin.		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	As at 31 December 2010 \$	As at 30 June 2010 \$
Cash at bank and in hand	5,741,095	15,650,978
Cash advanced to jointly controlled operations	543,900	1,140,172
	6,284,995	16,791,150

Reconciliation to Consolidated Cash Flow Statement

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise of the following:

	As at 31 December 2010 \$	As at 31 December 2009 \$
Continuing operations		
Cash at bank and in hand	5,741,095	23,155,412
Cash advanced to jointly controlled operations	543,900	1,103,390
Term deposits maturing within three months	43,000,000	-
	49,284,995	24,258,802
Assets of disposal group classified as held for sale		
Cash advanced to jointly controlled operations	-	96,876
	49,284,995	24,355,678

6. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	As at 31 December 2010 \$	As at 30 June 2010 \$
Trade receivables	297,949	-
Sundry receivables	812,037	1,228,305
Joint venture receivables	315,768	667,223
	1,425,754	1,895,528

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

7. NON-CURRENT ASSETS – OIL AND GAS PROPERTIES

	As at 31 December 2010 \$	As at 30 June 2010 \$
Balance at the beginning of the year, net of accumulated amortisation and impairment	27,601,120	7,752,655
Additions	1,818,194	21,293,696
Amortisation charge for the year	(69,460)	(1,068,623)
Reversal of impairment / (impairment) of oil and gas properties	-	99,535
Disposals	(72,680)	(476,143)
Balance at the end of the year, net of accumulated amortisation and impairment	29,277,174	27,601,120
Balance at the beginning of the year		
Cost	34,169,122	16,381,080
Accumulated amortisation	(3,892,618)	(5,605,064)
Accumulated impairment, net of reversals	(2,675,384)	(3,023,361)
Net carrying amount	27,601,120	7,752,655
Balance at the end of the year		
Cost	35,914,636	34,169,122
Accumulated amortisation	(3,962,078)	(3,892,618)
Accumulated impairment, net of reversals	(2,675,384)	(2,675,384)
Net carrying amount	29,277,174	27,601,120

Impairment of oil and gas properties

At 31 December 2010, the Group reviewed the expected discounted cash flows from the Australian oil fields, which did not result in a write down of these oil and gas properties (31 December 2009: \$129,632).

It is the Group's policy to use Proved and Probable (2P) reserves to support the carrying value of its oil and gas properties.

8. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or declared by the Group during the half-year or to the date of this report.

9. COMMITMENTS

The group entered into a lease agreement for head office premises in Brisbane commencing 15 August 2010. The term of the lease is three years, with a two year lease option. The lease agreement gives rise to commitments totalling \$362,644 over the three year term of the lease.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

10. CONTINGENCIES

There have been no material changes in any contingent assets or liabilities of the Group since 30 June 2010.

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 can not be made at this time of what impact the current or future claims, if any, may have on the Group.

11. CONTRIBUTED EQUITY

	As at 31 December 2010 \$	As at 30 June 2010 \$
Ordinary fully paid shares (i)	176,814,470	151,212,731
Ordinary partly paid shares, paid to 10 cents (ii)	-	27,000
Ordinary partly paid shares, paid to 1 cent (ii)	-	19,150
Ordinary partly paid shares, paid to 0.1 cent (ii)	-	7,225
Total issued capital	176,814,470	151,266,106

- (i) Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.
- (ii) Partly paid shares have the same rights as fully paid ordinary shares, however they are only entitled to receive dividends to the extent of the paid up amount. Voting rights associated with partly paid shares are pro rated to the extent of the paid up amount. All partly paid shares were cancelled for nil consideration on 26 November 2010.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Ordinary fully paid shares

	As at 31 December 2010		As at 30 June 2010	
	Number of shares	\$	Number of shares	\$
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	518,078,680	151,212,731	368,300,198	109,964,692
Shares issued during the half-year (i)	70,346,000	26,019,020	149,778,482	42,399,021
Transaction costs on share issues	-	(470,656)	-	(1,150,982)
Partly paid shares cancelled for nil consideration during the half-year	-	53,375	-	-
Balance at the end of the period	588,424,680	176,814,470	518,078,680	151,212,731

(i) *During the half-year ended 31 December 2010*

On 26 November 2010, the Company issued 70,271,000 ordinary fully paid shares at a price of 37 cents each, to raise \$26,000,270 before costs.

A total of 75,000 ordinary fully paid shares were also issued at a price of 25 cents each for the exercise of unlisted options during the half-year ended 31 December 2010, which raised \$18,750 before costs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

20. CONTRIBUTED EQUITY (CONTINUED)

Partly paid shares

	As at 31 December 2010		As at 30 June 2010	
	Number of shares	\$	Number of shares	\$
Movement in partly paid shares on issue				
Balance at the beginning of the period	9,410,000	53,375	9,410,000	53,375
Shares cancelled during the half-year (i)	(9,410,000)	(53,375)	-	-
Balance at the end of the period	-	-	9,410,000	53,375

(i) *During the half-year ended 31 December 2010*

The following partly paid shares were cancelled for nil at the Annual General Meeting in November 2010:

- 270,000 ordinary shares issued at \$3.50, partly paid to 10 cents
- 1,915,000 ordinary shares issued at 60 cents, partly paid to 1 cent
- 7,225,000 ordinary shares issued at 40 cents, partly paid to 0.1cent

Options

	As at 31 December 2010 Number of options	As at 30 June 2010 Number of options
Movement in share options on issue		
Balance at the beginning of the period	8,775,000	71,165,482
Options issued during the year	11,810,000	-
Options expired during the half-year	-	-
Options exercised during the half-year (i)	(75,000)	(62,390,482)
Balance at the end of the period (ii)	20,510,000	8,775,000

(i) A total of 75,000 ordinary fully paid shares were issued at a price of 25 cents each for the exercise of unlisted options during the half-year ended 31 December 2010, which raised \$18,750 before costs.

(ii) The balance at the end of the current period comprises of the following options:

- 8,700,000 unlisted options, which have an exercise price of 25 cents and an expiry date of 31 January 2012
- 2,810,000 unlisted options, which have an exercise price of 37 cents and an expiry date of 30 June 2014
- 2,000,000 unlisted options, which have an exercise price of 25.5 cents and an expiry date of 2 Feb 2014
- 4,000,000 unlisted options, which have an exercise price of 25.5 cents with expiry dates ranging from February 2014 to July 2017
- 3,000,000 unlisted options, which have an exercise price of 27 cents with expiry dates ranging from August 2014 to July 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Options issued during the half-year to 31 December gave rise to an expense for the period of \$462,157.

Option holders do not have any right by virtue of the option to participate in any share issue of the Company or any related body corporate.

Performance Rights

Senex initiated a Performance Rights Plan during the half year ended 31 December 2010, under which certain employees are granted the right to earn shares in the Company subject to underlying Company and individual performance and retention conditions. On 1 December 2010, 1,800,000 performance rights were issued under this Plan, to be earned over a 3 year period commencing on 1 July 2010. An expense of \$28,050 for the period has been recognised in the Income Statement in relation to these rights.

21. EVENTS AFTER THE BALANCE SHEET DATE

Proposed acquisition of Stuart Petroleum

On the 21st of February 2011, the Boards of Senex and Stuart Petroleum Limited (Stuart) announced an agreed merger transaction. Under the terms of the agreement, Senex has made an offer for all the issued shares in Stuart on the basis of 2.5 Senex shares for each Stuart share. The transaction will be implemented through an off-market takeover offer for Stuart. The offer when made was subject to a minimum acceptance level of 50.1%. On 7 March 2011, Senex declared its offer for Stuart Petroleum unconditional.

In association with the offer, Senex has also entered into a pre-bid acceptance agreement with Stuart's largest shareholder in respect of 19.9 per cent of Stuart's issued shares.

In the event Senex is successful in acquiring at least 50.1% of Stuart shares, the Group will include the results and assets of Stuart in its consolidated accounts for the full financial year.

Reserves estimate increase

During the half year period ending 31 December, Senex prepared a detailed reservoir model for its oil producing assets in the South Australian Cooper Basin. Senex subsequently engaged MHA Petroleum Consultants LLC (MHA) to audit the reserve output of this model. As a result of the audit, MHA has confirmed a substantial increase in the estimate of reserves contained in the Snatcher and Growler oil fields. On 21st February 2011, Senex announced an upgrade to its reserves position in its existing fields, resulting in an increase in 2P reserves of 194% from 1.6 million bbls to 4.7 million bbls. This change in reserve estimate will result in a revised amortisation profile for Oil and Gas Properties in future reporting periods.

Sale of Impress Energy shares

On the 21st of February 2011, Senex announced its decision to sell its 20 per cent holding in Impress Energy Limited into Beach Energy Limited's on-market takeover offer. The sale of Senex's holding in Impress Energy will realise approximately \$15 million before costs. A gain on disposal of \$2.6 million before tax and costs of disposal will be realised in the full year accounts in relation to this disposal.

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DIRECTORS' DECLARATION

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

In the opinion of the directors:

- 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) give a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the Group; and
 - (ii) comply with Accounting Standard AASB 134 *"Interim Financial Reporting"* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors

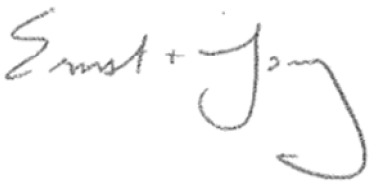


Ian Davies
Managing Director

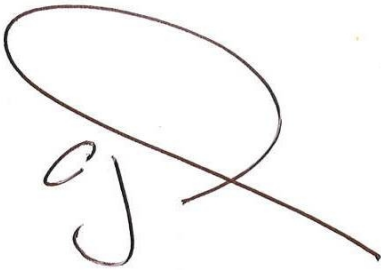
Brisbane, Queensland
7 March 2011

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

In relation to our review of the financial report of Senex Energy Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in dark ink that reads 'Ernst + Young' in a cursive, stylized script.

Ernst & Young

A handwritten signature in dark ink, appearing to be 'AJ' followed by a large, sweeping loop and a long horizontal stroke.

Andrew Carrick
Partner
7 March 2011

To the members of Senex Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Senex Energy Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are 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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its 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 Senex Energy Limited and the entities it controlled during the half year, 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.

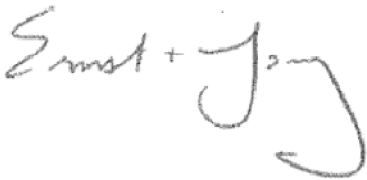
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

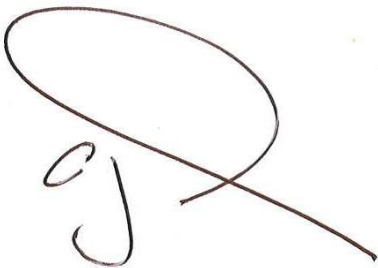
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Senex Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its 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*.

A handwritten signature in dark ink, appearing to read 'Ernst + Young'.

Ernst & Young

A handwritten signature in dark ink, appearing to be 'Andrew Carrick'.

Andrew Carrick
Partner
Brisbane
7 March 2011