



ABN 50 008 942 827

FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 (**Senex** or **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 3.

DIRECTORS:	Denis F Patten (Chairman) Ian R Davies (Managing Director and Chief Executive Officer) Benedict M McKeown (Non-Executive Director) Tim B I Crommelin (Non-Executive Director) Ralph H Craven (Non-Executive Director) Yanina A Barilá (Alternate Director)
SECRETARY:	Francis L Connolly David A Pegg
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SOLICITORS:	Corrs Chambers 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 Group Ltd Level 20 111 Eagle Street Brisbane, Queensland 4000
AUDITORS:	Ernst & Young Level 51 111 Eagle Street Brisbane, Queensland 4000

SENEX ENERGY LIMITED
ABN 50 008 942 827

DIRECTORS' REPORT

Your directors present their report on the Company and its consolidated entities for the half year ended 31 December 2013.

DIRECTORS

The following persons were directors during the whole of the half year and up to the date of this report:

Denis F Patten (Chairman)
Ian R Davies (Managing Director and Chief Executive Officer)
Benedict M McKeown (Non-Executive Director)
Tim B I Crommelin (Non-Executive Director)
Ralph H Craven (Non-Executive Director)
Yanina A Barilá (Alternate Director)

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

- Group safety performance improved markedly in the half year with no lost time injuries and a total recordable injury frequency rate of 3.68 setting a new benchmark for the business.
- Oil production for the six months ended 31 December 2013 was 0.65 million barrels (**mmbbls**), representing a decrease of 1.5% from the 0.66 mmbbls of oil production reported for the six months ended 31 December 2012.
- Group revenue for the half year ended 31 December 2013 increased to \$88.3 million, up 14% on the corresponding period in 2012 of \$77.3 million.
- Group net profit before tax for the half year ended 31 December 2013 was \$31.4 million, up 30% on the corresponding period in 2012.
- The Group had no debt and a \$102.5 million in cash and listed shares carried at fair value as at 31 December 2013.
- A 15-year petroleum retention licence scheme was agreed with the South Australian Government covering approximately 10,000 square kilometres of Group-operated oil exploration permits in the South Australian Cooper-Eromanga Basin.
- The Group and its joint venture partners drilled 15 of more than 30 oil exploration, appraisal and development wells planned for FY14. Of these, 13 were cased and suspended as future oil producers, representing a success rate of 87%.
- Successful exploration by the Group in the half year delivered five new oil accumulations, resulting in new oil fields at Burruna and Dunlop and the revitalisation of existing oil fields at Acrasia and Worrior.
- An initial contingent oil resource was quantified within the Murta Formation across South Australia's southern Cooper-Eromanga Basin.
- More than 450 oil and gas leads and prospects were identified in the half year as a result of a year-long study of the prospectivity of its permits across the South Australian Cooper-Eromanga Basin.
- The Group completed the data acquisition of the 1,030 square kilometre Dundinna 3D seismic survey ahead of schedule and on budget.
- In its Queensland Surat Basin permits, the Group successfully completed a four core hole program to further delineate coal seam gas reserves and resources.
- In December 2013, Senex made a highly conditional, non-binding approach to AWE Limited (ASX: AWE) to commence discussions on a merger of the two companies. Senex withdrew its proposal when AWE advised that it would not enter discussions.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Financial performance

- The Group's revenue for the half year ended 31 December 2013 was \$88.3 million, an increase of 14% over the \$77.3 million for the half year ended 31 December 2012. Oil sales revenue increased by 16% as a result of higher Australian Dollar oil prices, with an average realised price for the half year of \$133 per barrel compared to \$113 per barrel for the half year ended 31 December 2012.
- The Group recorded a gross profit of \$51.3 million for the half year ended 31 December 2013, an increase of 26% over the \$40.7 million for the half year ended 31 December 2012. Cost of sales increased by 1%, from \$36.6 million to \$37.0 million. However, operating costs per barrel, excluding royalties, decreased compared to the prior corresponding period as the Group realised the benefits of cost reduction initiatives.
- The Group's net profit before tax for the half year ended 31 December 2013 was \$31.4 million, an increase of 30% over the \$24.2 million for the half year ended 31 December 2012.
- The Group's net profit after tax for the half year ended 31 December 2013 was \$25.6 million, an increase of 9% over the \$23.4 million for the half year ended 31 December 2012. Non-cash income tax expense of \$5.8 million resulted from the utilisation of carry forward tax losses to offset prima-facie taxable income for the period. A gain of \$1.5 million (pre-tax), reflecting the increase in the fair value of available-for-sale financial assets at 31 December 2013, was recognised in other comprehensive income.
- At 31 December 2013 the Group had no debt and \$102.5 million in cash and available-for-sale financial assets.

Development and production activity

Cooper-Eromanga Basin, South Australia

- In July 2013, Senex advised annual net production guidance of 1.4 mmbbls to 1.6 mmbbls for 2013/14, up from 1.25 mmbbls in 2012/13.
- Total gross oil production from Senex-operated fields over the half year was 1.01 mmbbls of oil representing an average production rate of more than 5,495 barrels of oil per day (**bopd**).
- Total net oil production to the Group was 0.65 mmbbls (from operated and non-operated fields) for the six months to 31 December 2013. Production increased by 16.7% in the December quarter of 2013/14 and is expected to increase further in the March and June quarters of 2013/14 as new wells are brought online as a result of successful exploration, appraisal and development across the South Australian Cooper-Eromanga Basin.
- During the half year, Senex reduced well connection time from more than 90 days to around 45 days for exploration wells by implementing standardised design and equipment, and streamlining approval processes and inventory management.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Exploration activity and outlook

Cooper-Eromanga Basin, South Australia

- In the half year from 1 July 2013 to 31 December 2013, Senex and its joint venture partners drilled 15 oil exploration, appraisal and development wells of a planned 30+ well program for 2013/14. Of those wells, 13 were cased and suspended as future oil producers, representing a success rate of 87%.
- Five new oil accumulations were discovered in the half year, resulting in two new oil fields being brought onto production (ie Burruna and Dunlop) and two existing oil fields being revitalised (ie Worrior and Acrasia):
 - **Burruna (PEL 115, Senex 80% and operator):** The Burruna-2 exploration well intersected 5.3 metres of net pay in the Namur Sandstone and produced at a rate of 3,600 bopd during testing. The well was completed for production in September 2013 and commenced production in October. Subsequently, the Burruna-3 appraisal well intersected approximately 3 metres of net pay in the lower Birkhead Formation.
 - **Dunlop (PEL 113, Senex 100%):** The Dunlop-1 exploration well intersected approximately 3 metres of net pay in the McKinlay Member and flowed at 1,200 bopd during testing. The well was completed and brought online within the December quarter.
 - **Worrior (PPL 207, Senex 70% and operator):** Production testing at the Worrior-8 development well flowed gas from the Patchawarra Formation at a rate of 0.7 million standard cubic feet per day and flowed oil at a stabilised rate of 670 bopd. This was the first time crude oil had been produced from the Patchawarra Formation at Worrior oil field.
 - **Acrasia (PPL 203, Senex 100%):** The Acrasia-6 appraisal well confirmed stacked oil pay with multiple oil water contacts and intersected a new oil accumulation in the upper Tinchoo Formation.
- Subsequent to the end of the half year, appraisal wells were drilled at Acrasia, Spitfire, Mirage, Growler and Spitfire and oil fields, with all six wells cased and suspended for future testing and production (refer page 6 for further details).
- The Acrasia-8 and Spitfire-4 appraisal wells delivered particularly positive results, as described below:
 - **Acrasia-8 (PPL 203, Senex 100%):** The deviated Acrasia-8 appraisal well was drilled to accelerate oil recovery from Acrasia oil field by draining the known Poolowanna oil pool and providing an additional drainage point for the Hutton Sandstone. Analysis of exploration data indicates that Acrasia-8 intersected net oil pay of 29.8 metres across Birkhead, Hutton, Poolowanna and Tinchoo formations.
 - **Spitfire-4 (PEL 104, Senex 60% and operator):** The Spitfire-4 appraisal well was drilled 500 metres north west of Spitfire-2 to test intra-Birkhead sand that has proven to be prolific at the adjacent Growler oil field. Interpretation of wireline logs indicates Spitfire-4 intersected a 20 metre gross sand interval within the Birkhead Formation, with 13.8 metres of net pay. The well will be completed for production in the Birkhead Formation.
- At the time of writing, Senex was drilling ahead on appraisal wells at Worrior and Vintage Crop oil fields, which are the 22nd and 23rd wells of the company's 30+ well program for FY14.

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DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

- The table summarises oil drilling activity in FY14 to date:

Well	Location	Spud date	Type	Result
Worrior-8	PPL 207	22-Jun-2013	Development	Net pay of up to 18 metres in the McKinlay, Namur, Birkhead and Patchawarra
Worrior-9	PPL 207	04-Jul-2013	Exploration	Plugged and abandoned
Burrana-2	PEL 115	06-Aug-2013	Exploration	Net pay of 5.3 metres in the Namur 3,600 bopd during testing
Acrasia-7	PPL 203	24-Aug-2013	Development	Net pay of 7.1 metres in the Hutton, Poolowanna, Tinchoo and Arrabury
Ventura-2	PPL 214	28-Aug-2013	Development	Net pay of 13.4 metres in the Murta and McKinlay
Kobari-2	PEL 516	14-Sep-2013	Exploration	Oil shows over 22 metres
Pirie-1 ¹	PEL 105	30-Sep-2013	Exploration	Moderate oil shows in the Birkhead Formation
Dunlop-1	PEL 113	01-Oct-2013	Exploration	Net pay of approximately 3 metres in the McKinlay, 1,200 bopd during drill stem test
Moothandella-4 ²	ATP 794P	05-Oct-2013	Exploration	Interpreted net pay of 10 metres in the Murta, Namur and Westbourne
Sprigg-1	PEL 514	06-Oct-2013	Exploration	Interpreted net pay of 6.3 metres in the Murta
Pirraminta-2	PEL 514	22-Oct-2013	Exploration	Residual oil only. Cased and suspended as a future water well
Burrana-3	PEL 115	08-Nov-2013	Appraisal	Interpreted net pay of approximately 3 metres in the lower Birkhead
Acrasia-6	PPL 203	14-Nov-2013	Appraisal	32.8 metres net pay in the Hutton, Poolowanna and Tinchoo
Vintage Crop-3	PPL 241	24-Nov-2013	Appraisal	6.9 metres of net pay in the Murta and Birkhead
Growler-13	PPL 242	27-Dec-2013	Exploration	Oil-saturated interval intersected
Acrasia-8	PPL 203	30-Dec-2013	Development	29.8 metres of net pay in the Birkhead, Hutton, Poolowanna and Tinchoo
Mirage-5	PPL 213	04-Jan-2013	Appraisal	12.1 metres of net pay in the Murta
Spitfire-4	PEL 104	09-Jan-2013	Appraisal	13.8 metres of net pay in the Birkhead
Growler-12	PPL 242	17-Jan-2013	Appraisal	Intersected an oil-saturated interval
Snatcher-11	PPL 240	31-Jan-2014	Appraisal	Approximately 4.5 metre oil-saturated interval intersected in the Birkhead
Mirage-6	PPL 213	01-Feb-2014	Appraisal	11.6 metres of net pay in the Murta
Worrior-10	PPL 207		Appraisal	Drilling ahead
Vintage Crop-4	PEL 516		Appraisal	Drilling ahead

1 Operated by Tellus Resources

2 Operated by Bridgeport Energy

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Surat Basin Coal Seam Gas, Queensland

- **Western permits (ATP 593P and ATP 771P, both Senex 45% and Operator):** Senex completed a four core hole program to further delineate reserves and resources. Desorption testing is underway on the core samples from the four wells.
- **Eastern permits (ATP 574P and PL 171, Senex 30% and 20% respectively):** QGC as operator completed one appraisal well, Paradise Downs-10 during the period. The well has been cased and suspended. Senex expects work to commence later in calendar year 2014 on a further six wells in these permits, with the aim of proving up further 2P reserves.
- The following wells were drilled in the half year from 1 July 2013 to 31 December 2013:

Well	Location	Spud date	Type	Result
Paradise Downs-10 ¹	PL 171	13 Aug-2013	Appraisal	Cased and suspended
Kato-3 ²	ATP 593P	13-Oct-2013	Exploration	Plugged and abandoned after testing
Kato-4 ²	ATP 593P	27-Oct-2013	Exploration	Plugged and abandoned after testing
Indy-3 ²	ATP 771P	22-Nov-2013	Exploration	Plugged and abandoned after testing
Indy-4 ²	ATP 771P	09-Dec-2013	Exploration	Plugged and abandoned after testing

1 Operated by QGC

2 Core hole not designed for gas production

Corporate activity

Proposed merger with AWE

In December, Senex made a highly conditional, non-binding approach to AWE to commence discussions on a merger of the two companies. The approach was made on a friendly basis with the intention of undertaking comprehensive due diligence following extensive research of public information by Senex. Subsequent to the initial approach to commence discussions, the basis of the proposal was leaked to the media and AWE advised that it would not entertain the proposal. Consequently, Senex withdrew its proposal before due diligence could be undertaken.

Partnership with the Royal Flying Doctor Service

In November 2013, Senex and the Royal Flying Doctor Service Central Operations announced a major partnership that will help to keep the Service's flying intensive care units in the sky. At a launch in Innamincka, in South Australia's north east, Senex pledged \$300,000 to the Flying Doctor over three years. In an extension of normal corporate support, both organisations have recognised the opportunity to link the new partnership not just to a cash contribution, but to share and enhance safety cultures within on-ground oil and gas operations and surrounding outback and pastoral communities. The partnership will apply to the RFDS' Central Operations area of South and Central Australia, which covers Senex's rapidly growing oil operations on the western flank of the Cooper-Eromanga Basin.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company in the half year to 31 December 2013.

DIRECTORS' REPORT

EVENTS AFTER THE BALANCE SHEET DATE

Cooper Basin gas farm-out

On 24 February 2014, Senex and Origin Energy Limited (ASX: ORG) announced two farm-out agreements focusing on tight gas sand, and providing exposure to shale and deep coal plays within portions of PEL 516 and PEL 115 (Area A, Senex 100%) and PEL 514 (Area B, Senex 80% and operator, Planet Gas Limited (ASX: PGS) 20%). The associated work programs may see the joint ventures invest up to \$252 million in a two-stage work program involving the drilling of at least 15 wells and substantial 2D and 3D seismic acquisition programs. Under the agreements, Senex is free-carried for its share of the first \$185 million of the anticipated work program. Origin may earn up to a 50% interest in Area A over two stages and up to a 40% interest in Area B over two stages.

Disposal of shares in AWE

Subsequent to half year end, the remaining available-for-sale assets of \$13.1 million were disposed of, realising a gain on sale of \$1.2 million.

Other

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 32 and forms part of this directors' report for the half year ended 31 December 2013.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, 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 directors' report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



Denis F Patten
Chairman

Brisbane, Queensland
24 February 2014

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	89,434	126,775
Prepayments	8	2,831	3,420
Trade and other receivables	9	37,372	52,689
Available-for-sale assets	10	13,136	-
Inventory		9,092	4,297
Oil inventory		724	751
Total current assets		152,589	187,932
Non-current assets			
Trade and other receivables		215	25
Available-for-sale assets	10	-	1,725
Property, plant and equipment	11	48,970	41,583
Intangibles	12	1,594	1,243
Exploration assets	13	216,496	166,117
Oil and gas properties	14	122,986	100,241
Total non-current assets		390,261	310,934
TOTAL ASSETS		542,850	498,866
LIABILITIES			
Current liabilities			
Trade and other payables	15	38,619	31,736
Provisions	16	1,106	694
Total current liabilities		39,725	32,430
Non-current liabilities			
Provisions	17	28,236	26,351
Deferred tax liabilities		6,252	-
Total non-current liabilities		34,488	26,351
TOTAL LIABILITIES		74,213	58,781
NET ASSETS		468,637	440,085
EQUITY			
Contributed equity	18	450,217	450,064
Reserves		10,806	8,010
Retained earnings		7,614	(17,989)
TOTAL EQUITY		468,637	440,085

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 2013

	Note	For the half-year ended 31 December 2013 \$'000	For the half-year ended 31 December 2012 \$'000
Continuing operations			
Revenue	5(a)	88,299	77,341
Cost of sales	5(b)	(37,018)	(36,615)
Gross profit		51,281	40,726
Other income		2,395	1,057
Oil and gas exploration expenses		(5,294)	(3,840)
General and administrative expenses	5(c)	(12,961)	(12,496)
Other expenses	5(d)	(3,497)	-
Finance expenses		(524)	(1,284)
Profit before tax		31,400	24,163
Income tax expense	6	(5,797)	(806)
Profit after tax		25,603	23,357
Net profit for the period attributable to owners of the parent entity		25,603	23,357
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Movements in fair value of available-for-sale financial assets		1,521	(115)
Income tax effect		(455)	35
		1,066	(80)
Items that will not be subsequently reclassified to profit or loss		-	-
Other comprehensive income for the period, net of tax		1,066	(80)
Total comprehensive income for the period attributable to owners of parent entity		26,668	23,277
Earnings per share attributable to the ordinary			
Basic earnings (cents per share)		2.24	2.07
Diluted earnings (cents per share)		2.22	2.05

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

		For the half-year ended 31 December 2013 \$'000	For the half-year ended 31 December 2012 \$'000
	Note		
Cash flows from operating activities			
Receipts from customers		82,299	60,812
Payments to suppliers and employees		(12,166)	(6,685)
Payments for exploration expenditure		(5,450)	(3,840)
Payments for production expenditure		(32,295)	(30,582)
Interest received		1,701	2,649
Fees received for services		7,687	2,366
Net cash flows from operating activities		41,776	24,720
Cash flows from investing activities			
Payments for oil and gas properties		(32,805)	(12,679)
Payments for exploration assets		(46,525)	(42,481)
Payments for purchase of investments		(14,482)	(11,078)
Payments for property, plant and equipment		(9,756)	(18,945)
Proceeds from sale of fixed assets and investments		1,781	11,642
Proceeds from sale of JV interest		20,000	-
Net cash flows from investing activities		(81,787)	(73,541)
Cash flows from financing activities			
Proceeds from share issues		153	77,426
Payments for transaction costs for issue of shares		-	(2,568)
Net cash flows from financing activities		153	74,858
Net (decrease) / increase in cash and cash equivalents		(39,858)	26,037
Net foreign exchange differences		2,517	(339)
Cash and cash equivalents at the beginning of the period		126,775	123,951
Cash and cash equivalents at the end of the period	7	89,434	149,649

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 2013

The following table presents the consolidated statement of changes in equity for the half year ended 31 December 2013:

	Contributed equity \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Other reserves \$'000	Net unrealised gain / (loss) reserve \$'000	Total \$'000
Balance at 1 July 2013	450,064	(17,989)	8,193	(183)	-	440,085
Profit / (Loss) for the half-year	-	25,603	-	-	-	25,603
Other comprehensive income	-	-	-	-	1,066	1,066
Total comprehensive income	-	25,603	-	-	1,066	26,669
Transactions with owners, recorded directly in equity:						
Shares issued	153	-	-	-	-	153
Transaction costs on share issue (net of tax)	-	-	-	-	-	-
Share based payments expense	-	-	1,730	-	-	1,730
Balance at 31 December 2013	450,217	7,614	9,923	(183)	1,066	468,637

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

The following table presents the consolidated statement of changes in equity for the half year ended 31 December 2012:

	Contributed equity \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Other reserves \$'000	Net unrealised gain / (loss) reserve \$'000	Total \$'000
Balance at 1 July 2012	374,251	(78,993)	5,752	(183)	(886)	299,941
Profit / (Loss) for the half-year	-	23,357	-	-	-	23,357
Other comprehensive income	-	-	-	-	(80)	(80)
Total comprehensive income	-	23,357	-	-	(80)	23,277
Transactions with owners, recorded directly in equity:						
Issue of share capital	77,426	-	-	-	-	77,426
Transaction costs on share issue	(1,798)	-	-	-	-	(1,798)
Share based payments expense	-	-	1,470	-	-	1,470
Balance at 31 December 2012	449,879	(55,636)	7,222	(183)	(966)	400,316

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. CORPORATE INFORMATION

The financial statements of Senex Energy Limited ("the Company") and its consolidated entities (collectively known as "the Group") for the half year ended 31 December 2013 were authorised for issue on 24 February 2014 in accordance with a resolution of the Directors.

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 gas exploration and production.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half year financial statements 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 consolidated entity 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 2013.

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 2013 in accordance with the continuous disclosure obligations arising under the *Corporation Act 2001* and Australian Securities Exchange Listing Rules.

(a) Basis of preparation

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

The half year financial statements have been prepared on a historical cost basis and are presented in Australian dollars (\$).

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

During the period, the Group established an Employee Share Trust (EST). The purpose of the EST is to acquire shares and/or subscribe for newly issued shares in Senex for past and future offers of Performance Rights and Unlisted Options for delivery to Senex employees under the Senex Equity Plans. The EST forms part of the Group and is wholly consolidated for financial statements.

(b) Significant accounting policies

During the period, the Group adopted the following mandatory accounting standards:

- *AASB 10 Consolidated Financial Statements*;
- *AASB 11 Joint Arrangements*;
- *AASB 12 Disclosure of Interests in Other Entities*; and
- *AASB 13 Fair Value Measurement*.

The application of these accounting standards had no material impact on the half year financial statements. All other accounting policies used in the preparation of the half year financial statements are the same as those used for the year ended 30 June 2013.

The Group has not early adopted any standards, interpretations or amendments.

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

3. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise of cash and cash equivalents, available for sale assets, receivables and payables.

All financial assets are recognised initially at fair value plus transaction costs, and financial liabilities are recognised initially at fair value. Subsequent measurement of financial assets and liabilities depends on their classification, summarised in the table below.

	As at 31 December 2013		As at 30 June 2013	
	Amortised Cost	Fair Value*	Amortised Cost	Fair Value*
Financial Assets				
Cash and cash equivalents	89,434	-	126,775	-
Trade and other receivables	37,588	-	52,715	-
Available-for-sale assets	-	13,136	-	1,725
	127,022	13,136	179,490	1,725
Financial Liabilities				
Trade and other payables	38,619	-	31,736	-
	38,619	-	31,736	-

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

AASB7 Financial Instruments: Disclosures requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

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.

Level 1*

The fair value of listed, available-for-sale assets has been determined directly by reference to published price quotations in an active market. Gains or losses on available-for-sale assets are recognised in equity.

Available-for-sale assets are considered to be impaired when the fair value is significantly below cost or has been below cost for a prolonged period of time.

The Group does not have any level 2 or level 3 financial instruments as at 31 December 2013 or 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

4. 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 geographical location 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 geographical location of the resources, as these are sources of the Group's major risks and have the most effect on the rates of return.

Geographical segments

Cooper/Eromanga Basins

The Cooper/Eromanga Basins are sedimentary geological basins located mainly in the north east part of South Australia and extend into south west Queensland.

Surat Basin

The Surat basin is a geological basin in eastern Australia.

Major customers

Revenue is predominantly derived from the sale of crude oil to two major customers: IOR Petroleum and the South Australian Cooper Basin Joint Venture (SACBJV), a consortium of buyers made up of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd and Origin Energy Resources Limited.

Accounting policies

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

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 maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

4. OPERATING SEGMENTS (CONTINUED)

The following tables present the revenue and profit information for reportable segments for the half years ended 31 December 2013 and 31 December 2012:

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue						
Sales	-	-	83,797	71,980	83,797	71,980
Technical service fees	270	187	3,060	2,032	3,330	2,219
Total segment revenue	270	187	86,857	74,012	87,127	74,199
<i>Unallocated item:</i>						
Interest income					1,172	3,142
Total revenue per statement of comprehensive income					88,299	77,341

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Results						
Segment profit / (loss)	255	109	44,036	33,634	44,291	33,743
Reconciliation of segment net profit / (loss) after tax to net profit / (loss) from continuing operations before tax						
<i>Unallocated items:</i>						
Interest income					1,172	3,142
Gain in fair value of available for sale financial assets					650	-
Other income					1,745	1,057
Other expenses					(3,497)	-
General and administrative expenses					(12,961)	(13,779)
Net profit / (loss) before tax per the statement of comprehensive income					31,400	24,163

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

4. OPERATING SEGMENTS (CONTINUED)

Segment assets and segment liabilities at 31 December 2013 and 30 June 2013 are as follows:

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	31 December 2013 \$'000	30 June 2013 \$'000	31 December 2013 \$'000	30 June 2013 \$'000	31 December 2013 \$'000	30 June 2013 \$'000
Segment assets						
Segment operating assets	11,023	9,498	421,065	355,978	432,088	365,476
Asset held for sale						-
Available-for-sale assets					13,136	1,725
Unallocated assets ¹					97,626	131,665
Total assets per the statement of financial position					542,850	498,866
Segment liabilities	3,615	3,113	52,724	48,776	56,339	51,889
Unallocated liabilities ²					17,874	6,892
Total liabilities per the statement of financial position					74,213	58,781
Additions and acquisitions of non current assets (other than financial assets and deferred tax assets):						
Property, plant and equipment and intangibles	-	-	7,490	14,649	7,490	14,649
Exploration assets	1,978	523	48,401	95,274	50,379	95,797
Oil and gas properties	-	-	31,974	24,597	31,974	24,597
	1,978	523	87,865	134,520	89,843	135,043
Unallocated additions ³					2,616	5,481
Total Additions					92,459	140,524

¹ The unallocated assets include cash and cash equivalents of \$89,434,000 (30 June 2013: \$126,775,000), accrued interest of \$28,000 (30 June 2013: \$557,000), prepayments of \$186,000 (30 June 2013: \$937,000), receivables of \$383,000 (30 June 2013: \$53,000) and property, plant, equipment and intangibles of \$7,595,000 (30 June 2013: \$3,343,000).

² The unallocated liabilities include trade and other payables of \$10,237,000 (30 June 2013: \$6,032,000), deferred tax liabilities of \$6,252,000 (30 June 2013: nil) and provisions of \$1,386,000 (30 June 2013: \$860,000).

³ The unallocated additions include corporate office furniture and computer equipment \$408,000 (30 June 2013: \$1,759,000), intangibles \$147,000 (30 June 2013: \$1,433,000) and other corporate assets under construction \$2,061,000 (30 June 2013: \$2,289,000).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

5. REVENUE AND EXPENSES

	For the half-year ended 31 December 2013 \$'000	For the half-year ended 31 December 2012 \$'000
Revenue and expenses		
(a) Revenue		
Oil sales	83,797	71,980
Interest income	1,172	3,142
Technical service fees	3,330	2,219
	88,299	77,341
(b) Cost of sales		
Operating costs	(26,500)	(27,092)
Amortisation of oil and gas properties and facilities	(10,518)	(9,523)
	(37,018)	(36,615)
(c) General and administrative expenses		
Employee expenses	(11,128)	(8,785)
Other corporate expenses	(3,437)	(2,170)
Depreciation, amortisation and write-offs	(880)	(880)
Other expenses, including fx gains and losses	2,484	(661)
	(12,961)	(12,496)
(d) Other expenses		
Drill rig demobilisation and holding costs	(3,497)	-
	(3,497)	-
(e) Total employee costs		
Total employee costs	(18,516)	(13,276)
	(18,516)	(13,276)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

6. INCOME TAX

	For the half-year ended 31 December 2013 \$'000	For the half-year ended 31 December 2012 \$'000
Reconciliation of income tax expense calculated on profit (loss) before tax to income tax charged in the income statement		
Accounting profit before income tax	31,400	24,163
At the Group's statutory income tax rate of 30% (31 December 2012: 30%)	(9,420)	(7,249)
Share-based payments	1,031	(441)
Research and development benefit	1,062	3,161
Other	220	(7)
Utilisation and recognition of deferred tax on losses	869	3,730
Over/(Under) provision in the prior year	441	-
Income tax expense reported in the Statement of Comprehensive Income	(5,797)	(806)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Cash at bank and in hand	77,618	110,972
Cash advanced to jointly controlled operations	11,816	15,803
	89,434	126,775

Cash and cash equivalent balances advanced to jointly controlled operations are not available for use by the Group for settlement of corporate liabilities.

8. CURRENT ASSETS - PREPAYMENTS

	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Prepayment of pipeline charges	2,322	2,483
Prepayments - other	509	937
	2,831	3,420

9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Trade receivables	31,553	30,054
Sundry receivables	1,873	21,108
Receivables from jointly controlled operations	3,946	1,527
	37,372	52,689

10. AVAILABLE-FOR-SALE ASSETS

	Consolidated As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Current		
Listed shares carried at fair value	13,136	-

	Consolidated As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Non-current		
Listed shares carried at fair value	-	1,725

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Property, Plant and Equipment \$'000	Consolidated Assets Under Construction \$'000	Total \$'000
As at 30 June 2013			
Cost	36,135	8,011	44,146
Accumulated depreciation	(2,563)	-	(2,563)
Net book amount	33,572	8,011	41,583
Movement for the half year ended 31 December 2013			
Opening net book amount	33,572	8,011	41,583
Additions	2,748	7,211	9,959
Transfers	6,236	(7,198)	(962)
Depreciation	(1,610)	-	(1,610)
Closing net book amount	40,946	8,024	48,970
At 31 December 2013			
Cost	44,679	8,024	52,703
Accumulated depreciation	(3,733)	-	(3,733)
Net book amount	40,946	8,024	48,970
As at 30 June 2012			
Cost	4,777	21,504	26,281
Accumulated depreciation	(814)	-	(814)
Net book amount	3,963	21,504	25,467
Movement for the year ended 30 June 2013			
Opening net book amount	3,963	21,504	25,467
Additions	11,731	6,966	18,697
Transfers	20,449	(20,459)	(10)
Write-offs	(505)	-	(505)
Depreciation	(2,066)	-	(2,066)
Closing net book amount	33,572	8,011	41,583
At 30 June 2013			
Cost	36,135	8,011	44,146
Accumulated depreciation	(2,563)	-	(2,563)
Net book amount	33,572	8,011	41,583

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12. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated For the half-year ended 31 December 2013 \$'000	For the year ended 30 June 2013 \$'000
At the beginning of the period		
Cost	1,717	224
Accumulated depreciation	(474)	(41)
Net book amount	1,243	183
Carrying amount at the beginning of the year		
Opening net book amount	1,243	183
Additions	147	1,432
Transfers	663	10
Depreciation	(459)	(382)
Closing net book amount	1,594	1,243
At the end of the period		
Cost	2,936	1,717
Accumulated depreciation	(1,342)	(474)
Net book amount	1,594	1,243

13. NON-CURRENT ASSETS – EXPLORATION ASSETS

	For the half-year ended 31 December 2013 \$'000	For the year ended 30 June 2013 \$'000
Exploration assets		
Balance at the beginning of the period, net of accumulated amortisation and impairment	166,117	74,309
Additions	36,952	92,011
Acquisition of additional interests	13,427	3,786
Transfers to development assets	-	(3,989)
Balance at the end of the period, net of accumulated amortisation and impairment	216,496	166,117

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14. NON-CURRENT ASSETS – OIL AND GAS PROPERTIES

	For the half-year ended 31 December 2013 \$'000	For the year ended 30 June 2013 \$'000
Oil and gas properties		
Balance at the beginning of the period, net of accumulated amortisation and impairment	100,241	93,374
Additions	31,974	21,069
Purchase of additional interests	-	3,528
Transfers from exploration assets	-	3,989
Amortisation charge for the period	(9,229)	(16,882)
Disposal of interests (net)	-	(4,837)
Balance at the end of the period, net of accumulated amortisation and impairment	122,986	100,241
Balance at the beginning of the period		
Cost	137,107	113,753
Accumulated amortisation	(34,191)	(17,704)
Accumulated impairment, net of reversals	(2,675)	(2,675)
Net carrying amount	100,241	93,374
Balance at the end of the period		
Cost	169,081	137,107
Accumulated amortisation	(43,420)	(34,191)
Accumulated impairment, net of reversals	(2,675)	(2,675)
Net carrying amount	122,986	100,241

15. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Other creditors and accruals – unsecured ¹	15,306	10,200
Payables to jointly controlled operations ²	23,313	21,536
	38,619	31,736

¹ Other creditors and accruals are non-interest bearing, unsecured and will be paid in the next 12 months.

² These payables relate to the portion of trade payables and accruals in jointly controlled operations which is attributable to the Group.

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NOTES TO THE FINANCIAL STATEMENTS
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16. CURRENT LIABILITIES – PROVISIONS

	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Employee provisions	821	655
Lease liabilities	285	39
	1,106	694

17. NON-CURRENT LIABILITIES – PROVISIONS

	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Employee provisions	279	166
Rehabilitation provisions	27,957	26,185
	28,236	26,351

Movement in rehabilitation provision

	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Rehabilitation		
Balance at the beginning of the year	26,185	18,066
Additional provision recognised during the year	2,987	8,419
Unwinding and discount rate adjustment	(1,215)	163
Disposals	-	(463)
Balance at the end of the year	27,957	26,185

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

18.CONTRIBUTED EQUITY

	Parent Entity	
	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
1,144,008,917 ordinary fully paid shares (30 June 2013: 1,140,804,837)	450,217	450,064
Total issued capital	450,217	450,064

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.

Ordinary fully paid shares

	Parent Entity			
	For the half-year ended 31 December 2013		For the year ended 30 June 2013	
	Number of shares	\$'000	Number of shares	\$'000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	1,140,804,837	450,064	1,032,094,191	374,251
Issues of shares during the period:				
Equity raising	-	-	104,111,540	77,043
Exercise of unlisted options	600,000	153	1,930,000	568
Performance rights (nil consideration)	2,604,080	-	2,669,106	-
Transaction costs on shares issued (net of tax)	-	-	-	(1,798)
Balance at the end of the period	1,144,008,917	450,217	1,140,804,837	450,064

During the half year ended 31 December 2013:

600,000 ordinary fully paid shares were issued at a price of 25.5 cents each for the exercise of unlisted options during the half year, raising \$153,000 before costs.

2,604,080 ordinary fully paid shares were issued during the half year as a result of the vesting of employee performance rights.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

18. CONTRIBUTED EQUITY (CONTINUED)

Options

	Parent Entity	
	For the half-year ended 31 December 2013	For the year ended 30 June 2013
	Number of options	Number of options
Movement in share options on issue		
Balance at the beginning of the period	9,010,000	10,940,000
Options issued during the period	-	-
Options exercised during the period	(600,000)	(1,930,000)
Options expired during the period	-	-
Balance at the end of the period	8,410,000	9,010,000

During the half year ended 31 December 2013:

600,000 ordinary fully paid shares were issued at a price of 25.5 cents each for the exercise of unlisted options during the half year, raising \$153,000 before costs.

The balance at the end of the current period is comprised of the following options:

- 1,410,000 unlisted options, which have an exercise price of 37 cents and an expiry date of 30 June 2014
- 5,000,000 unlisted options, which have an exercise price of 25.5 cents and expiry dates ranging from February 2014 to July 2018
- 2,000,000 unlisted options, which have an exercise price of 40 cents and expiry dates ranging from July 2014 to July 2016

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

18. CONTRIBUTED EQUITY (CONTINUED)

Performance Rights

	Parent Entity	
	For the half-year ended 31 December 2013	For the year ended 30 June 2013
	Number of rights	Number of rights
Movement in performance rights on issue		
Balance at the beginning of the period	8,206,649	5,975,932
Rights issued during the period	8,251,775	6,851,603
Rights vested during the period	(2,604,080)	(2,669,106)
Rights lapsing during the period	(300,000)	(1,951,780)
Balance at the end of the period	13,554,344	8,206,649

During the half year ended 31 December 2013:

A total of 8,251,775 performance rights were granted to employees. These rights are subject to Company and individual performance and retention conditions. These rights are earned during the year in which they are granted, but vest over a period of up to three years subject to an individual remaining an employee of the Group.

Performance rights are subject to the achievement of certain performance conditions, which are determined at each grant and vary by individual employee. Typical performance conditions include:

- Company shareholder return, relating to share price performance over the year;
- Company safety performance, relating to the frequency of injuries recorded over the year;
- Oil production targets;
- Oil reserve growth targets;
- Other individual performance conditions, which may vary by employee.

2,604,080 ordinary fully paid shares were issued as a result of the vesting of performance rights issued and 300,000 performance rights lapsed during the half year.

19. 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.

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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20. COMMITMENTS

Leasing commitments

These commitments represent payment due for lease premises under non-cancellable operating leases.

The Group entered into a lease agreement for head office premises in Brisbane. The term of the lease is four years, with a four year lease option. The lease agreement gives rise to commitments totalling \$3,532,000 over the term of the lease.

The Group entered into a four year lease agreement for additional space in the Brisbane office, with a four year lease option. This agreement gives rise to commitments totalling \$1,719,000 over the term of the lease.

The Group entered into a lease agreement for office premises in Adelaide. The term of the lease is three years, with a three year lease renewal option. This lease agreement give rises to commitments totalling \$220,000 over the term of the lease.

Future minimum payments under non-cancellable leases as at 31 December 2013 are as follows:

	Consolidated	
	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Minimum lease payments		
- not later than one year	1,424	1,395
- later than one year and not later than five years	2,979	3,693
	4,403	5,088

Capital commitments

The following capital commitments were contracted for at the reporting date but not recognised as liabilities:

	Consolidated	
	As at 31 December 2013 \$'000	As at 30 June 2013 \$'000
Corporate		
- not later than one year	7,961	5,606
Jointly controlled operations		
- not later than one year	331	1,880
	8,292	7,486

Exploration and development commitments

Due to the nature of the Group's operations in exploration and evaluation of areas of interest, it is not possible to forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure. In order to maintain its interests in present permit areas, the Group must expend by 31 December 2014 approximately \$14,209,000 (2013: \$13,950,000). Expenditure beyond 31 December 2014 is expected to total approximately \$33,292,000. These commitments may be subject to renegotiation or farmed out, or tenements to which they relate may be relinquished. Consequently these commitments have not been provided for in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

21. CONTINGENCIES

Other 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.

There were no other unrecorded contingent assets or liabilities in place for the Group at 31 December 2013.

22. RELATED PARTY DISCLOSURE

During the period, the Group made payments for brokerage services of \$19,911 to RBS Morgans Limited, a company associated with Tim B I Crommelin. These services were provided at normal commercial rates and not by Mr Crommelin as a Director of the Group.

23. EVENTS AFTER THE BALANCE SHEET DATE

Cooper Basin gas farm-out

On 24 February 2014, Senex and Origin Energy Limited (ASX: ORG) announced two farm-out agreements focusing on tight gas sand, shale and deep coal plays within portions of PEL 516 and PEL 115 (Area A, Senex 100%) and PEL 514 (Area B, Senex 80% and operator, Planet Gas Limited (ASX: PGS) 20%). The associated work programs may see the joint ventures invest up to \$252 million in a two-stage work program involving the drilling of at least 15 wells and substantial 2D and 3D seismic acquisition programs. Under the agreements, Senex is free-carried for its share of the first \$185 million of the anticipated work program. Origin may earn up to a 50% interest in Area A over two stages and up to a 40% interest in Area B over two stages.

Disposal of shares in AWE

Subsequent to half year end, the remaining available-for-sale assets of \$13.1 million were disposed of, realising a gain on sale of \$1.2 million.

Other

Since the end of the half year ended 31 December 2013, 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.

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DIRECTORS' DECLARATION

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

In the Directors opinion:

- 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 2013 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 Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors

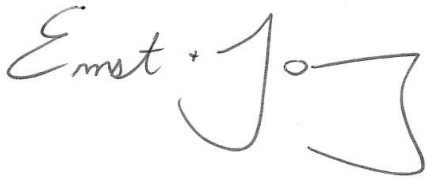


Denis F Patten
Chairman

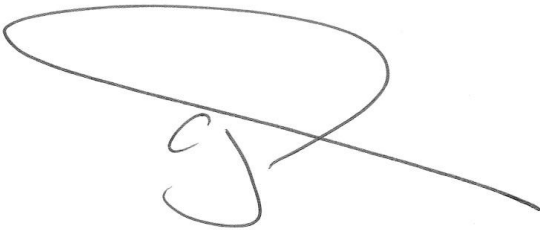
Brisbane, Queensland
24 February 2014

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 2013, 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.



Ernst & Young



Andrew Carrick
Partner
24 February 2014

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 consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 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 a Financial Report 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 2013 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.

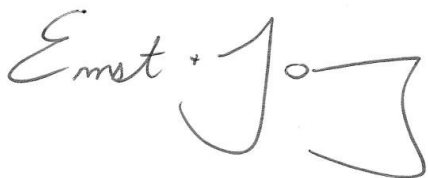
Independence

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.

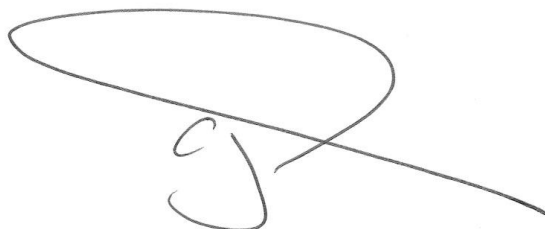
Conclusion

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 2013 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.



Ernst & Young



Andrew Carrick
Partner
Brisbane
24 February 2014