

To:	Company Announcement Office	From:	Senex Energy Limited
Company:	ASX Limited	Pages:	40
Date:	24 February 2015		
Subject:	Senex Energy Limited (ASX:SXY) FY15 Half Year Results		

Please find enclosed the following in reference to the 2015 half year results for Senex Energy Limited:

Page 2	Appendix 4D
Page 3	ASX Announcement
Page 5	Half Year Report

Regards

Frank Connolly
Company Secretary

Half year report for the period ended 31 December 2014

Based on accounts that have been reviewed

Results for announcement to the market

All comparisons to half year ended 31 December 2013

				\$ million
Revenue from ordinary activities	Decreased	17%	to	69.9
Loss after tax from ordinary activities	Decreased	357%	to	(65.9)
Underlying profit after tax from ordinary activities	Decreased	95%	to	1.6

Underlying profit after tax is a non-IFRS measure and a reconciliation to loss after tax from ordinary activities is included below. Commentary on the Group's operating performance and results from operations are set out in the attached half year announcement and report.

Dividends

No dividends are proposed and no dividends were declared or paid during the current or prior year.

Net tangible asset backing

	2014	2013
Net tangible assets per ordinary security	\$0.37	\$0.41

Changes in ownership of controlled entities

During the period, two dormant controlled entities, Anarion Petroleum Pty Ltd and Stuart Petroleum Fuels Pty Ltd, were deregistered as they were no longer required.

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2014 half year financial statements.

This report is based on the consolidated 2014 half year financial statements which have been reviewed by Ernst & Young.

Reconciliation of loss after tax from ordinary activities to underlying profit after tax

	2014	2013
Loss after tax from ordinary activities	(65.9)	25.6
Impairment expense	86.5	-
One off transaction costs	-	0.8
Tax (benefit)/expense	(19.0)	5.4
Underlying profit after tax from ordinary activities	1.6	31.8

Senex posts FY15 half year results

Release Date: 24 February 2015

Senex Energy Limited (ASX:SXY, Senex) has today announced its 2015 first half results, with a lower profit on reduced oil revenues and a strong financial position heading into the second half.

FY15 half year results against previous corresponding period:

- **Net production** of 0.74 mmboe, up 14%, a record first half result
- **Statutory net loss after tax** of \$(65.9) million after non-cash impairment charge of \$86.5 million before tax, reflecting the lower oil price environment
- **Underlying net profit after tax¹** of \$1.6 million, down from \$31.8 million; result includes first-half exploration expense of \$18.4 million
- **EBITDAX²** of \$33.5 million, down from \$46.9 million
- **Strong financial position** with no debt, and cash balance of \$74.9 million
- **Progress on strategic gas projects** and first commercial gas sales achieved
- **Full year capex guidance cut 20%** to \$85-90 million, plus additional annualised cost savings of \$6 million identified and implemented

The statutory net loss after tax included the impact of a non-cash impairment charge of \$87 million before tax. This charge was taken in response to the lower oil price environment, and reflects Senex's conservative approach to managing its capital in the current volatile market conditions. The non-cash impairment charge was primarily recognised against Senex's non-producing exploration assets and does not affect the Company's operating outlook or plans.

Senex's portfolio of producing assets remains cash positive, with the Company reporting an operating cost per barrel of A\$31 against an average received oil price of A\$97 per barrel for the half year ending 31 December 2014. Through hedging instruments, Senex has locked in a floor price of A\$68 per barrel for oil sales in the second half of FY15.

Senex Managing Director, Ian Davies, said that the Company was entering the second half in a healthy financial position with a continued focus on low cost oil and gas production and strict capital allocation hurdles in place.

"Senex is working hard to deliver its full year production guidance and remains attentive to the volatile energy environment. We have acted sensibly to reduce operating costs and reallocate capital spend, without impacting our capacity to progress our portfolio of growth projects. We will continue to manage the portfolio, balance sheet and capital expenditure plans very actively during the second half. Senex has no debt and we are well positioned to end the financial year with a strong cash balance," Mr Davies said.

Despite challenging market conditions during the period, the Company made significant progress in the delivery of a material gas business to complement its strong oil operations.

“During the half Senex successfully commenced gas production, with first commercial sales from our Hornet field in the Cooper Basin. We have bolstered our acreage position in the Surat Basin following the asset swap with the QGC JV, and stage one of our unconventional gas farm in with Origin Energy is taking shape. These projects give us further optionality and business diversification to underpin delivery of longer term growth,” Mr Davies commented.

Underlying net profit reconciliation	H1 FY15	H1 FY14
Statutory net profit (loss) after tax	(65.9)	25.6
Add/(less):		
Impairment of exploration assets and in-field consumables	51.7	-
Impairment of oil properties	34.8	-
One off transaction costs	-	0.8
Tax (benefit)/expense	(19.0)	5.4
Underlying net profit (loss) after tax	1.6	31.8
 EBITDAX reconciliation	 H1 FY15	 H1 FY14
Statutory net profit (loss) after tax	(65.9)	25.6
Add/(less):		
Net interest	(0.3)	(1.2)
Tax	(18.5)	5.8
Amortisation & depreciation	13.2	11.4
Impairment	86.5	-
EBITDA³	15.1	41.6
Add/(less):		
Oil and gas exploration expense	18.4	5.3
EBITDAX	33.5	46.9

FURTHER INFORMATION

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Managing Director
Senex Energy Limited
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Investor Relations Manager
Senex Energy Limited
Phone: (07) 3335 9719

WEBCAST

Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Andrew Price will hold a webcast to discuss the results today:

Time: 1pm AEST (1pm Brisbane time,
2pm Sydney and Melbourne time)

Date: Tuesday 24 February 2015

The webcast will be streamed live at this time and can be accessed via the Senex website (www.senexenergy.com.au) or through the following link:

<http://event.on24.com/r.htm?e=934252&s=1&k=165DABF986A2FF9FFC5D2A370D7A8045>

A recording of the webcast will be available from 5pm AEST.

ABOUT SENEX ENERGY

Senex is an S&P/ASX 200 exploration and production Company with significant oil and gas acreage in Australia's Cooper and Surat Basins. Senex currently produces over 1 million barrels of oil each year, and has successfully diversified its business with the commencement of gas sales in 2014 and initiation of the Western Surat Gas Project.

1 Underlying profit is a non-IFRS measure

2 EBITDAX means earnings before interest, taxation, depreciation, amortisation and exploration expense

3 EBITDA means earnings before interest, taxation, depreciation and amortisation



ABN 50 008 942 827

FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

SENEX ENERGY LIMITED
ABN 50 008 942 827
Half Year Report for the period ended 31 December 2014

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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 8.

Qualified reserves and resources evaluator statement: Information about Senex's reserves and resources estimates has been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. This information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, qualified petroleum reserves and resource evaluators.

The relevant qualified reserves and resources evaluator statements can be found in the ASX announcement titled "Completion of Surat Basin gas asset swap" on 16 December 2014. Senex confirms that it is not aware of any new information or data that materially affects the information included in this presentation and that all the material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

DIRECTORS:
Denis F Patten (Chairman)
Ian R Davies (Managing Director and Chief Executive Officer)
Benedict M McKeown (Non-Executive Director)
Timothy BI Crommelin (Non-Executive Director)
Ralph H Craven (Non-Executive Director)
Debra L Goodin (Non-Executive Director)
Trevor Bourne (Non-Executive Director)
Yanina A Barilá (Alternate Non-Executive Director)

SECRETARY: Francis L Connolly

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Code: SXY

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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

DIRECTOR'S REPORT

Your directors present their report on the Company and its consolidated entities for the half year ended 31 December 2014.

DIRECTORS

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

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)
Debra L Goodin (Non-Executive Director)
Trevor Bourne (Non-Executive Director) – appointed 01 December 2014
Yanina A Barilá (Alternate for Mr McKeown; appointed alternate for Mr Crommelin 21 July 2014)

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 – First Half FY2015

In the context of a volatile global energy market and materially lower oil prices, Senex maintained a focus on delivering against its strategy in the first half FY15.

Group safety performance continued to improve with no lost time injuries, and a total recordable injury frequency rate (**TRIFR**) of 3.92 as at 31 December 2014 (TRIFR of 6.46 for the full year FY14).

Oil and gas production for the half year was 0.74 million barrels of oil equivalent (**mmboe**), a record first half production result for Senex. Group production benefitted from the initial contribution from the Namur exploration success at the Martlet oil field in the Cooper Basin, in the first quarter. In addition, the Company achieved its first gas sales from the Senex-operated Hornet field in the Cooper Basin.

The Group continued progressing its portfolio of growth projects in both oil and gas, completing the six-well drilling campaign in the northern Cooper Basin and reporting strong production testing results at the Vanessa conventional gas field during the half year. In December 2014 the Company and the QGC JV¹ completed the Surat Basin gas asset swap transaction, an important step towards the establishment of a material gas business in the Surat Basin for Senex.

Sales revenue for the half year decreased to \$69.9 million, down 17% on the corresponding period in 2013, primarily attributable to the lower oil price. Net loss after tax for the half year was \$65.9 million, compared to \$25.6 million profit for the half year ended 31 December 2013. This included a \$51.7 million impairment of exploration assets and in-field consumables, \$34.8 million impairment of oil and gas properties and \$18.4 million of exploration expenses incurred during the half year, in line with the Company's accounting policy.

The Group maintained its strong financial position with no debt and \$74.9 million in cash as at 31 December 2014. In December 2014, hedging instruments were put in place to protect the Group's oil revenues in the second half of financial year 2015, by securing an average Brent crude floor price of A\$68 per barrel for oil sales.

¹ QGC Pty Limited (QGC), Tokyo Gas (TG) and China National Offshore Oil Company (CNOOC)

DIRECTOR'S REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Financial performance

- The Group's oil and gas sales revenue for the half year ended 31 December 2014 was \$69.9 million, a decrease of 17% over the \$83.8 million for the half year ended 31 December 2013. Despite a 14% increase in production, from 0.65 mmboe to 0.74 mmboe, oil sales revenue decreased as a result of lower oil prices, with an average realised price for the half year of A\$97 per barrel compared to A\$133 per barrel for the half year ended 31 December 2013.
- Cost of sales increased by 17%, from \$37.0 million to \$43.3 million as a result of an increase in production. The Group recorded a gross profit of \$26.6 million for the half year ended 31 December 2014, a decrease of 43% over the \$46.8 million for the half year ended 31 December 2013.
- Net general and administrative costs decreased by 44% from \$9.6 million to \$5.4 million due to an increase in recoveries, foreign exchange gains and a reduction in consultants and other corporate costs.
- In accordance with the Group's successful efforts accounting policy in relation to unsuccessful wells drilled, an exploration expense of \$18.4 million was recognised for the half year ended 31 December 2014 compared to \$5.3 million for the half year ended 31 December 2013.
- The Group's net loss before tax for the half year ended 31 December 2014 was \$84.3 million, compared to \$31.4 million profit for the half year ended 31 December 2013. This was as a result of a significant decrease in crude oil prices, an impairment of exploration assets and in-field consumables of \$51.7 million, impairment of oil and gas properties of \$34.8 million and an increase in exploration expenses.
- At 31 December 2014 the Group had no debt and \$74.9 million in cash and cash equivalents.
- Subsequent to the end of the half year, and in response to a potentially sustained lower oil price environment, Senex announced its plans to reduce capital expenditure and other costs for the full year to retain its strong funding position.

Oil and gas production

Cooper-Eromanga Basin, South Australia

- In July 2014, Senex advised annual net production guidance of 1.4+ mmboe for the full year FY15, and the Group remains on track to deliver production in line with this guidance.
- Total net oil and gas production was 0.74 mmboe for the six months to 31 December 2014, an increase of 14% compared to the corresponding period in 2013. Production benefitted from the initial contribution from the Martlet oil field (commissioned in early December 2014), along with first gas sales from the Hornet gas field (from November 2014). Across the remainder of the portfolio, production optimisation activities assisted in partially offsetting natural field decline.
- Subsequent to the end of the half year, the Cooper Basin experienced a period of wet weather which rendered some roads impassable, but did not materially impact Senex's forecast annual production.

DIRECTOR'S REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Oil exploration and development

Cooper-Eromanga Basin, South Australia

During the half year, Senex demonstrated progress across all phases of development activity within its oil portfolio:

- The Group completed seismic data acquisition on the 140 square kilometre Wilpinnie 3D seismic survey in the southern Cooper Basin, on schedule and on budget.
- Senex and its joint venture partners drilled nine oil exploration wells, one of which resulted in the discovery of a new oil field. The Martlet-1 (Senex 60% and operator) exploration well intersected 6 metres of net pay in the Namur Sandstone and produced at a rate of 2,596 barrels of oil per day (**bopd**) during testing. The well was commissioned in December 2014 with production constrained while water management facilities were under construction. Subsequent to the end of the half year, Senex commenced unconstrained production at Martlet-1.
- Of the nine wells drilled during the half year, six wells formed the northern Cooper Basin drilling campaign, which did not result in an economic discovery. These results were disappointing even after allowing for the higher risks that were present in drilling this acreage due to the region being underexplored and at an earlier stage of evaluation than other areas of the Cooper Basin. However, the campaign did provide for the collection of valuable technical data in this underexplored region of the Cooper Basin. In line with the typical regional exploration model adopted by Senex, this data will be reassessed with the objective of identifying stratigraphic traps with favourable reservoir qualities and large reserves potential.
- The Group progressed development activities on many of its existing fields during the first half. On the Spitfire oil field (Senex 60% and operator), the process of merging data from two separate 3D seismic surveys was finalised, with further interpretation of the data set now underway. The aim of this process is to identify potential appraisal and development well locations with drilling planned to commence in 2015.
- On the Worrior oil field (Senex 70% and operator), an extended production test of Worrior-8 began in late December 2014, and will run until sufficient data has been collected on the extent, connectivity and gas content of the Patchawarra Formation.
- Subsequent to the end of the half year, the Company announced it would downsize its annual drilling program, prioritising lower risk, near-term production targets in the second half. The Martlet North-1 (Senex 60% and operator) oil exploration well encountered 3.2 metres of vertical net pay in the Namur formation and was subsequently cased and suspended for future production.

DIRECTOR'S REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

- The table summarises oil drilling activity in FY15 to date:

Well	Location	Spud date	Type	Result
Sabre-1	PEL 111	14-Jul-2014	Exploration	Plugged and abandoned
Warthog-1	PEL 111	06-Aug-2014	Exploration	Plugged and abandoned
Martlet-1	PEL 104	24-Aug-2014	Exploration	Net pay of 6 metres in the Namur horizon, now producing
Squire-1	PRL 59	15-Aug-2014	Exploration	Plugged and abandoned
Hathi-1	PEL 514	19-Sept-2014	Exploration	Plugged and abandoned
Bagheera East-1	PEL 514	02-Oct-2014	Exploration	Plugged and abandoned
Akela-1	PEL 110	29-Oct-2014	Exploration	Cased and suspended for future evaluation
Sheerkhan-1	PEL 182	19-Nov-2014	Exploration	Plugged and abandoned
Jenners-1	PEL 100	15-Dec-2014	Exploration	Plugged and abandoned
Martlet North-1	PRL 148	25-Jan-2014	Exploration	Net pay of 3.2 metres in the Namur horizon, cased and suspended for future production
Growler-14	PRL 15	14-Feb-2015	Appraisal	Total depth of 1,890 metres reached on 21 February 2015

Gas exploration and development

Cooper-Eromanga Basin, South Australia

During the half year, Senex made material progress against its stated strategy of building a material gas business in the Cooper Basin:

- Senex reported gas production and sales for the first time, with the Hornet-1 gas well (Senex 100% and operator) on-line from late November 2014. The well was online for 32 days during the period, producing at an average rate of more than 1 million standard cubic feet per day (**mmscf/d**) with associated liquids of 19 barrels of oil equivalent (**boe**) per mmscf/d. Gas from the Hornet field is being sold to the SACB JV under a gas sales agreement which monetises the appraisal process without the risk of penalties for non-delivery.
- In December, the Group reported strong results from a 50 hour production test which was undertaken on the Vanessa-1ST exploration well (Senex 57% and operator). Gas flowed at an average rate of 5.0 mmscf/d from the Epsilon and Toolachee formations, with condensate produced at an average rate of 15 boe per mmscf/d. In light of the successful test results, the JV is planning for the commercialisation of initial production from the well, involving the construction and commissioning of surface facilities on the Vanessa gas field.
- Senex and Origin Energy progressed detailed planning of the \$105 million Stage 1 work programs defined under the unconventional gas JVs. Senex is free carried for its share of expenditure during Stage 1. The location and extent of three seismic programs spanning over 300 square kilometres were agreed between the parties, with data acquisition having commenced in February 2015. Planning work on potential drilling locations and well design continued, with the first well spud planned for mid-2015 in the Allunga Trough.

DIRECTOR'S REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Corporate activity

Western Surat Gas Project, Surat Basin, Queensland

During the half year, Senex and the QGC JV completed the Surat Basin gas asset swap transaction, announced in September 2014. The swap has provided Senex with a net increase of 56 mmboe of proved and probable (2P) reserves at 30 June 2014 for zero cash consideration. The new acreage is adjacent to Senex's existing western Surat Basin permits ATP 771P and ATP 593P (Senex 45% operated interest). The combined acreage position gives Senex the scale to build a material Surat Gas business located adjacent to extensive infrastructure and positioned to leverage the expected growth in gas demand on the Australian east coast. Senex is targeting first production by end 2017, with early appraisal results to inform a larger scale investment decision. Refer to note 15 for further details on this transaction.

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 2014.

EVENTS AFTER THE BALANCE SHEET DATE

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

AUDITOR INDEPENDENCE

The independence declaration received from the auditor of Senex Energy Limited is set out on page 38 and forms part of this directors' report for the half year ended 31 December 2014.

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 2015

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	74,875	76,632
Prepayments	9	2,190	2,040
Trade and other receivables	10	22,333	33,089
Inventory	11	17,387	14,717
Other financial assets	12	1,574	-
Total current assets		118,359	126,478
Non-current assets			
Trade and other receivables		25	25
Property, plant and equipment	13	58,662	55,548
Intangibles	14	1,977	1,562
Exploration assets	15	206,466	237,913
Oil and gas properties	16	110,413	141,094
Deferred tax assets		7,521	-
Total non-current assets		385,064	436,142
TOTAL ASSETS		503,423	562,620
LIABILITIES			
Current liabilities			
Trade and other payables	17	26,804	35,822
Provisions	18	1,312	1,366
Total current liabilities		28,116	37,188
Non-current liabilities			
Provisions	19	56,462	32,227
Deferred tax liabilities		-	10,681
Total non-current liabilities		56,462	42,908
TOTAL LIABILITIES		84,578	80,096
NET ASSETS		418,845	482,524
EQUITY			
Contributed equity	20	451,233	450,966
Reserves		13,596	11,652
Retained earnings / (accumulated losses)		(45,984)	19,906
TOTAL EQUITY		418,845	482,524

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

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		For the half-year ended 31 December 2014 \$'000	For the half-year ended 31 December 2013 \$'000
Continuing operations	Note		
Revenue from sales	5(a)	69,899	83,797
Cost of sales	5(b)	(43,265)	(37,018)
Gross profit		26,634	46,779
Other revenue	5(c)	3,049	2,737
Other income	5(d)	78	830
Oil and gas exploration expenses		(18,392)	(5,294)
General and administrative expenses	5(e)	(5,367)	(9,631)
Other expenses	5(f)	(3,406)	(3,497)
Impairment	6	(86,503)	-
Finance expenses		(438)	(524)
Profit / (loss) before tax		(84,345)	31,400
Income tax benefit / (expense)	7	18,455	(5,797)
Profit / (loss) after tax		(65,890)	25,603
Net profit for the period attributable to owners of the parent entity		(65,890)	25,603
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss (net of tax)			
Movements in fair value of available-for-sale financial assets		-	1,066
Net gain on cash flow hedges		593	-
		593	1,066
Items that will not be subsequently reclassified to profit or loss		-	-
Other comprehensive income for the period, net of tax		593	1,066
Total comprehensive income for the period attributable to owners of parent entity		(65,297)	26,668
Earnings per share attributable to the ordinary			
Basic earnings (cents per share)		(5.73)	2.24
Diluted earnings (cents per share)		(5.73)	2.22

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

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		For the half-year ended 31 December 2014 \$'000	For the half-year ended 31 December 2013 \$'000
	Note		
Cash flows from operating activities			
Receipts from customers		80,333	82,299
Payments to suppliers and employees		(11,845)	(12,346)
Payments for exploration expenditure		(19,650)	(5,450)
Payments for production expenditure		(33,165)	(29,469)
Interest received		216	1,701
Fees received for services		3,989	3,173
Other operating payments		(3,406)	123
Payments for commodity hedges		(725)	-
Other receipts		3,238	1,745
Net cash flows from operating activities		18,985	41,776
Cash flows from investing activities			
Payments for oil and gas properties		(18,495)	(32,805)
Purchase of property, plant and equipment & intangibles		(8,011)	(9,756)
Payments for exploration assets		(18,014)	(46,525)
Payments for purchase of investments		-	(14,482)
Proceeds from sale of fixed assets and investments		-	1,781
Proceeds from sale of jointly controlled interest		-	20,000
Proceeds received for rehabilitation of wells		20,000	-
Net cash flows from investing activities		(24,520)	(81,787)
Cash flows from financing activities			
Proceeds from share issues		267	153
Net cash flows from financing activities		267	153
Net (decrease) / increase in cash and cash equivalents		(5,268)	(39,858)
Net foreign exchange differences		3,511	2,517
Cash and cash equivalents at the beginning of the period		76,632	126,775
Cash and cash equivalents at the end of the period	8	74,875	89,434

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

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The following table presents the consolidated statement of changes in equity for the half year ended 31 December 2014:

	Contributed equity \$'000	Retained earnings / (accumulated losses) \$'000	Share based payments reserve \$'000	Hedging Reserve \$'000	Other reserves \$'000	Net unrealised gain / (loss) reserve \$'000	Total \$'000
Balance at 1 July 2014	450,966	19,906	11,835	-	(183)	-	482,524
Profit / (Loss) for the half-year	-	(65,890)	-	-	-	-	(65,890)
Other comprehensive income	-	-	-	593	-	-	593
Total comprehensive income	-	(65,890)	-	593	-	-	(65,297)
Transactions with owners, recorded directly in equity:							
Shares issued	267	-	-	-	-	-	267
Transaction costs on share issue (net of tax)	-	-	-	-	-	-	-
Share based payments expense	-	-	1,351	-	-	-	1,351
Balance at 31 December 2014	451,233	(45,984)	13,186	593	(183)	-	418,845

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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

	Contributed equity \$'000	Retained earnings / (accumulated losses) \$'000	Share based payments reserve \$'000	Hedging 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:							
Issue of share capital	153	-	-	-	-	-	153
Transaction costs on share issue	-	-	-	-	-	-	-
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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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 2014 were authorised for issue on 24 February 2015 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 2014.

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 2014 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 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.

In 2013 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

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

All accounting policies used in the preparation of the half year financial statements are the same as those used for the year ended 30 June 2014, with exception of those set out below.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as foreign currency commodity collars and put options, to hedge its foreign currency denominated commodity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value on each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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Significant accounting policies (continued)

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income (OCI) and later reclassified to profit and loss when the hedged item affects profit or loss.

Cash flow hedges are those derivatives that hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge transaction, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria of hedge accounting are accounted for as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss as other operating expense.

The Group uses Australian dollar denominated Brent oil puts and collars as hedges of its exposure to foreign currency and commodity price risk for forecast oil sales. The ineffective portion of the commodity hedge is recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the forecast oil sales occur.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

(c) Significant accounting estimates and judgements

Recoverability of oil and gas properties and exploration assets

The carrying value of oil and gas properties is tested for impairment annually (as at 30 June) and when circumstances indicate the carrying value may be impaired. Exploration assets are assessed at each reporting date to determine if any indicators of impairment exist.

Oil and gas properties

The Group has determined that the significant decline in global oil prices and the deficiency of its market capitalisation compared with the carrying amount of its net assets as impairment indicators and as such performed impairment testing at 31 December 2014.

The Group considers its producing Cooper Basin oil assets as a single cash generating unit ("CGU") and has measured the recoverable amount of these assets using a fair value less costs of disposal ("FVLCD") methodology. In estimating the FVLCD, the Group has estimated the recoverable amount of the CGU by

NOTES TO THE FINANCIAL STATEMENTS
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measuring the present value of future cash flows from the CGU. In estimating the future cash flows assumptions are made as to key variables including: economically recoverable reserves; future production profiles; commodity prices; foreign exchange rates; operating costs and future development costs necessary to produce the reserves. In estimating its forecast cash flows the Group has adopted Brent oil price assumptions based on consensus data of US\$79/bbl in 2016, US\$80/bbl in 2017 and a long term average of US\$73/bbl real and an AUD/USD exchange rate of 0.80 across all years. The recoverable amount is then determined by discounting the CGU's forecast cash flows to their present values using a pre-tax discount rate of 15.0% (30 June 2014: 15.7%).

The Group's impairment testing of its Cooper Basin oil CGU determined no impairment was present at 31 December 2014. Changes in the key variables noted above would result in a change to the recoverable amount and FVLCD.

While the Group regards its Cooper Basin oil operations as a single CGU, the decline in global oil prices has resulted in the Group reducing its activities at the Acrasia field to care and maintenance. As such the carrying amount of Acrasia's assets is not regarded as recoverable, and an impairment loss of \$34.8 million has been recognised at 31 December 2014.

Exploration assets

Consistent with the decline in global oil price and reduction in planned capital expenditure, the Group has assessed if impairment indicators exist in respect of its various exploration assets.

This analysis concluded that:

- Forecast production costs at certain oil appraisal wells (requiring fracture stimulation or other enhanced completion) mean it is unlikely that previously identified reservoirs are commercially recoverable at prevailing oil prices; and
- It is unlikely the Group will continue its exploration activities in certain areas until there is a significant recovery in oil price.

This being the case, the Group has identified individual exploration assets and in-field consumables with a cumulative carrying amount of \$51.7 million which are not regarded as recoverable.

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3. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise of cash and cash equivalents, available for sale assets, cash flow hedges, 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 2014		As at 30 June 2014	
	Amortised Cost	Fair value through Other comprehensive income	Amortised Cost	Fair value through Other comprehensive income
Financial Assets				
Cash and cash equivalents	74,875	-	76,632	-
Trade and other receivables	23,939	-	33,114	-
Cash flow hedges - crude oil price contracts*	-	1,574	-	-
	98,814	1,574	109,746	-
Financial Liabilities				
Trade and other payables	28,384	-	35,822	-
	28,384	-	35,822	-

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 2**

The fair value of crude oil price contracts has been determined by reference to the Brent ICE forward price (USD) and forward exchange rate (AUD:USD) compared to the exercise price of the instrument (AUD) along with the volatility of the underlying commodity price and the expiry of the instrument. Gains or losses arising from movements in the fair value of the crude oil price contracts are recognised in OCI.

The Group does not have any level 1 or level 3 financial instruments as at 31 December 2014 or 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS
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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 (SACB JV), a consortium of buyers made up of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd and Origin Energy Resources Limited. The Group also sells gas to the SACB JV.

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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4. OPERATING SEGMENTS (CONTINUED)

The following tables present the revenue and profit information for reportable segments for the half years ended 31 December 2014 and 31 December 2013:

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue						
Oil sales	-	-	69,785	83,797	69,785	83,797
Gas sales	-	-	114	-	114	-
Flowline revenue	-	-	2,794	1,565	2,794	1,565
Total segment revenue	-	-	72,693	85,362	72,693	85,362
<i>Unallocated item:</i>						
Interest income					255	1,172
Total revenue per statement of comprehensive income					72,948	86,534

	Surat Basin*		Consolidated Cooper/Eromanga Basins		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Results						
Segment profit / (loss)	36	255	(75,098)	42,104	(75,062)	42,359
Reconciliation of segment net profit / (loss) after tax to net profit / (loss) from continuing operations before tax						
<i>Unallocated items:</i>						
Interest income					255	1,172
Gain in fair value of available for sale financial assets					-	650
Other income					78	180
General and administrative expenses					(9,616)	(12,961)
Net profit / (loss) before tax per the statement of comprehensive income					(84,345)	31,400

* Segment profit relates to technical service fees and is offset by unallocated costs included within general and administrative expenses

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4. OPERATING SEGMENTS (CONTINUED)

Segment assets and segment liabilities at 31 December 2014 and 30 June 2014 are as follows:

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	31 December 2014	30 June 2014	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets						
Segment operating assets	42,672	13,198	386,955	463,399	429,627	476,597
Unallocated assets ¹					73,796	86,023
Total assets per the statement of financial position					503,423	562,620
Segment liabilities	26,122	2,339	47,870	54,313	73,992	56,652
Unallocated liabilities ²					10,586	23,444
Total liabilities per the statement of financial position					84,578	80,096
Additions and acquisitions of non current assets (other than financial assets and deferred tax assets):						
Property, plant and equipment and intangibles	-	-	6,273	7,454	6,273	7,454
Exploration assets	16,232	4,172	18,131	83,403	34,363	87,575
Oil and gas properties	-	-	6,681	54,886	6,681	54,886
	16,232	4,172	31,085	145,743	47,317	149,915
Unallocated additions ³					1,277	5,047
Total Additions					48,594	154,962

¹ The unallocated assets include cash and cash equivalents of \$54,875,000 (30 June 2014: \$76,632,000), accrued interest of \$65,000 (30 June 2014: \$27,000), prepayments of \$265,000 (30 June 2014: \$7,000), commodity hedges of \$1,574,000 (2014: nil), receivables of \$82,000 (30 June 2014: \$38,000), deferred tax assets of \$7,521,000 (2014: nil) and property, plant, equipment and intangibles of \$9,414,000 (30 June 2014: \$9,319,000).

² The unallocated liabilities include trade and other payables of \$8,724,000 (30 June 2014: \$10,985,000), nil deferred tax liabilities (30 June 2014: \$10,681,000) and provisions of \$1,862,000 (30 June 2014: \$1,778,000).

³ The unallocated additions include corporate office furniture and computer equipment \$62,000 (30 June 2014: \$1,516,000), corporate office furniture and computer equipment \$253,000 (30 June 2014: \$523,000), motor vehicles \$13,000 (30 June 2014: \$165,000), intangibles \$376,000 (30 June 2014: \$554,000) and other corporate assets under construction \$573,000 (30 June 2014: \$2,289,000).

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5. REVENUE AND EXPENSES

	For the half-year ended 31 December 2014 \$'000	For the half-year ended 31 December 2013 \$'000
(a) Revenue from sales		
Oil sales	69,785	83,797
Gas sales	114	-
	69,899	83,797
(b) Cost of sales		
Operating costs	(31,791)	(26,500)
Amortisation of oil and gas properties	(9,247)	(8,824)
Depreciation of facilities	(2,227)	(1,694)
	(43,265)	(37,018)
(c) Other revenue		
Interest income	255	1,172
Flowline revenue	2,794	1,565
	3,049	2,737
(d) Other income		
Net gain on sale of investments	-	650
Other income	78	180
	78	830
(e) General and administrative expenses		
Employee expenses	(11,275)	(11,128)
Other corporate expenses	(2,124)	(3,437)
Depreciation, amortisation and asset write-offs	(1,713)	(880)
Inventory write-offs	(69)	-
Other expenses, including fx gains and losses	5,564	2,484
Technical service fees (recovery of costs)	4,250	3,330
	(5,367)	(9,631)
(f) Other operating expenses		
Flowline operating costs	(419)	-
Joint operation recharges	(1,396)	-
Rig standby costs	(1,591)	(3,497)
	(3,406)	(3,497)
(g) Total employee costs		
Total employee costs	(21,397)	(18,516)
	(21,397)	(18,516)

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6. IMPAIRMENT

	For the half-year ended 31 December 2014 \$'000	For the half-year ended 31 December 2013 \$'000
Impairment		
Exploration assets and in-field consumables	(51,703)	-
Oil and gas properties	(34,800)	-
	(86,503)	-

Refer to note 2 (c) for further details regarding the impairment.

7. INCOME TAX

	For the half-year ended 31 December 2014 \$'000	For the half-year ended 31 December 2013 \$'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	(84,345)	31,400
At the Group's statutory income tax rate of 30% (31 December 2013: 30%)	25,303	(9,420)
Share-based payments	(553)	1,031
Research and development benefit	443	1,062
Other	(25)	220
Recognition/(derecognition) of deferred tax on losses	(6,713)	869
Over/(Under) provision in the prior year	-	441
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	18,455	(5,797)

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8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Cash at bank and in hand	60,434	62,660
Cash advanced to joint operations	14,441	13,972
	74,875	76,632

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

9. CURRENT ASSETS - PREPAYMENTS

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Prepayment of pipeline charges	1,705	2,033
Prepayments - other	485	7
	2,190	2,040

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Trade receivables	19,576	30,812
Sundry receivables	1,008	672
Receivables from joint operations	1,749	1,605
	22,333	33,089

11. CURRENT ASSETS - INVENTORY

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Inventory		
Warehouse inventory	16,472	13,664
Oil inventory	915	1,053
	17,387	14,717

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12. CURRENT ASSETS – OTHER FINANCIAL ASSETS

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Other financial assets		
Cash flow hedges - crude oil price contracts	1,574	-
	1,574	-

Cash flow hedges

Crude oil put and collar instruments measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast oil sales in US dollars. These forecast transactions are highly probable and comprise 100% of the Group's forecast oil sales for the period 1 January 2015 to 30 June 2015 in US dollars.

The Group has entered into a series of Australian Dollar denominated put and zero cost collar instruments covering a total of 720,000 barrels of oil production for the period 1 January 2015 to 30 June 2015. The quantity of puts and collar instruments in each month is designed to cover the highly probable forecast sales in each month. The collars establish a ceiling Brent crude price of \$A83.55 and a floor price of A\$70.00 for 460,000 barrels of oil sales, with sales in the three months to the end of March 2015 constituting over 70% of the volume subject to the ceiling price. The puts have a floor price of A\$65.00 per barrel for 260,000 barrels of sales during that period.

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

	Consolidated		
	Property, Plant & Equipment \$'000	Assets Under Construction \$'000	Total \$'000
At 30 June 2014			
Cost	58,942	4,896	63,838
Accumulated depreciation	(8,290)	-	(8,290)
Net book amount	50,652	4,896	55,548
Movements for the period ended 31 December 2014			
Opening net book amount	50,652	4,896	55,548
Additions	2,174	5,000	7,174
Transfers	2,029	(2,821)	(792)
Write-offs	-	(222)	(222)
Depreciation	(3,046)	-	(3,046)
Closing net book amount	51,809	6,853	58,662
At 31 December 2014			
Cost	63,145	6,853	69,998
Accumulated depreciation	(11,336)	-	(11,336)
Net book amount	51,809	6,853	58,662
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
Movements for the year ended 30 June 2014			
Opening net book amount	33,572	8,011	41,583
Additions	3,760	8,187	11,947
Disposals	(594)	-	(594)
Transfers	10,155	(11,251)	(1,096)
Transfers from oil and gas properties	7,939	-	7,939
Write-offs	-	(51)	(51)
Depreciation	(4,180)	-	(4,180)
Closing net book amount	50,652	4,896	55,548
At 30 June 2014			
Cost	58,942	4,896	63,838
Accumulated depreciation	(8,290)	-	(8,290)
Net book amount	50,652	4,896	55,548

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14. NON-CURRENT ASSETS – INTANGIBLES

	Consolidated	
	For the	For the
	half-year ended	year ended
	31 December 2014	30 June 2014
	\$'000	\$'000
At the beginning of the period		
Cost	3,462	1,717
Accumulated depreciation	(1,900)	(474)
Net book amount	1,562	1,243
Movements for the period ended 31 December		
Opening net book amount	1,562	1,243
Additions	376	554
Transfers	711	783
Depreciation	(672)	(1,018)
Closing net book amount	1,977	1,562
At 30 June		
Cost	4,549	3,462
Accumulated depreciation	(2,572)	(1,900)
Net book amount	1,977	1,562

15. NON-CURRENT ASSETS – EXPLORATION ASSETS

	For the	For the
	half-year ended	year ended
	31 December 2014	30 June 2014
	\$'000	\$'000
Exploration assets		
Balance at the beginning of the period, net of accumulated amortisation and impairment	237,913	166,117
Additions	20,764	74,148
Acquisition of additional interests	13,599	13,427
Disposals	(9,072)	-
Transfers to development assets	(6,685)	(15,779)
Impairment	(50,053)	-
Balance at the end of the period, net of accumulated amortisation and impairment	206,466	237,913

During the period the group undertook an asset swap with the QGC JV resulting in a net asset increase of \$4.5 million. The Group also agreed to plug and abandon certain existing wells on the acquired tenements, receiving \$20 million in cash and recorded a corresponding rehabilitation provision of \$20 million. A further \$4.9 million provision was recognised in respect of the rehabilitation for cased and suspended wells. No gain or loss was recorded as part of the asset swap transaction.

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16. NON-CURRENT ASSETS – OIL AND GAS PROPERTIES

	For the half-year ended 31 December 2014 \$'000	For the year ended 30 June 2014 \$'000
Oil and gas properties		
Balance at the beginning of the period, net of accumulated amortisation and impairment	141,094	100,241
Additions	6,681	54,886
Purchase of additional interests	-	-
Transfers from exploration assets	6,685	15,779
Transfers to property plant & equipment	-	(7,939)
Amortisation charge for the period	(9,247)	(21,873)
Impairment	(34,800)	-
Balance at the end of the period, net of accumulated amortisation and impairment	110,413	141,094
Balance at the beginning of the period		
Cost	197,826	137,107
Accumulated amortisation	(54,057)	(34,191)
Accumulated impairment, net of reversals	(2,675)	(2,675)
Net carrying amount	141,094	100,241
Balance at the end of the period		
Cost	211,192	197,826
Accumulated amortisation	(63,304)	(54,057)
Accumulated impairment, net of reversals	(37,475)	(2,675)
Net carrying amount	110,413	141,094

17. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Other creditors and accruals – unsecured ¹	8,585	11,803
Payables to joint operations creditors ²	18,219	24,019
	26,804	35,822

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 joint operations which is attributable to the Group.

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18. CURRENT LIABILITIES – PROVISIONS

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Annual and long service leave	992	1,065
Lease incentives	320	301
	1,312	1,366

19. NON-CURRENT LIABILITIES – PROVISIONS

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Rehabilitation	55,912	31,815
Long service leave	550	412
	56,462	32,227

Movement in rehabilitation provision

	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Rehabilitation		
Balance at the beginning of the year	31,815	26,185
Additional provision recognised during the year	1,214	6,767
Acquisitions during the year (refer Note 15)	24,909	-
Unwinding and discount rate adjustment	(587)	(1,137)
Disposals	(1,439)	-
Balance at the end of the period	55,912	31,815

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

20. CONTRIBUTED EQUITY

	Parent Entity	
	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
1,149,657,377 ordinary fully paid shares (30 June 2014: 1,146,343,917)	451,233	450,966
Total issued capital	451,233	450,966

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 2014		For the year ended 30 June 2014	
	Number of shares	\$'000	Number of shares	\$'000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	1,146,343,917	450,966	1,140,804,837	450,064
Issues of shares during the period:				
Equity raising	-	-	-	-
Exercise of unlisted options	667,000	267	2,935,000	902
Performance rights (nil consideration)	2,646,460	-	2,604,080	-
Transaction costs on shares issued (net of tax)	-	-	-	-
Balance at the end of the period	1,149,657,377	451,233	1,146,343,917	450,966

During the half year ended 31 December 2014:

667,000 ordinary fully paid shares were issued at a price of 40.0 cents each for the exercise of unlisted options during the half year, raising \$266,800 before costs.

2,646,460 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 2014

20. CONTRIBUTED EQUITY (CONTINUED)

Options

	Parent Entity	
	For the half-year ended 31 December 2014	For the year ended 30 June 2014
	Number of options	Number of options
Movement in share options on issue		
Balance at the beginning of the period	6,000,000	9,010,000
Options issued during the period	-	-
Options exercised during the period	(667,000)	(2,935,000)
Options expired during the period	-	(75,000)
Balance at the end of the period	5,333,000	6,000,000

During the half year ended 31 December 2014:

667,000 ordinary fully paid shares were issued at a price of 40.0 cents each for the exercise of unlisted options during the half year, raising \$266,800 before costs.

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

- 4,000,000 unlisted options, which have an exercise price of 25.5 cents and expiry dates ranging from September 2015 to July 2018
- 1,333,000 unlisted options, which have an exercise price of 40.0 cents and expiry dates ranging from July 2015 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.

Performance Rights

	Parent Entity	
	For the half-year ended 31 December 2014	For the year ended 30 June 2014
	Number of rights	Number of rights
Movement in performance rights on issue		
Balance at the beginning of the period	13,554,344	8,206,649
Rights issued during the period	6,272,604	8,251,775
Rights vested during the period	(2,646,460)	(2,604,080)
Rights lapsed during the period	(2,633,499)	(300,000)
Balance at the end of the period	14,546,989	13,554,344

During the half year ended 31 December 2014:

A total of 6,272,604 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;

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

- Oil production targets;
- Oil reserve growth targets;
- Other individual performance conditions, which may vary by employee.

2,646,460 ordinary fully paid shares were issued as a result of the vesting of performance rights issued and 2,633,499 performance rights lapsed during the half year.

21. 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.

22. COMMITMENTS

Leasing commitments

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

The Group has lease agreements for head office premises in Brisbane and office premises in Adelaide. The terms of the leases range between 3 to 5 years.

The Group entered into a five year lease agreement for additional space in the Brisbane office, with a five year lease option. This agreement gives rise to commitments totalling \$1,118,000 over the term of the lease.

Future minimum payments under non-cancellable leases as at 31 December 2014 are as follows:

	Consolidated	
	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Minimum lease payments		
- not later than one year	1,349	1,454
- later than one year and not later than five years	5,034	2,239
	6,383	3,693

Capital commitments

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

	Consolidated	
	As at 31 December 2014 \$'000	As at 30 June 2014 \$'000
Corporate		
- not later than one year	12,229	5,449
	12,229	5,449

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 2015 approximately \$30,261,000 (2014: \$23,735,000). Expenditure beyond 31 December 2015 is expected to total approximately \$71,572,000 (2014: \$90,712,000). 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.

SENEX ENERGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

23. 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 material contingent assets or liabilities in place for the Group at 31 December 2014.

24. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the half year ended 31 December 2014, the Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the Company or the Group, the results of the operations of the Company or the Group, or the state of affairs of the Company or the Group in subsequent financial years.

SENEX ENERGY LIMITED
ABN 50 008 942 827

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 2014 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

A handwritten signature in black ink, appearing to read 'D Patten', with a long horizontal stroke extending to the right.

Denis F Patten
Chairman

Brisbane, Queensland
24 February 2015

AUDITOR'S INDEPENDENCE DECLARATION



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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 2014, 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 2015

AUDITOR'S INDEPENDENT REVIEW REPORT



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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 2014, 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 2014 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.

AUDITOR'S INDEPENDENT REVIEW 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 2014 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 black ink, appearing to read 'Ernst & Young', with a stylized flourish at the end.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Andrew Carrick', with a large, sweeping flourish.

Andrew Carrick
Partner
Brisbane
24 February 2015