Senex Energy Limited

To:	Company Announcement Office	**From:**	Senex Energy Limited
Company:	ASX Limited	**Pages:**	36
Date:	21 February 2017		
Subject:	Senex Energy Limited (ASX:SXY) FY17 Half Year Results		

I provide the following for the Senex Energy Limited FY17 half year results:

With regards

Francis Connolly
Company Secretary

Appendix 4D

Senex
Senex Energy Limited

Half year report for the period ended 31 December 2016

Based on accounts that have been reviewed

Results for announcement to the market

This Interim Report is to be read in conjunction with the 2016 Annual Report, the December 2015 Interim Financial Report and Directors' Report.

All comparisons to half year ended 31 December 2015

				$ million
Revenue from ordinary activities	Decreased	38%	to	22.8
Loss after tax from ordinary activities	Decreased	68%	to	(8.8)

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

	2016	2015
Net tangible assets per ordinary security	$0.31	$0.33

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2016 half year financial statements.

This report is based on the consolidated 2016 half year financial statements which have been reviewed by Ernst & Young.

Senex
Senex Energy Limited

Senex 2017 half year results

Release Date: 21 February 2017

Senex Energy Limited today reported its 2017 half year results, delivering solid performance in its core oil business and in establishing a material gas business. Further, Senex today announced its first major investment in the Western Surat Gas Project, committing $50 million to a 30 well drilling campaign, with gas production of around 10 TJ/day expected by mid-2018[1].

Key results for Senex from the first half of FY17 against the previous corresponding period include:

- **Net production** of 0.41 mmboe, down 24%, reflecting natural field decline and significantly reduced capital investment over the previous two years. Even with reduced volumes, Senex maintained low unit operating costs of A$29 per barrel (H1 FY16: A$28 per barrel);
- **Sales revenue** down 38% to $22.8 million, in line with lower sales volumes and a lower realised oil price of A$59 per barrel (H1 FY16: A$71 per barrel);
- **Statutory loss after tax** of $8.8 million, compared to a $27.1 million net loss which included a non-cash impairment charge reflecting the lower oil price environment;
- **EBITDAX[2]** of $3.0 million, against $56.4 million in the previous corresponding period which included a $38.2 million gain from the sale of the Maisey block;
- **Cash balance** of $82.8 million and undrawn bank facilities of $76.9 million at 31 December 2016[3];
- **Improved safety performance** with the total recordable injury frequency rate down 11% to 2.74;
- **FY17 production** expected to be 0.8 mmboe, reflecting the delay in bringing the Vanessa gas field online to FY18; and
- **FY17 capex** expected to be at the top end of guidance ($60 - $70 million). The Western Surat Gas Project 30 well drilling campaign expenditure will be incurred in both H2 FY17 and H1 FY18.

Commenting on Senex's performance, Managing Director and CEO Ian Davies said that Senex is successfully executing its strategy with a clear pathway to growth.

"In the Surat Basin we delivered our first pilot in the Glenora area ahead of schedule and on budget. Following this, and as announced separately today, we have sanctioned a $50 million investment in the Western Surat Gas Project, with the first wells online in mid-2017. We expect gas production by mid-2018 of around 10 terajoules per day, equivalent to approximately 600,000 barrels of oil per annum[1].

"In the Cooper Basin, we maintained low cost operations while delivering strong production performance, and resumed oil drilling with early success. We anticipate FY17 production of 0.8 mmboe, a direct reflection of over $150 million of reduced capital expenditure over the past two years as we focused on weathering the sustained downturn in oil prices.

"An improving commodity price outlook and strong east coast gas demand supports the recommencement of our Cooper Basin work program and accelerated investment in the Surat Basin. Looking ahead, we anticipate our Cooper Basin oil and gas production profile to plateau before transitioning to growth in the near term. Further, we anticipate a material production contribution from our flagship Western Surat Gas Project from FY18, with gas volumes to increase year-on-year," he said.

This follows Senex's recent announcement of strategic transactions with energy investor EIG Global Energy Partners and associated capital raising of up to $95 million. This will further strengthen Senex's upstream positions in the Surat and Cooper Basins and support the pursuit of supply opportunities in the east coast gas market.

RESULTS WEBCAST

Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Graham Yerbury will hold a webcast today to discuss the FY17 half year results and Western Surat Gas Project announcement:

Time: 11.00am AEST (11am Brisbane time, 12pm Sydney and Melbourne time)
Date: Tuesday 21 February 2017

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://webcast.openbriefing.com/3261/ A recording of the webcast will be available from 5pm AEST via the same link.

FURTHER INFORMATION

Investor Enquiries:
Ian Davies
Managing Director
Senex Energy Limited
Phone: (07) 3335 9000

Tess Palmer
Investor Relations Manager
Senex Energy Limited
Phone: (07) 3335 9719

Media Enquiries:
Rhianne Bell
Corporate Communications Manager
Senex Energy Limited
Phone: (07) 3335 9859

ABOUT SENEX ENERGY

Senex is a growth focused exploration and production company based in Brisbane. With a 30-year operating history, Senex holds extensive onshore oil and gas acreage in the Cooper and Surat Basins. Senex operates the majority of its assets, produces over one million barrels of oil annually, and is successfully developing a gas business including the Western Surat Gas Project in Queensland.

Notes:

1 Indicative P50 gas production rate, not guidance.

2 **EBITDAX** (earnings before interest, tax, depreciation, amortisation, impairment and exploration expense) can be reconciled to the statutory net profit/(loss) as follows:

	H1 FY17 $ million	H1 FY16 $ million
Statutory net profit/(loss) after tax	(8.8)	(27.1)
Add/(less):		
Net interest	0.4	0.9
Tax	-	-
Amortisation and depreciation	11.4	10.4
Impairment	-	69.7
EBITDA	3.0	53.9
Add/(less):		
Oil and gas exploration expense	-	2.5
EBITDAX	3.0	56.4

3 Cash balance as at 31 December 2016, with up to $95 million to be raised between January – March 2017 through institutional placement and Share Purchase Plan. Additional undrawn bank facilities are available for use subject to customary covenants.

Senex Energy Limited

ABN 50 008 942 827

FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Table of Contents

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 9.

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 "2016 Annual Reserves Statement" on 27 July 2016. 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:	Trevor Bourne (Non-Executive 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) John Warburton (Non-Executive Director) Yanina A Barilá (Alternate Non-Executive Director)
SECRETARY:	Francis L Connolly
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS:	Level 14, 144 Edward Street Brisbane, Queensland 4000
TELEPHONE:	+61 7 3335 9000
FACSIMILE:	+61 7 3335 9999
EMAIL:	info@senexenergy.com.au
WEBSITE:	www.senexenergy.com.au
SHARE REGISTER:	Link Market Services Ltd Level 15, 324 Queen Street Brisbane, Queensland 4000 Telephone: 1300 554 474 (toll free) +61 1300 554 474 (international) Facsimile: +61 2 9287 0303
SECURITIES EXCHANGE:	Australian Securities Exchange (**ASX**) Code: SXY
BANKERS:	ANZ Banking Group Ltd Level 20, 111 Eagle Street Brisbane, Queensland 4000 Westpac Institutional Bank Level 7, 260 Queen Street Brisbane, Queensland 4000
AUDITORS:	Ernst & Young Level 51, 111 Eagle Street Brisbane, Queensland 4000

Your directors present their report on the Company and its consolidated entities for the half year ended 31 December 2016.

DIRECTORS

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

Trevor Bourne (Non-Executive 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)
John Warburton (Non-Executive Director)
Yanina A Barilá (Alternate for Mr McKeown and Mr Crommelin)

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 FY17

- During the first half of FY17, Senex delivered solid performance from its core oil business in the Cooper Basin and in establishing a material gas business.
- **Cooper Basin**: During the period Senex progressed exploration and development activities including commencement of a multi-well drilling campaign. The core oil portfolio performed strongly, maintaining low operating costs. Margins on oil sales were lower than the prior year given no hedging benefit was received during the period. Senex has secured a higher level of downside protection in the second half of FY17, with hedging instruments guaranteeing a floor price of US$55 per barrel and full upside participation above US$60 per barrel.
- **Surat Basin**: Senex reached a significant milestone with the completion of the first pilot at the Glenora block, ahead of schedule and on budget. Long lead activities continued as part of full field development planning, including regulatory approvals and land access work streams. The company commenced plug, abandon and rehabilitation work on legacy wells within the acreage.
- **Net production** of 0.41 mmboe, down 24%, reflecting natural field decline and significantly reduced capital investment over the previous two years. Even with reduced volumes, Senex maintained low unit operating costs of A$29 per barrel (H1 FY16: A$28 per barrel).
- **Sales revenue** down 38% to $22.8 million, in line with lower sales volumes and a lower realised oil price of A$59 per barrel (H1 FY16: A$71 per barrel).
- **Statutory loss after tax** of $8.8 million, compared to a $27.1 million net loss which included a non-cash impairment charge reflecting the lower oil price environment.
- **Safety performance**: Senex improved its safety performance with the total recordable injury frequency rate (TRIFR) reducing 11% to 2.74 recordable incidents per million hours worked, compared to 3.07 at the same time in FY16. One lost time injury was recorded during the period (with one incident recorded in the prior corresponding period).
- **Subsequent events**: In February 2017, Senex announced a strategic arrangement with EIG Global Energy Partners and capital raising activities of up to $95 million. This will further strengthen Senex's upstream positions in the Surat and Cooper Basins. In addition, Senex has sanctioned its first major investment in the Western Surat Gas Project, with material gas production expected by mid-2018.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

The $50 million program will involve the drilling of 30 wells and the construction of gas and water handling infrastructure, in parallel with appraisal activities west of the Eos block. First wells are expected online in mid-2017 and expected to produce around 10 terajoules per day by mid-2018[1]. See further details in 'Events After the Reporting Date' on page16 of this report and in separate announcements to the ASX.

Financial performance

- The Group's oil and gas sales revenue for the half year ended 31 December 2016 was $22.8 million, a decrease of 38% over the $36.8 million for the half year ended 31 December 2015. Oil sales revenue decreased primarily as a result of lower oil prices, with an average realised price for the half year of A$59 per barrel compared to A$71 per barrel for the half year ended 31 December 2015. Oil production was 410,000 boe, down 24% as a result of natural field decline and significantly lower capital expenditure over the previous two financial years. Cost of sales decreased by 6% from $24.8 million to $23.4 million as a result of lower royalties, unit operating cost savings and lower production.
- The Group recorded a gross loss (inclusive of amortisation and depreciation) of $0.6 million for the half year ended 31 December 2016 compared to a gross profit of $12.0 million for the half year ended 31 December 2015.
- In accordance with the Group's successful efforts accounting policy in relation to unsuccessful wells drilled, negligible exploration expense was recognised for the half year ended 31 December 2016 compared to $2.5 million for the half year ended 31 December 2015.
- The Group's net loss before tax for the half year ended 31 December 2016 was $8.8 million, compared to a $27.1 million loss for the half year ended 31 December 2015. Aside from lower gross profit, the largest contributors to the difference with the prior year result were the absence of an impairment expense of $69.7 million and an exploration expense of $2.5 million, partly offset by the gain on sale of the Maisey block of $38.2 million, all of which were booked in the prior half year.
- At 31 December 2016, the Group held cash reserves of $82.8 million and an unsecured $80 million corporate debt facility on which $3.1 million in drawdowns have been made for bank guarantees[2].
- The Group's half year capital expenditure was $24.7 million. Senex invested $21.7 million in exploration and appraisal and $2.9 million in oil and gas properties, facilities and plant and equipment during the half year period.
- In response to sustained lower oil price environment, the Group continues to focus on disciplined capital allocation and prioritise investment opportunities that meet its economic criteria.

Production Operations

- Senex produced approximately 410,000 barrels of oil in the six months to 31 December 2016, compared to approximately 540,000 barrels produced in the previous corresponding period. The result reflects natural field decline and significantly reduced capital investment over the previous two years, with no new wells brought online during the period.
- Senex remains focused on maximising production at minimum cost. Even with reduced volumes, ongoing efforts to drive efficiencies across the business saw operating costs per barrel remain low at A$29 per barrel (H1 FY16: A$28 per barrel), against a realised oil price of A$59 per barrel (H1 FY16: A$71 per barrel).

[1] Indicative P50 gas production rate, not guidance.
[2] Cash balance as at 31 December 2016, with up to $95 million to be raised between January – March 2017 through institutional placement and Share Purchase Plan. Additional undrawn bank facilities are available for use subject to customary covenants.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Oil exploration and development

Cooper-Eromanga, South Australia

During the period, Senex progressed exploration and development across its Cooper Basin acreage including the commencement of a multi-well drilling campaign. In summary:

- Senex recommenced drilling in the Cooper Basin in December 2016, following a period of capital conservation during the preceding 24 months. Senex will drill a minimum of six oil wells in the Cooper Basin in FY17, primarily targeting reserves replacement.
- The first well of Senex's campaign was **Worrior-11**, an oil development well drilled in December 2016 *(ex PEL 93: Senex 70% and operator).* The well encountered 11.3 metres of net pay within the lower Birkhead/Hutton formations and is expected to be brought on line during Q3 FY17 to increase recoveries from the Worrior field.
- Senex continued to build and refine a comprehensive regional petroleum system model of the Cooper Basin during the reporting period. The model assists in identifying structural and stratigraphic traps with favourable reservoir qualities and commercial reserves potential as future drilling prospects.
- In the western flank, field development planning activities were progressed to maximise the future recovery of oil from discovered fields. The 295 square kilometre **Liberator 3D seismic program** *(ex PEL 111: Senex 60% and operator)* was acquired during the period, covering the unmapped northern extent of the Snatcher field. The additional data acquired will help determine the most appropriate future development activities on this field, with processing to be complete by the end of FY17 and interpretation to follow.
- The 220 kilometre **Koonchera 2D seismic program** *(PEL 424: Senex 60% and operator)* was acquired during the period. The survey area is located 25 kilometres north-west of the Snatcher field, in an area on which minimal prior exploration activity has been undertaken. This survey targets structural highs that would justify further exploration activity, with processing and interpretation to take place in the second half of FY17.
- The **map** in Figure 1 shows Senex's oil exploration and development activity during the first half of FY17.

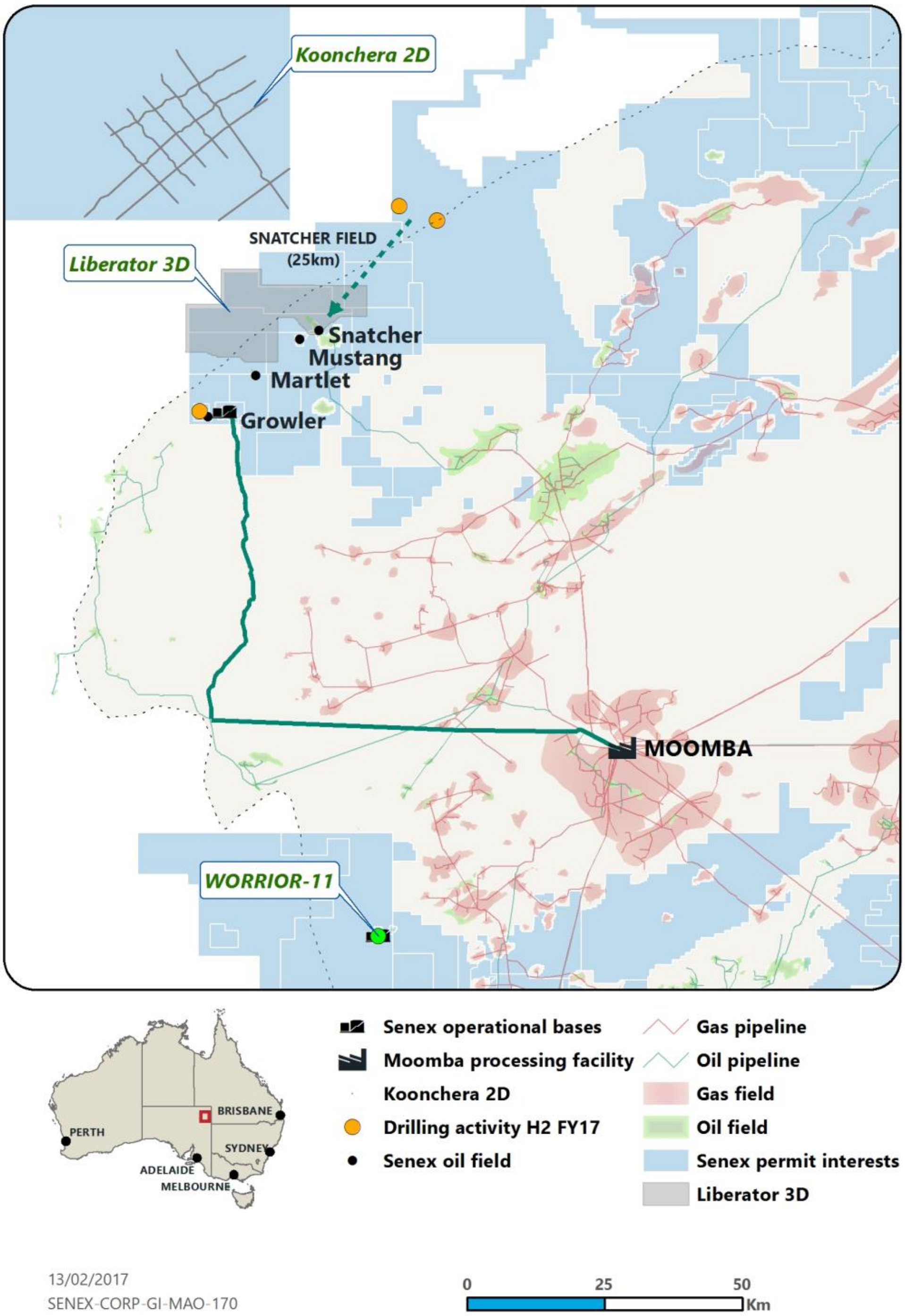

Figure 1 – Senex Cooper Basin oil exploration and development activity

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Gas exploration and development

Cooper-Eromanga Basin, South Australia

During the half year period, Senex progressed exploration and development programs to unlock gas in the Cooper Basin. In summary:

- Senex and its joint venture parties further advanced stage one of the $105 million work program, exploring unconventional gas resources in the Cooper Basin. Senex is free carried by Origin for its share of expenditure under the farm-in arrangements. The joint ventures are targeting two unconventional gas plays – Permian tight gas in the Allunga Trough region of PEL 637 (*Senex 60% and operator)* in the southern Cooper Basin, and Permian basin-centred gas in the Patchawarra Trough in PEL 638 (*Senex 53.75% and operator)* in the northern Cooper Basin.
- The northern joint venture prepared for the drilling of **Silver Star-1**, a high impact gas exploration well due to be spudded in March 2017. The well is expected to be drilled to a depth of around 3,600 metres with a potential lateral section of up to 1,500 metres. The well was identified from the Mudrangie and Jonothon seismic surveys interpreted during FY16.
- In the southern joint venture, the **Ethereal-1** well was fracture stimulated and placed on extended production test ('EPT') during the period. With production performance below expectations, the joint venture plans to undertake a nitrogen lift test with the objective of increasing gas production. A geomechanical study was undertaken to incorporate the results of the fracture stimulation and EPT into the regional model.
- Senex no longer expects to bring the **Vanessa** gas project on line during FY17. Integrity issues in the SACB JV infrastructure downstream of Vanessa have prevented tie-in of the well. Senex continues to progress options to commercialise the Vanessa gas field.
- The **map** in Figure 2 shows Senex's gas exploration and development activity in the first half of FY17.

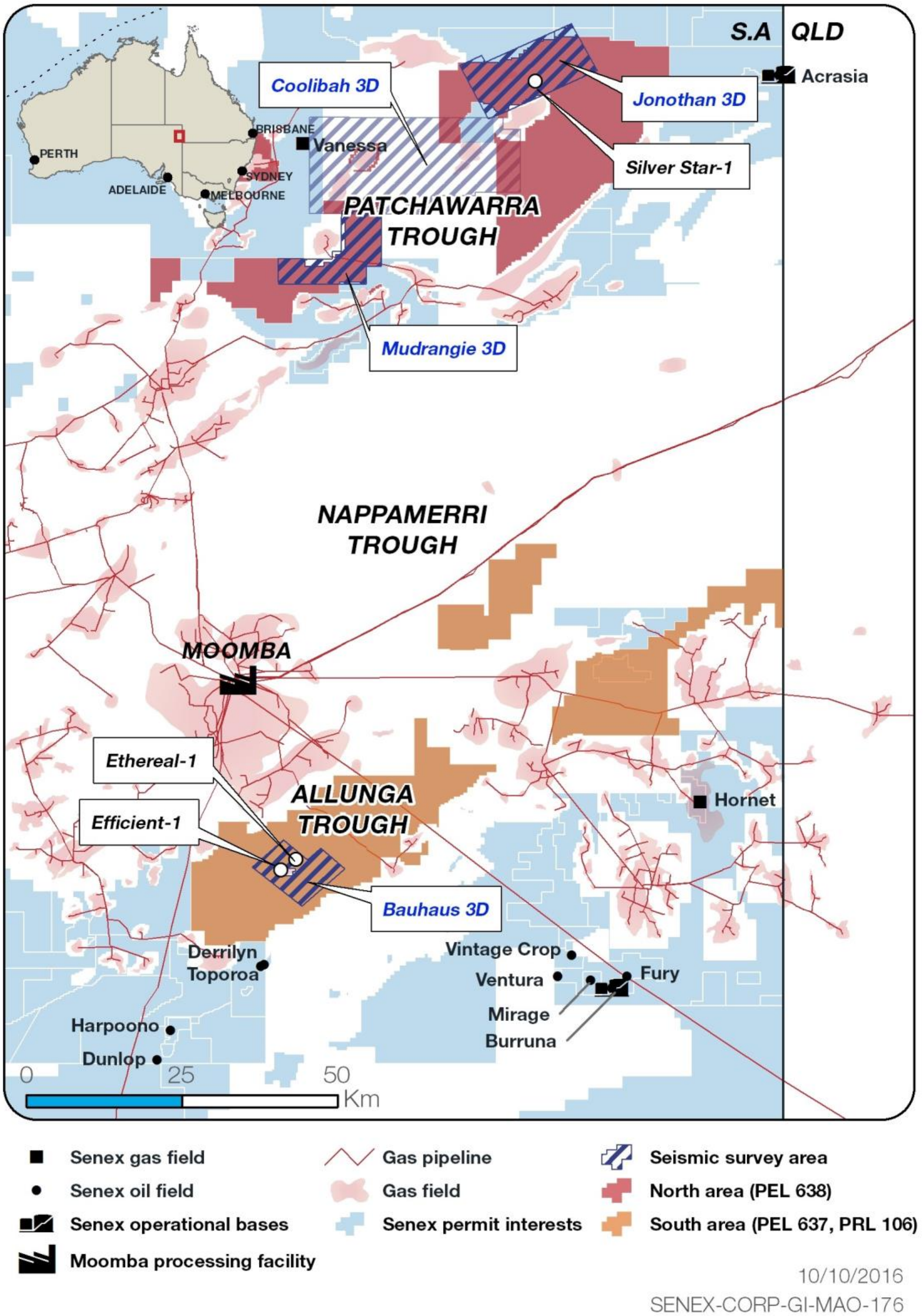

Figure 2 - Senex Cooper Basin gas exploration and development activity

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Western Surat Gas Project, Surat Basin, Queensland

During the half year period Senex completed its first pilot and continued to plan for full field development.
In summary:

- In November 2016 Senex completed the **Glenora** pilot, bringing the wells online on budget, ahead of schedule and using local contractors. The work program involved the completion of the five existing wells and construction of surface facilities including gathering lines, a pipeline to GLNG's neighbouring facilities, wellhead skids and a water storage tank. Since bringing the pilot online, Senex has undertaken a program of pulse testing (intermittent production testing) on the wells to maximise subsurface data obtained. In preparation for full field development, long lead activities including regulatory approvals and land access continued during the period.
- Senex commenced the plug, abandonment and rehabilitation of legacy QGC wells on the Eos block during the period. At 31 December 2016, seven wells had been successfully remediated safely and ahead of budget. Several wells have free-flowed gas to surface during the routine procedures undertaken, suggesting that the coal seams have been partially dewatered by neighbouring operations.
- Subsequent to the end of the period, Senex announced key transactions and the first major investment decision for the project, described in 'Events After the Reporting Date' on page 16 of this report and in separate announcements to the ASX.
- The **map** in Figure 3 shows the Western Surat Gas Project area and Glenora pilot location.

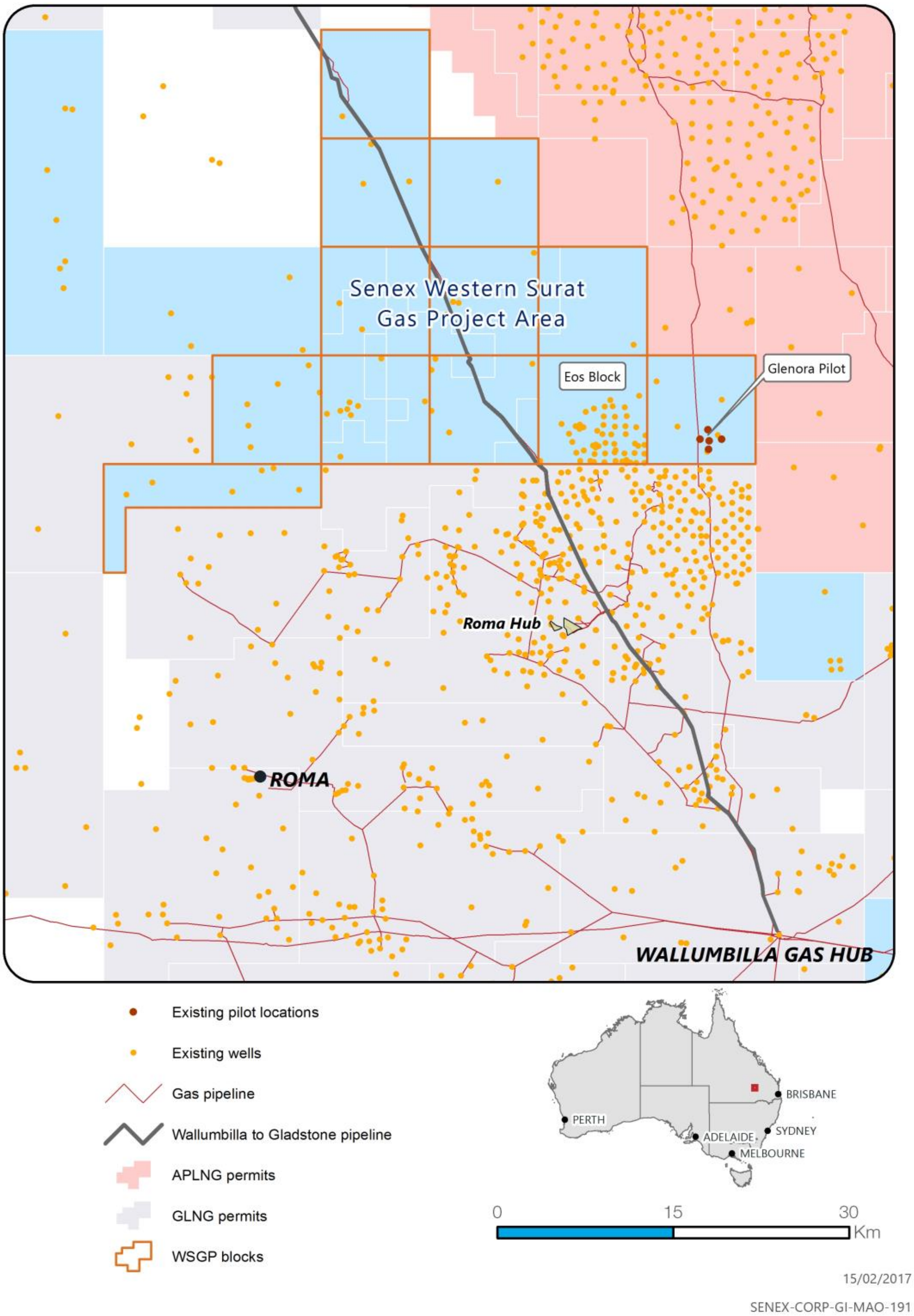

Figure 3 – Key Western Surat Gas Project activity areas

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group in the half year to 31 December 2016.

EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the period on 1 February 2017, Senex announced a strategic transaction with specialist energy investor EIG Global Energy Partners and a capital raising of up to $95 million, via an institutional placement and Share Purchase Plan. EIG has become a substantial shareholder, with Senex and EIG to work together to establish a funding model of up to US$300 million[1] to accelerate development of Senex's Western Surat Gas Project. Proceeds from the capital raising will be used to develop and expand Senex's significant upstream positions in both the Surat and Cooper Basins and support the pursuit of supply opportunities in the east coast gas market. All funds from the equity raising are expected to be received by mid-March 2017.

In addition, Senex has sanctioned its first major investment in the Western Surat Gas Project, with material gas production expected by mid-2018. The $50 million program will involve the drilling of 30 wells and the construction of gas and water handling infrastructure, in parallel with appraisal activities west of the Eos block. First wells are expected online in mid-2017 and expected to produce around 10 terajoules per day by mid-2018[2].

Except for the above and items disclosed under 'Review and results of operations', 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 34 and forms part of this directors' report for the half year ended 31 December 2016.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial statements.

Amounts in the financial statements have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Trevor Bourne
Chairman
Brisbane, Queensland
20 February 2017

---

[1] Any future transaction or agreement between Senex and EIG regarding development funding will be subject to due diligence, any relevant internal or regulatory approvals, and the parties reaching agreement on terms.

[2] Indicative P50 gas production rate, not guidance.

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	As at 31 December 2016 $'000	As at 30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	82,813	102,450
Prepayments		3,089	2,091
Trade and other receivables		11,076	10,613
Inventory		13,386	14,010
Other financial assets	9	-	742
Total current assets		**110,364**	**129,906**
Non-current assets			
Trade and other receivables		104	229
Property, plant and equipment		52,378	55,685
Intangibles		1,287	1,260
Exploration assets		179,433	162,734
Oil and gas properties		97,630	104,291
Total non-current assets		**330,832**	**324,199**
TOTAL ASSETS		**441,196**	**454,105**
LIABILITIES			
Current liabilities			
Trade and other payables		11,471	10,081
Other financial liabilities	10	1,716	512
Provisions		21,651	24,897
Total current liabilities		**34,838**	**35,490**
Non-current liabilities			
Other financial liabilities		1,805	1,875
Provisions		41,405	47,095
Total non-current liabilities		**43,210**	**48,970**
TOTAL LIABILITIES		**78,048**	**84,460**
NET ASSETS		**363,148**	**369,645**
EQUITY			
Contributed equity	11	451,274	451,233
Reserves		14,578	12,348
Accumulated losses		(102,704)	(93,936)
TOTAL EQUITY		**363,148**	**369,645**

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	For the half-year ended 31 December 2016 $'000	For the half-year ended 31 December 2015 $'000
Continuing operations			
Revenue from sales	5(a)	22,806	36,835
Cost of sales	5(b)	(23,369)	(24,796)
Gross profit / (loss)		**(563)**	**12,039**
Other revenue		1,326	2,825
Other income		2	38,432
Oil and gas exploration expenses		30	(2,469)
General and administrative expenses		(7,158)	(5,967)
Other expenses		(1,154)	(999)
Impairment	6	-	(69,673)
Finance expenses		(1,251)	(1,271)
Profit / (loss) before tax		**(8,768)**	**(27,083)**
Income tax benefit / (expense)	7	-	-
Profit / (loss) after tax		**(8,768)**	**(27,083)**
Net profit / (loss) for the period attributable to owners of the parent entity		**(8,768)**	**(27,083)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss (net of tax)			
Change in fair value of cash flow hedges (net of tax)		798	9,178
		798	9,178
Total comprehensive income for the period attributable to owners of parent entity		**(7,970)**	**(17,905)**
Earnings per share attributable to the ordinary equity holders of the parent entity (cents per share):			
Basic earnings (cents per share)		(0.76)	(2.35)
Diluted earnings (cents per share)		(0.76)	(2.35)

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 2016

	Note	For the half-year ended 31 December 2016 $'000	For the half-year ended 31 December 2015 $'000
Cash flows from operating activities			
Receipts from customers		25,125	46,315
Payments to suppliers and employees		(11,461)	(10,701)
Payments for exploration expenditure		(188)	(1,861)
Payments for production expenditure		(14,258)	(15,640)
Payments for rehabilitation of wells		(1,601)	-
Interest received		749	335
Interest paid - Halliburton		(47)	-
Fees received for technical services		2,405	4,134
Other receipts		42	2,558
Net cash flows from operating activities		**766**	**25,140**
Cash flows from investing activities			
Payments for oil and gas properties		(1,841)	(2,727)
Purchase of property, plant and equipment & intangibles		(1,041)	(3,074)
Payments for exploration assets		(17,448)	(11,988)
Proceeds from sale of Maisey Block		-	42,000
Net cash flows from investing activities		**(20,330)**	**24,211**
Cash flows from financing activities			
Proceeds from share issues		41	-
Net payment to Halliburton under tight oil agreement		(103)	-
Payments for debt facility fees		(384)	(399)
Net cash flows from financing activities		**(446)**	**(399)**
Net (decrease) / increase in cash and cash equivalents		(20,010)	48,952
Net foreign exchange differences		373	1,678
Cash and cash equivalents at the beginning of the period		102,450	49,004
Cash and cash equivalents at the end of the period	8	**82,813**	**99,634**

The consolidated statement of cash flows 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 2016

The following table presents the consolidated statement of changes in equity for the half year ended 31 December 2016:

	Contributed equity $'000	Accumulated losses $'000	Share based payments reserve $'000	Hedging Reserve $'000	Other reserves $'000	Total $'000
Balance at 1 July 2016	**451,233**	**(93,936)**	**14,919**	**(2,388)**	**(183)**	**369,645**
Profit / (Loss) for the half-year	-	(8,768)	-	-	-	(8,768)
Other comprehensive income	-	-	-	798	-	798
Total comprehensive income	**-**	**(8,768)**	**-**	**798**	**-**	**(7,970)**
Transactions with owners, recorded directly in equity:						
Shares issued	41	-	-	-	-	41
Share based payments	-	-	1,432	-	-	1,432
Balance at 31 December 2016	**451,274**	**(102,704)**	**16,351**	**(1,590)**	**(183)**	**363,148**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2016

The following table presents the consolidated statement of changes in equity for the half year ended 31 December 2015:

	Contributed equity $'000	Accumulated losses $'000	Share based payments reserve $'000	Hedging Reserve $'000	Other reserves $'000	Total $'000
Balance at 1 July 2015	**451,233**	**(60,740)**	**13,653**	**(2,047)**	**(183)**	**401,916**
Profit / (Loss) for the half-year	-	(27,083)	-	-	-	(27,083)
Other comprehensive income	-	-	-	9,178	-	9,178
Total comprehensive income	**-**	**(27,083)**	**-**	**9,178**	**-**	**(17,905)**
Transactions with owners, recorded directly in equity:						
Share based payments	-	-	396	-	-	396
Balance at 31 December 2015	**451,233**	**(87,823)**	**14,049**	**7,131**	**(183)**	**384,407**

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 2016 were authorised for issue on 20 February 2017 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 2016.

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 2016 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.

(b) Changes in accounting policies

The Group has not early adopted any further standards, interpretations or amendments since the 30 June 2016 annual financial statements that have a material impact on the Group.

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 2016.

3. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise of cash and cash equivalents, cash flow hedges, receivables, payables and other financial liabilities.

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 2016		As at 30 June 2016	
	Amortised Cost	**Fair value through Other comprehensive income**	**Amortised Cost**	**Fair value through Other comprehensive income**
Financial Assets				
Cash and cash equivalents	82,813	-	102,450	-
Trade and other receivables	11,180	-	10,842	-
Cash flow hedges - crude oil price contracts*	-	-	-	742
	93,993	**-**	**113,292**	**742**
Financial Liabilities				
Trade and other payables	11,471	-	10,081	-
Other financial liability- Halliburton	1,931	-	2,387	-
Cash flow hedges - crude oil price contracts*	-	1,590	-	-
	13,402	**1,590**	**12,468**	**-**

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.

AASB 7 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 Other Comprehensive Income ("OCI").

** Level 3
The carrying value of the other financial liability owing to Halliburton under the tight oil agreement approximates fair value at 31 December 2016. Fair value has been determined by reference to the initial amount funded by Halliburton and discounted cash flows across the term of the agreement, with reference to expected production from the wells subject to the agreement, Brent ICE forward price (USD), forward exchange rate (AUD:USD), forecast operating costs and royalties and other commercial terms under the agreement.

The Group does not have any level 1 financial instruments as at 31 December 2016 or 30 June 2016.

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.

Certain revenues, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment.

4. OPERATING SEGMENTS (CONTINUED)

The following tables present the revenue and profit information for reportable segments for the half years ended 31 December 2016 and 31 December 2015:

	Consolidated					
	Surat Basin		Cooper/Eromanga Basins		Total	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Oil sales[1]	-	-	22,806	36,736	22,806	36,736
Gas sales	-	-	-	99	-	99
Flowline revenue	-	-	512	2,430	512	2,430
Total segment revenue	**-**	**-**	**23,318**	**39,265**	**23,318**	**39,265**
Corporate item:						
Interest income					814	395
Total revenue per statement of comprehensive income					**24,132**	**39,660**

	Consolidated					
	Surat Basin[2]		Cooper/Eromanga Basins[3]		Total	
	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Results						
Segment profit / (loss)	**(167)**	**37,795**	**880**	**(54,616)**	**713**	**(16,821)**
Reconciliation of segment net profit / (loss) after tax to net profit / (loss) from continuing operations before tax						
Corporate items:						
Interest income					814	395
Finance Expenses					(560)	(519)
General and administrative expenses					(9,735)	(10,138)
Net profit / (loss) before tax per the statement of comprehensive income					**(8,768)**	**(27,083)**

[1] Inclusive of hedge gains and premiums
[2] In 2015, segment profit / (loss) includes the net gain on sale of the Maisey block of $38,238,000 included in other income.
[3] Segment profit / (loss) includes amortisation & depreciation of $10,152,000 (2015 $8,757,000) and impairment of $nil (2015 $69,673,000)

4. OPERATING SEGMENTS (CONTINUED)

Segment assets and segment liabilities at 31 December 2016 and 30 June 2016 are as follows:

	Consolidated					
	Surat Basin		Cooper/Eromanga Basins		Total	
	31 December 2016 $'000	30 June 2016 $'000	31 December 2016 $'000	30 June 2016 $'000	31 December 2016 $'000	30 June 2016 $'000
Segment assets						
Segment operating assets	**38,514**	**24,270**	**334,546**	**335,084**	**373,060**	**359,354**
Corporate assets [1]					68,136	94,751
Total assets per the statement of financial position					**441,196**	**454,105**
Segment liabilities	**24,975**	**28,001**	**40,063**	**42,928**	**65,038**	**70,929**
Corporate liabilities [2]					13,010	13,531
Total liabilities per the statement of financial position					**78,048**	**84,460**
Additions and acquisitions of non current assets (other than financial assets and deferred tax assets):						
Property, plant and equipment and intangibles	8	33	(121)	6,848	(113)	6,881
Exploration assets	9,547	6,022	7,226	10,845	16,773	16,867
Oil and gas properties	-	-	906	4,825	906	4,825
	9,555	**6,055**	**8,011**	**22,518**	**17,566**	**28,573**
Corporate additions [3]					609	7
Total Additions					**18,175**	**28,580**

[1] The corporate assets include cash and cash equivalents of $59,125,000 (30 June 2016: $85,111,000), accrued interest of $270,000 (30 June 2016: $204,000), prepayments of $1,467,000 (30 June 2016: $692,000), commodity hedges of $nil (30 June 2016: $742,000), receivable $229,000 (30 June 2016: $306,000) and property, plant, equipment and intangibles of $7,045,000 (30 June 2016: $7,695,000).

[2] The corporate liabilities include trade and other payables of $5,383,000 (30 June 2016: $7,147,000), commodity hedge liabilities of $1,590,000 (30 June 2016: $nil) and provisions of $6,037,000 (30 June 2016: $6,384,000).

[3] The corporate additions include chargeable plant and equipment $76,000 (30 June 2016: $7,000), corporate office furniture and computer equipment $533,000 (30 June 2016: $nil).

5. REVENUE AND EXPENSES

	Note	For the half-year ended 31 December 2016 $'000	For the half-year ended 31 December 2015 $'000
(a) Revenue from sales			
Oil sales [1]		22,806	36,736
Gas sales		-	99
		22,806	**36,835**
(b) Cost of sales			
Operating costs		(13,217)	(16,039)
Amortisation of oil and gas properties		(7,641)	(6,545)
Depreciation of facilities		(2,511)	(2,212)
		(23,369)	**(24,796)**

[1] Inclusive of settlement of net hedge gains/(losses) and premiums – 2016 $3.3 million premium and nil hedge gain (2015: $6.6 million hedge gain net of premium).

Included at 31 December 2015 is a gain of $38.238 million relating to the sale of the Maisey block (31 December 2016: $nil)

6. IMPAIRMENT

	For the half-year ended 31 December 2016 $'000	For the half-year ended 31 December 2015 $'000
Impairment		
Exploration assets	-	(69,673)
	-	**(69,673)**

The carrying value of oil and gas properties is tested for impairment annually 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.

At 31 December 2016, the group performed a review of indicators of impairment for the oil and gas properties and exploration asset. These reviews did not give rise to any impairment charges (31 December 2015: $69,673,000).

At 31 December 2015 the impairment analysis concluded that aside from expenditure on the gas exploration assets covered by the CBOS farm in with Origin Energy, further expenditure in the near term on the Group's Cooper basin conventional and unconventional gas exploration assets was not planned. This being the case, the Group identified individual exploration assets with a cumulative carrying amount of $69.7 million which were not regarded as recoverable and consequently, an impairment charge against the carrying value of these assets was booked at 31 December 2015.

7. INCOME TAX

	For the half-year ended 31 December 2016 $'000	For the half-year ended 31 December 2015 $'000
Reconciliation of income tax expense calculated on profit (loss) before tax to income tax charged in the income statement		
Accounting loss before income tax	(8,768)	(27,083)
At the Group's statutory income tax rate of 30% (31 December 2015: 30%)	2,630	8,125
Share-based payments	(41)	(55)
Research and development benefit	594	187
Other	(25)	(13)
Derecognition of deferred tax on losses	(3,158)	(6,996)
Deferred tax assets previously brought to account	-	(1,248)
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	**-**	**-**

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	As at 31 December 2016 $'000	As at 30 June 2016 $'000
Cash at bank and in hand	62,177	88,860
Cash advanced to joint operations	20,636	13,590
	82,813	**102,450**

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 – OTHER FINANCIAL ASSETS

	As at 31 December 2016 $'000	As at 30 June 2016 $'000
Other financial assets		
Cash flow hedges - crude oil price contracts	-	742
	-	**742**

10. CURRENT LIABILITIES – OTHER FINANCIAL LIABILITIES

	As at 31 December 2016 $'000	As at 30 June 2016 $'000
Other financial liabilities		
Cash flow hedges - crude oil price contracts	1,590	-
Other financial liability - Halliburton tight oil agreement	126	512
	1,716	**512**

Cash flow hedges

Crude oil financial instruments measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast oil sales in US and Australian dollars. These forecast transactions are highly probable and comprise the Group's forecast expected production from existing well stock for the period 1 January 2017 to 30 June 2017.

The Group has entered into a series of US dollar denominated swap and call instruments covering a total of 350,000 barrels of oil production for the period 1 January 2017 to 30 June 2017. The quantity of swap and call instruments in each month is designed to cover the highly probable forecast sales in each month. The swaps provide downside protection below US$55 per barrel for 350,000 barrels of oil sales for the period January 2017 to June 2017. The call options provide upside participation in Brent oil prices over US$60 per barrel for 350,000 barrels of sales over the 1 January 2017 to 30 June 2017 period.

11. CONTRIBUTED EQUITY

	Parent Entity	
	As at 31 December 2016 $'000	As at 30 June 2016 $'000
1,154,360,958 ordinary fully paid shares (30 June 2016: 1,152,686,422)	451,274	451,233
Total issued capital	**451,274**	**451,233**

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 2016		For the year ended 30 June 2016	
	Number of shares	$'000	Number of shares	$'000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	1,152,686,422	451,233	1,149,657,377	451,233
Issues of shares during the period:				
Exercise of unlisted options	160,000	41	-	-
Performance rights (nil consideration)	-	-	3,029,045	-
Employee shares (nil consideration)	1,514,536	-	-	-
Balance at the end of the period	**1,154,360,958**	**451,274**	**1,152,686,422**	**451,233**

11. CONTRIBUTED EQUITY (CONTINUED)

During the half year ended 31 December 2016:

160,000 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 $40,800 before costs.

1,514,536 ordinary fully paid shares were issued during the half year to certain employees (other than the CEO and Senior executives) in recognition of corporate performance for the year ended 30 June 2016.

Options

	Parent Entity	
	For the half-year ended 31 December 2016 Number of options	For the year ended 30 June 2016 Number of options
Movement in share options on issue		
Balance at the beginning of the period	3,466,000	4,666,000
Options exercised during the period	(160,000)	-
Options expired during the period	(1,306,000)	(1,200,000)
Balance at the end of the period	**2,000,000**	**3,466,000**

During the half year ended 31 December 2016:

160,000 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 $40,800 before costs.

The balance at the end of the current period is comprised of 2,000,000 unlisted options, which have an exercise price of 25.5 cents and expiry dates ranging from July 2017 to July 2018.

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 2016 Number of rights	For the year ended 30 June 2016 Number of rights
Movement in performance rights on issue		
Balance at the beginning of the period	8,794,303	13,900,452
Rights issued during the period	4,135,927	6,758,228
Rights vested during the period	-	(3,029,045)
Rights lapsed during the period	(3,348,201)	(8,835,332)
Balance at the end of the period	**9,582,029**	**8,794,303**

11. CONTRIBUTED EQUITY (CONTINUED)

During the half year ended 31 December 2016:

A total of 4,135,927 performance rights were issued to employees (30 June 2016: 6,758,228). 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 two 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.

Nil ordinary fully paid shares were issued as a result of the vesting of performance rights and 3,348,201 performance rights lapsed during the half year (30 June 2016: 8,835,332).

Share Appreciation Rights

Set out below are summaries of share appreciation rights granted, exercised and lapsed during the period:

	Parent Entity	
	For the half-year ended 31 December 2016 Number of rights	For the year ended 30 June 2016 Number of rights
Movement in performance rights on issue		
Balance at the beginning of the period	19,709,046	-
Rights issued during the period	13,129,089	23,384,934
Rights vested during the period	-	-
Rights lapsed during the period	-	(3,675,888)
Balance at the end of the period	**32,838,135**	**19,709,046**

A total of 13,129,089 share appreciation rights were issued to the CEO and Senior Executives during the half year ended 31 December 2016 (FY17 LTI SARs) in two tranches, each subject to a performance condition over a three-year period, and subject to a vesting condition requiring the executive to be a Senex employee at the end of the three year period (30 June 2016: 23,384,934). The expiry date of FY17 LTI SARs is seven years after grant date. Any SAR that vests will be exercisable at any time up until expiry date.

SARs representing 70% of FY17 LTI (Tranche 1 SARs) are subject to an LTI Performance Condition (Relative TSR Performance Condition) that the Company achieves total shareholder return (TSR) at or above the 50th percentile of the TSR of a comparator group of companies (S&P/ASX 300 Energy Index) over the three year performance period.

SARs representing 30% of FY17 LTI (Tranche 2 SARs) are subject to an LTI Performance Condition (Production Run Rate Performance Condition) that the Company achieve a 30 consecutive day production run rate in the 6 months ending 30 June 2019 capable of sustainably delivering annual production of 2.5 – 3.0 mmboe with the expectation of a substantial contribution from Gas.

Those SARs were valued using a monte carlo pricing model that takes into account grant date, share price at grant date, volatility of underlying share, dividend yield, expected term and the risk-free interest rate for the term of the right.

12. 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.

13. COMMITMENTS

Exploration and development commitments

Commitments of the Group

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, at 31 December 2016 the Group was required to expend by 31 December 2017 approximately $34,535,000 (30 June 2016: $43,055,000). At 31 December 2016, expenditure beyond 31 December 2017 was expected to total approximately $97,872,000 (30 June 2016: $115,043,000).

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.

Commitments free carried by other parties

Exploration and evaluation commitments disclosed above do not include amounts free carried by other parties under separate arrangements. These free carry amount totals approximately $40 million (30 June 2016:$44m).

14. EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the period on 1 February 2017, Senex announced a strategic transaction with specialist energy investor EIG Global Energy Partners and a capital raising of up to $95 million, via an institutional placement and Share Purchase Plan. EIG has become a substantial shareholder, with Senex and EIG to work together to establish a funding model of up to US$300 million[1] to accelerate development of Senex's Western Surat Gas Project. Proceeds from the capital raising will be used to develop and expand Senex's significant upstream positions in both the Surat and Cooper Basins and support the pursuit of supply opportunities in the east coast gas market. All funds from the equity raising are expected to be received by mid-March 2017.

In addition, Senex has sanctioned its first major investment in the Western Surat Gas Project, with material gas production expected by mid-2018. The $50 million program will involve the drilling of 30 wells and the construction of gas and water handling infrastructure, in parallel with appraisal activities west of the Eos block. First wells are expected online in mid-2017 and expected to produce around 10 terajoules per day by mid-2018[2].

[1] Any future transaction or agreement between Senex and EIG regarding development funding will be subject to due diligence, any relevant internal or regulatory approvals, and the parties reaching agreement on terms.

[2] Indicative P50 gas production rate, not guidance.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

a) the financial statements and notes of Senex Energy Limited and its controlled entities (collectively known as "the Group") are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and

   (ii) complying with Accounting Standard AASB 134 *"Interim Financial Reporting"* and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Trevor Bourne
Chairman

Brisbane, Queensland
20 February 2017

AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the review of Senex Energy Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Anthony R Jones
Partner
20 February 2017

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2016, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 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 2016 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 2016 and of its performance for half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Anthony R Jones
Partner
Sydney
20 February 2017