Senex Energy Limited

To:	Company Announcement Office	**From:**	Senex Energy Limited
Company:	ASX Limited	**Pages:**	112
Date:	19 August 2021		
Subject:	Senex Energy Limited (ASX: SXY) FY21 Appendix 4E and Financial Report		

I provide the following Senex Energy Limited FY21 Financial Report:

Page 2 **Appendix 4E**

Page 4 **Financial Report**

With regards,

David Pegg
Company Secretary

Authorized by the Board of Directors

Appendix 4E

Senex Energy Limited

Preliminary final annual report for FY21

Results for announcement to the market based on accounts that have been audited
Against previous corresponding period ended 30 June 2020:

				$ Million
Revenue from ordinary activities (continuing operations)	**Increased**	**102% from $54.1**	**to**	**$109.6**
Profit/(loss) after tax from continuing operations	**Increased**	**$74.3 from ($7.6)**	**to**	**$66.7**
Profit/(loss) for the period attributable to members	**Increased**	**$117.1 from ($51.4)**	**to**	**$65.7**
Underlying profit/(loss) after tax from continuing operations	Increased	$11.7 from ($6.3)	to	$5.4

Underlying profit after tax is a non-IFRS measure and a reconciliation to profit/(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 accompanying full-year announcement and preliminary final report.

Dividends

Senex has determined to pay a $0.05 per share final dividend. Dividends paid, and the final ordinary dividend to be paid, are set out in the table below.

	Amount per Share	Franked amount per Share
Interim ordinary dividend per share	$0.04	$0.03878
Interim special dividend per share	$0.04	$0.03878
Final ordinary dividend per share	$0.05	Nil
Total dividend per share for the FY21 year	**$0.13**	**$0.07756**
Final dividend dates		
Record Date	1 September 2021	
Payment Date	24 September 2021	

The Company operates a Dividend Investment Plan (DRP) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with Senex ordinary shares. The 'DRP price for shares' under the DRP will be calculated as the average of the daily volume weighted average price of Senex ordinary shares on each of the 5 consecutive trading days after the record date of 1 September 2021, being 2 September 2021 to 8 September 2021. The last date for receipt of applications to participate in or to cease or vary participation in the DRP is by 5:00pm (AEST) on 2 September 2021. The Directors have determined a discount of 4% shall apply to the DRP price for shares

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Net tangible asset backing

	2021	2020
Net tangible assets per ordinary security [1]	$1.51	$0.21

[1] In March 2021, a share consolidation through the conversion of every eight shares held by a shareholder to one share (8:1) occurred. FY20 ordinary shares are represented on a pre-consolidated basis, and ordinary shares in FY21 on a post-consolidated basis.
* Net tangible assets per ordinary security excluding Right of Use Assets is $0.58 (FY20: $0.09).

Accompanying this Appendix 4E is the audited Financial Statements of Senex Energy Limited for the year ended 30 June 2021. This Appendix 4E should be read in conjunction with the Financial Statements, which is lodged contemporaneously with this document.

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

		2021	2020
Profit/(loss) after tax from ordinary activities		65.7	(51.4)
Loss from discontinued operations		1.0	43.8
Restructuring expense			2.3
Tax benefit		(60.2)	-
Gain on sale of Senex Pipeline & Processing Pty Ltd			(0.2)
COVID-19 government relief		(1.1)	(0.8)
Underlying profit after tax from continuing operations		**5.4**	**(6.3)**

Numbers may not add up precisely to totals provided due to rounding.

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Senex Energy Limited

Financial Report

Year ended 30 June 2021

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This Financial Report is a summary of Senex's operations, activities and financial position and performance for the year ended 30 June 2021. It complies with Australian reporting requirements. Senex Energy Limited (ABN 50 008 942 827) is a company limited by shares and is incorporated and domiciled in Australia. Senex Energy Limited is the parent company of the Senex consolidated group of companies. Unless otherwise stated, in this report all references to Senex, the Group, the company, we, us and our, refer to Senex Energy Limited and its controlled entities as a whole. References to 2021, the financial year or FY are to the year ended 30 June unless stated otherwise. Continuing operations refers to the Surat Basin business only with Cooper Basin figures removed. All dollar figures are expressed in Australian currency unless otherwise stated.

Qualified reserves and resources evaluator statement

Information about Senex's reserves and resources estimates are as reported in Senex's reserves statement released to the ASX dated 9 August 2021. The information repeated in this document has been compiled in accordance with the definitions and guidelines of the 2018 SPE PRMS. This information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator, Mr Peter Mills BEng (Electronics). Mr Mills is a member of the Society of Petroleum Engineers and a fulltime employee of Senex. Mr Mills consents to the inclusion of the information in the form and context in which it appears in this Financial Report. In compiling this information, Senex engaged the services of Netherland Sewell & Associates (NSAI) and DeGolyer and MacNaughton (D&M) to independently assess the data and assess reserves and resources prior to Senex reporting the reserves estimates.

1. Operating and Financial Review

Operating Review

The value of our Surat Basin business is compelling, focused on low-carbon, low-risk, high-return and long-life natural gas supply in a structurally tight east coast gas market. We are delivering production growth, balance sheet strength, cashflow resilience and enhanced shareholder returns

2021 operational highlights

- Surat Basin natural gas production more than doubled from 7.2 PJ to 17.3 PJ
- Production equal to 10 per cent of Queensland's domestic gas demand
- Awarded high-value Atlas acreage and high-potential Bowen Basin acreage
- Cooper Basin assets sold for $87.5 million
- Atlas to be expanded by 50 per cent to 18 PJ/year from 12 PJ/year*
- Roma North 50 per cent expansion to 9 PJ/year – final investment decision announced in October 2020 and now complete
- New gas sales agreements increase total domestic supply to almost 60 PJ

* Atlas expansion Final Investment Decision announced on 17 August 2021

Advancing our growth

Senex reinforced its position as a material new entrant in a robust domestic natural gas market with exceptional production growth and new development opportunities.

Our strong operational performance delivered cashflow stability, balance sheet resilience and inaugural shareholder dividends. In addition, the sale of our Cooper Basin business to Beach Energy for $87.5 million, marked an important milestone in our continued transformation.

Natural gas production in the Surat Basin continued to excel, more than doubling in 12 months and equal to around 10 per cent of Queensland's annual domestic demand. In the fourth quarter of 2021 we achieved our initial production plateau - an annualised run rate of around 19 petajoules per year (PJ/year) - as our operational performance drove a step-change in earnings and cashflow.

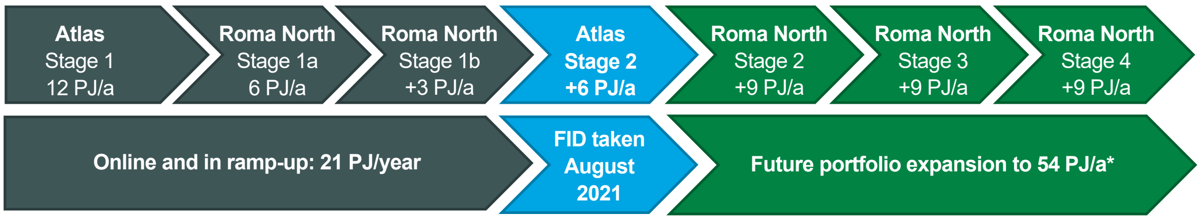
We continue to develop our extensive reserves to deliver our targeted five-fold growth in production to more than 60 PJe/year by the end of the 2025 financial year.

Senex's excellent operational performance, large acreage position and reserves base provides significant potential for growth. We hold 2P reserves of 767 PJ at Atlas and Roma North. This large reserves base supports a master development plan to continue expanding portfolio production to up to 54 PJ/year from these areas, with a remaining reserve life of 14 years.

In executing this plan, we took final investment decisions (FID) to expand Roma North and Atlas that will extend our Surat Basin natural gas production capacity to around 27 PJ/year.

FEED activities were completed to increase Roma North production a further 9 PJ/year to 18 PJ/year (Senex total 36 PJ/year) and electrification studies are underway to achieve a reduced carbon footprint and increased operational efficiency. FID is expected for this stage of expansion in the first half of the 2022 financial year.

In the next 12 months Senex is poised to deliver material increases in sales gas. Senex's strategy supports further growth in the years to come, focused on project delivery, growth, increasing participation in energy markets and decarbonisation. Sustainable development of our high-quality gas reserves will enable us to play a key role in a low-carbon energy value chain.



* Future investment decision not yet taken and subject to final internal approvals

Cooper Basin sale completed

Senex's sale of its Cooper Basin business, completed in March 2021, was a critical milestone in our evolution into a Queensland natural gas producer of scale focused on the east coast market. The sale to Beach Energy for $87.5 million, before completion adjustments, followed a deliberate and considered strategic review of our asset portfolio. The mutually beneficial sale enabled Beach to expand its comprehensive South Australian Cooper Basin portfolio and Senex to accelerate its expansion in the Surat Basin. The decision has strengthened Senex's balance sheet and cashflow resilience and reduced our emissions footprint, with significantly reduced exposure to higher-emissions-intensity oil production. The sale also enabled the payment of a special 4 cent-per-share* dividend to shareholders, in addition to the initial 4 cent-per-share* distribution for the 2021 financial year.

*On a post-consolidation basis

Reflections on South Australia

Senex is proud of its 20-year legacy of energy production in the Cooper Basin. Our joint venture partnerships, government relationships, contracts with local businesses and community collaborations have supported the economy and communities across the region. Our commitment to, and care for, the region continues following a three-year extension to our long-term partnership with the Royal Flying Doctor Service (RFDS). This contribution, taking our association with RFDS to 10 years, keeps the Senex-badged “flying intensive care unit” in the skies.

We pay special tribute to our employees for building a business that has contributed immense value to all our stakeholders. Benefits over the past 10 years include:

- $100 million paid to South Australian businesses
- $70 million paid in royalties and taxes, contributing to health, education and roads in local communities
- $6.5 million paid to Traditional Owners
- $1 million paid to RFDS to provide 24/7 aeromedical support for employees, residents and tourists in rural and remote South and Central Australia
- more than 7,000 patients airlifted by the Senex-badged RFDS aircraft
- co-founded Cooper Medivac 24 helicopter for remote rescues
- enough energy produced to power 2.5 million homes for a year
- ongoing benefits from reinvigoration of Cooper Basin western flank

Production and reserves summary

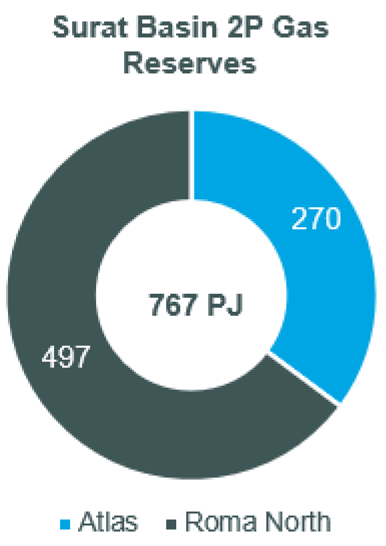
Measure (PJ)	FY21	FY20	Percentage increase
Total production volume	17.3	7.2	139%
1P reserves	261	210	24%
2P reserves	767	739	4%
3P reserves	1016	995	2%

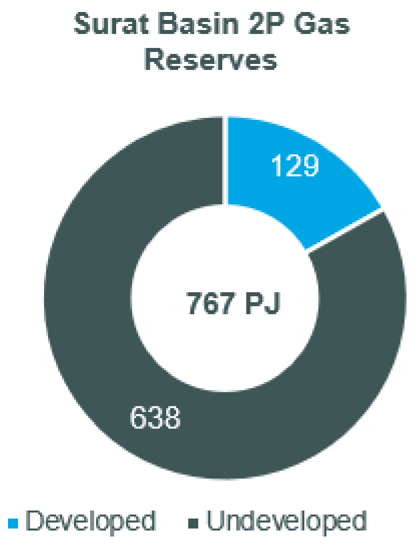
Senex's extensive natural gas reserves provide material opportunities for acceleration of gas production and expansion through our hub-and-spoke infrastructure operating model.

In 2021 we achieved a 24 per cent increase in Surat Basin 1P gas reserves to 261 PJ and a 290 per cent reserves replacement ratio (RRR) on 2P reserves of 767 PJ.

These upgrades were driven by successful development drilling, targeted low-cost appraisal activities and the award of highly valuable acreage in ATP 2059 adjacent to our prolific Atlas development.

Our 2P gas reserves of 767 PJ represent more than 35 years of natural gas production at the current target annual production of around 20 PJ/year, before planned expansions.





Accelerated Surat Basin development

Senex accelerated development of our high-quality Atlas and Roma North assets in 2021, supporting our priorities of production growth, balance sheet strength and enhanced shareholder returns.

Our foundation Atlas asset reached nameplate production of 12 PJ/year ahead of schedule in February. This exceptional achievement reflected our performance a year earlier at Roma North, where we attained plateau production of 6 PJ/year 12 months ahead of schedule.

We are poised to deliver further growth in the year ahead. In August 2021, the expansion of Roma North processing capacity to 9 PJ/year was complete, a Final Investment Decision was taken to expand Atlas by 50 per cent and a drilling campaign across both assets was planned to start in September 2021.

Senex's safe and efficient operations and proven project execution will continue to maximise value from our significant natural gas reserves. This strong performance will propel us towards our target of more than 60 petajoules equivalent (PJe) per year by the end of the 2025 financial year.

Expanding Atlas

New Atlas acreage will fast-track production growth

Senex is one of the key producers developing gas for commercial and industrial customers in a tightening east coast domestic market. Our Atlas operation is playing a significant role in providing these affordable and reliable gas supplies to manufacturers and electricity suppliers.

Strong project execution and natural gas production performance enabled us to reach nameplate production of 12 PJ/year from Atlas earlier than scheduled, in February. While significant, this production represents only the start in a broader program of expansion.

Last September Senex was awarded additional valuable acreage next to our foundation Atlas development as part of the Queensland Government's domestic gas acreage tender process. The new acreage extends Atlas's high-quality, high-performance resource base and has enabled a material increase in 2P reserves.

In August 2021, Senex announced a final investment decision (FID) for the $40 million expansion of natural gas production at Atlas by 50 per cent to 18 PJ/year. We are finalising arrangements with our infrastructure partner Jemena to construct and fund the Atlas processing facility expansion under an extension of existing tolling arrangements, with commissioning expected in the first quarter of the 2023 financial year. Natural gas wells, gas gathering and water management infrastructure will be funded from existing cash reserves.

The expansion was supported by recent domestic manufacturer gas sales agreements, including with metals processor Nyrstar and construction materials company Adbri Limited.

The low-cost, low-carbon, high-return and long-life investment will enable Senex to continue to increase material and reliable domestic natural gas supply to Australian manufacturers and other domestic users, supporting the economy and jobs as Australia transitions to a lower carbon future.

Looking ahead at Atlas

- high-value, development-ready acreage
- 50% expansion of natural gas production to 18 PJ/year
- 15-year remaining reserve life with existing Atlas 2P reserves of 270 PJ
- capital expenditure of around $40 million for natural gas wells, gas gathering and water management infrastructure, funded from existing cash reserves
- Finalising arrangements with Jemena to construct and fund the Atlas processing facility expansion under an extension of existing tolling arrangements, with commissioning expected in Q1 FY23
- development drilling to start in September 2021
- around $15 million to be injected into regional communities, supporting more than 100 jobs during construction
- next phase of growth to drive Senex towards its annual production target of more than 60 PJe/year by the end of FY25

Growing Roma North

Roma North's expansion represents the low-carbon, high-return organic growth opportunities available to Senex under our existing 15-year gas sales agreement with GLNG

Roma North was the origin of Senex's rebirth as a Surat Basin natural gas producer of scale following a 15-year gas sales agreement with the Santos-operated GLNG. Five years later, Roma North continues to achieve strong production and excellent operating performance, helping deliver export earnings for Australia.

The initial stage of Roma North reached plateau production of 6 PJ/year 12 months ahead of schedule in March 2020, with reservoir performance and well availability continuing to excel.

This achievement enabled a final investment decision (FID) last October to expand production at Roma North by 50 per cent to 9 PJ/year. This expansion, completing Roma North Stage 1, was our first investment to accelerate the development of our significant Surat Basin natural gas reserves and came only four months after completion of our initial $400 million developments in mid-2020.

The expansion of the processing facility, funded by our energy infrastructure partner Jemena, was completed in August 2021. The expansion also includes additional natural gas wells and gas gathering and water management infrastructure, to be funded through existing cash reserves.

Looking ahead, we will realise value from our extensive reserves base through our proven low-cost hub-and-spoke infrastructure operating model. Senex has a master development plan to continue production growth at Roma North with the potential to ultimately produce up to 36 PJ/year, equating to a 2P reserves life of 14 years.

Our next stage of development - Roma North Stage 2 - will increase production to 18 PJ/year for GLNG under our existing gas sales agreement. FEED activities for this expansion were completed during the year, with electrification studies underway to achieve a reduced carbon footprint and increased operational efficiency. We are working towards FID in the coming months once these studies are complete.

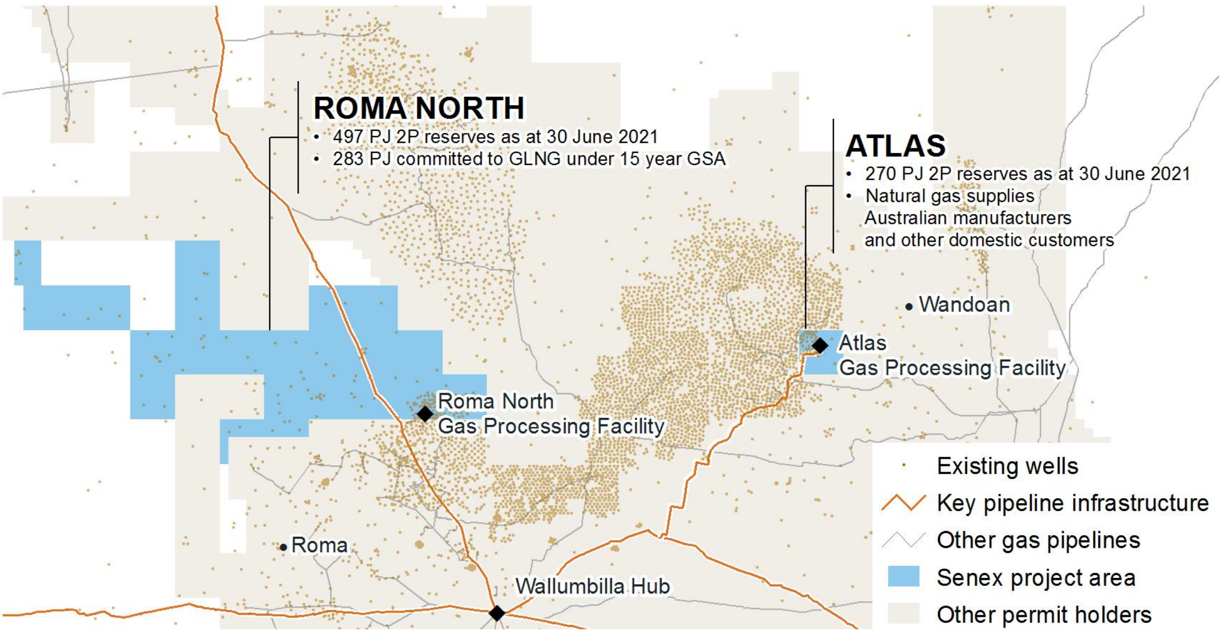
Planning for Roma North Stage 3 is underway, targeting annual production of 27 PJ/year with additional appraisal to be undertaken concurrently. Each stage of expansion in the Roma North area will provide valuable subsurface and production data, de-risking future expansion decisions.

Looking ahead at Roma North

- large gas reserves base: 497 PJ 2P and 746 PJ 3P
- master development plan to expand production up to 36 PJ/year* with a remaining 2P reserve life of 14 years
- proven low-cost hub-and-spoke infrastructure operating model
- 15-year gas sales agreement in place with GLNG for additional volumes
- total 2P gas reserves of 283 PJ committed under GLNG contract
- 214 PJ of undeveloped 2P gas reserves not committed under a GSA

* Future investment decision not yet taken and subject to final internal approvals

Senex Surat Basin development area



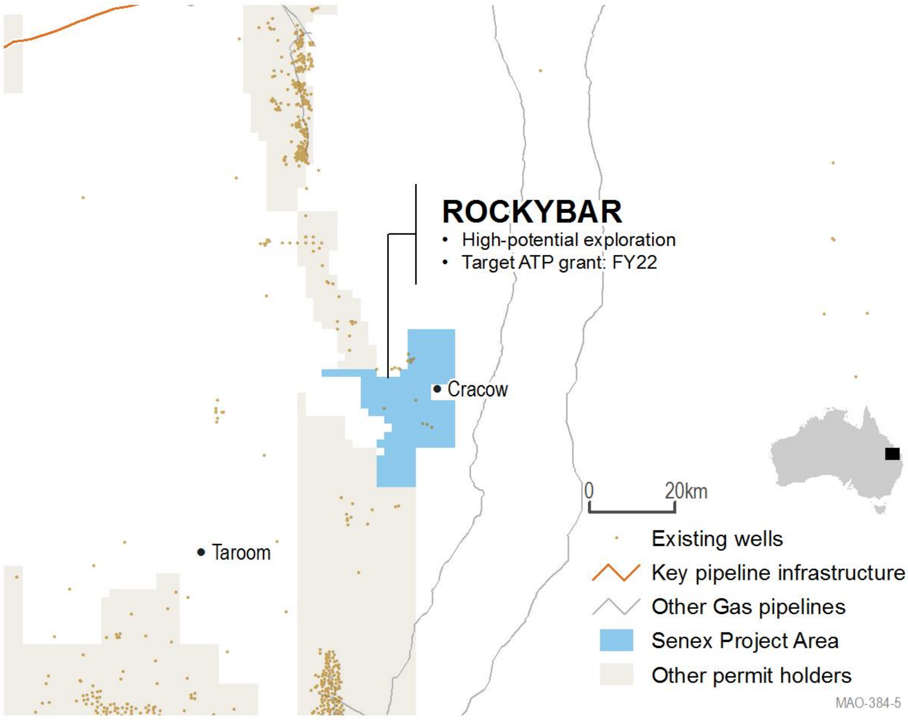
High-potential opportunities

Rockybar

Senex was awarded 486sq km of high-potential exploration acreage in September 2020 as part of the Queensland Government's domestic gas acreage tender process. The acreage is near Cracow in the Bowen Basin, between the Scotia and Meridian gas fields, and close to existing infrastructure.

The new acreage is structurally on trend with the high-permeability, high-gas-content Scotia and Peat fields. Other successful gas developments in the Permian coal measures targeted at Rockybar include the Fairview, Arcadia and Moranbah fields.

Pending Authority to Prosect approval - expected in 2022 following a Native Title Agreement - Senex will undertake an initial four-year work program comprising geological studies, 2D seismic acquisition and an exploration well.

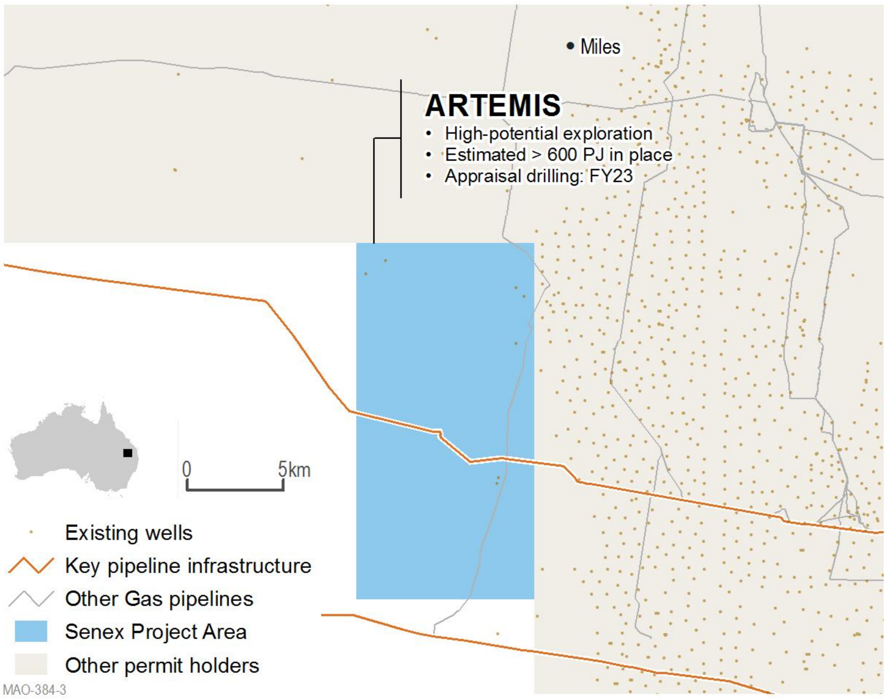


Artemis

The 153sq km Artemis block represents an opportunity to unlock a large gas resource deep within the Surat Basin.

The acreage, located close to infrastructure and producing fields, was the second domestic gas block awarded to Senex by the Queensland Government as part of its domestic gas acreage tender process. The Authority to Prospect was granted to Senex in September 2020.

The Artemis block has material potential, with significant volumes of gas in place in the Walloon coals. To overcome the low permeability of the coals, Senex has formed a partnership with The University of Queensland's Centre for Natural Gas to undertake applied research aimed at enabling commercial production. Work is also underway to progress environmental approvals and land access for three exploration wells due to be drilled by the end of 2023, which are a key component of the four-year work program.



Material reserves underpin expansion

Senex's 767 PJ of 2P reserves exceeds Australia's entire east coast gas demand for a year

Reserves

Senex's future growth is supported by more than 1,000 petajoules (PJ) of proven, probable and possible (3P) natural gas reserves. These substantial volumes will drive the expansion and acceleration of our gas production in the Surat Basin and deliver significant and sustainable value to our stakeholders.

To put our extensive reserves into perspective, the 767 PJ of proven and probable (2P) reserves we hold within our 100 per cent-owned natural gas portfolio exceeds the entire east coast gas demand for a year.

These reserves underpin our low-cost, low-risk, low-carbon and long-life expansion plans to achieve our targeted five-fold growth in annual production to more than 60 PJe/year by the end of 2025.

Improved position

Senex delivered a reserves upgrade in the Surat Basin following the successful delivery of the first stage of our transformational natural gas developments.

The uplift in reserves comes as we achieved record annual production from our high-quality Surat Basin operations and the award of additional, highly valuable Atlas acreage that increased the project area 32 per cent.

Proven (1P) natural gas reserves increased 24 per cent to 261 PJ following successful project development and resource delineation, while 2P reserves improved four per cent to 767 PJ, representing a 290 per cent reserves replacement ratio.

These 2P gas reserves represent more than 35 years of natural gas production at the current target annual production of around 20 PJ/year, providing material opportunities for gas production acceleration and expansion through Senex's hub-and-spoke infrastructure operating model.

Senex's annual estimate of reserves and contingent resources is independently assessed by Netherland Sewell & Associates (NSAI). Senex released a reserves upgrade statement to the ASX on 9 August 2021.

Net reserves and contingent resources

PJ	FY20	Sales Gas	Acquisitions & Divestment	Revisions	FY21	Change
1P reserves	**210**	(15)	15	51	**261**	24%
2P reserves	**739**	(15)	47	(2)	**767**	4%
3P reserves	**995**	(15)	47	(10)	**1,016**	2%

Minor revision to 3P reserves to adjust fuel and flare consumption. Senex is investigating options to electrify processing facilities to achieve significant mitigation in fuel and flare consumption.

Summary: Proved Reserves (1P)

PJ	Oil	Gas	Total	Developed	Undeveloped	Total
Roma North	-	120	**120**	47	73	**120**
Atlas	-	141	**141**	82	59	**141**
Total 1P reserves	-	261	**261**	129	132	**261**

Proportion of total Proved Reserves that are unconventional (coal seam gas): 100%

Summary: Proved and Probable Reserves (2P)

PJ	Oil	Gas	Total	Developed	Undeveloped	Total
Roma North	-	497	**497**	47	450	**497**
Atlas	-	270	**270**	82	188	**270**
Total 2P reserves	-	767	**767**	129	638	**767**

Proportion of total Proved and Probable Reserves that are unconventional (coal seam gas): 100%

Summary: Proved, Probable and Possible Reserves (3P)

PJ	Oil	Gas	Total	Developed	Undeveloped	Total
Roma North	-	746	**746**	47	699	**746**
Atlas	-	270	**270**	82	188	**270**
Total 3P reserves	-	1,016	**1,016**	129	887	**1,016**

Proportion of total Proved, Probable and Possible Reserves that are unconventional (coal seam gas): 100%

Gas for Australian industry

Natural gas produced by Senex in the Surat Basin is powering manufacturing across more than 2,000km of Australia, from Gladstone to Adelaide. Through making goods like bricks and bottles and producing electricity for homes and businesses, our gas is also supporting the economy and jobs as Australia transitions to a lower carbon future.

Senex is a leading new supplier of natural gas to Australian industry, with almost 60 PJ contracted from our Atlas project to Australian manufacturers and other domestic customers.

Senex has substantially contracted its existing gas supply for calendar years 2021 and 2022. Since 1 July 2020 we have increased – by more than 20 PJ – the volume of gas under long-term contract with strong fixed prices. This has resulted in a more stable and resilient cashflow, underpinning our ability to continue to invest in low-cost, low-carbon, high-return and long-life growth projects.

Senex now has long-term, mutually beneficial partnerships with high-quality companies including Adbri, Nyrstar, CSR Building Products, Orora, Visy Glass, Alinta Energy, CleanCo Queensland and Southern Oil Refining.

The long-term agreements with leading cement manufacturer Adbri and metals processor Nyrstar that we announced in July 2021, along with our existing customer agreements, underwrote the expansion of our Atlas operation by 50 per cent to 18 PJ/year. The addition of Adbri and Nyrstar broadened Senex's reach in supplying natural gas from Queensland to South Australia.

Future expansions will also be supported by gas sales agreements. Our long-term commitment is to unlock both development-ready and exploration opportunities and continue to work with customers to deliver affordable and sustainable gas supply and partner on decarbonisation opportunities.

We are on track to deliver material increases in sales gas in the next 12 months and we are negotiating with new customers for supply agreements that will provide even more natural gas for the east coast of Australia.

Our customer-led approach

Senex is proud of its strong relationships with high-quality partners, which are the result of our focus on:

- long-term relationships centred on mutual value creation
- electrification and decarbonisation of our business and supporting our customers in their plans to do the same
- working on dynamic and flexible contract structures that support customers' current and future needs
- being open to non-traditional and long-term structures with natural gas and other aspects of the energy value chain

"We are pleased to execute this long-term agreement that helps underpin our low-cost and low-carbon cement manufacturing operations in South Australia, whilst also supporting the economy and local jobs. I commend the Senex team for its responsive, flexible and open approach to meeting our energy needs. We look forward to continuing to build our new relationship."

Nick Miller, CEO of Adbri, welcoming the gas supply agreement with Senex

Financial Review

Results for the financial year		2021	2020	Change $	Change %
Continuing operations					
Sales revenue	$ million	109.6	54.1	55.5	102%
EBITDA	$ million	55.7	18.3	37.4	204%
Tax benefit	$ million	59.7	0.0	59.7	n.m
NPAT from continuing operations	$ million	66.7	(7.6)	74.3	976%
NPAT from discontinued operations[1]	$ million	(1.0)	(43.8)	42.8	98%
Statutory NPAT from ordinary activities	$ million	65.7	(51.4)	117.1	228%
Underlying NPAT from continuing operations	$ million	5.4	(6.3)	11.7	185%
Operating cashflow	$ million	54.6	51.5	3.1	6%
Capital expenditure from continuing operations	$ million	33.1	143.0	(109.9)	(77%)
Cash balance	$ million	101.0	79.9	21.1	26%
Net cash/(debt) balance	$ million	26.0	(45.1)	71.1	158%
Earnings per share	cps	35.9	(28.2)	64.0	n.m

1 Profit / loss from discontinued operations refers to Cooper Basin assets sold to Beach Energy effective 1 July 2020

Numbers may not add precisely due to rounding

Production volumes		2021	2020	Change in volume	Change %
Continuing operations – Surat Basin					
Gas and gas liquids	PJ	17.3	7.2	10.1	141%

Numbers may not add precisely due to rounding

Underlying profit after tax from continuing operations can be reconciled to statutory net profit/(loss) as follows:

$ million	FY21	FY20
Statutory net profit/(loss) after tax	**65.7**	**(51.4)**
Add/(less):		
Loss from discontinued operations	1.0	43.8
Tax expense	(60.2)	-
Restructuring	-	2.2
Gain on sale of Senex Pipeline & Processing Pty Ltd	-	(0.2)
COVID-19 government relief	(1.1)	(0.8)
Underlying net profit after tax from continuing operations	**5.4**	**(6.3)**

Numbers may not add precisely due to rounding

Underlying EBITDA from continuing operations can be reconciled to statutory net (loss)/profit as follows:

$ million	FY21	FY20
Statutory net profit/(loss) after tax	**65.7**	**(51.4)**
Add/(less):		
Loss from discontinued operations	1.0	43.8
Net interest	18.1	8.7
Amortisation and depreciation	30.6	17.2
Tax expense	(59.7)	-
COVID-19 government relief	(1.1)	(0.8)
Underlying EBITDA from continuing operations	**54.5**	**17.6**

Numbers may not add precisely due to rounding

Key movements

Key movements

Sales revenue

Senex's full-year sales revenue from continuing operations in the Surat Basin of $109.6 million (FY20: $54.1 million) was 102 per cent higher than the previous year. A substantial increase in gas production in the Surat Basin following the FY20 drilling campaign more than offset lower oil-linked and spot market gas prices. In summary:

- gas production volumes were 17.3 PJ (3.0 mmboe) (FY20: 7.2PJ or 1.2 mmboe) following the ramp-up at Atlas which accounted for 10.2 PJ (59%) of the total Surat volume for the year
- the average realised gas price was $6.5 per GJ sold (FY20: $7.6 per GJ sold). Roma North experienced a sharp decline in average realised price compared to the prior year due to the oil-linked pricing structure. Atlas revenue was largely driven by long-term fixed price contracts and therefore is less impacted by commodity price volatility.
- hedging revenue of $6.2 million (FY20: $7.6 million) partly offset the reduction in oil linked gas revenue.

Operating costs

Senex has continued its excellent track record as a low-cost gas producer.

Gas unit operating cost per gigajoule (GJ) was $2.3 (FY20: $2.9 per GJ), a decrease of 21 per cent from 2020. The decline in operating costs per GJ is largely due to efficiencies of scale following a significant increase in production.

Earnings (EBITDA)

The EBITDA result of $55.7 million reflected increased gross profit from higher gas production, partially offset by lower realised pricing. EBITDA was further supported by the downward trend in unit operating costs.

Income tax expense

An income tax benefit of $60.2 million ($59.7million in continuing operations) (FY20: nil) was recognised in 2021 due to the recognition of carry-forward tax losses. This has resulted in a net deferred tax asset position for the group of $64.0 million (FY20: nil) as at 30 June 2021. Further details can be found in our Tax Transparency Report to be released in September and in Note 16 to the Financial Statements.

Financing

With the successful development of Roma North and Atlas, Senex achieved Project Completion under the senior secured debt facility in November 2020.

Following Project Completion, the $125 million term loan facility converted to a revolving credit facility providing greater flexibility for capital management. At 30 June 2021, Senex had $75 million of this facility drawn with $50 million available for redraw as required.

A $35 million working capital facility has been utilised for letters of credit and bank guarantees and is due to mature in October 2021. Senex will seek to extend the maturity of these facilities ahead of this time.

Inaugural dividend

Senex determined to pay a 0.5 cents per share (cps) ordinary dividend following the release of the FY21 Half-Year report and a special dividend of 0.5 cps following the sale of the Cooper Basin business (both on a pre-consolidation basis and equivalent to 4 cps on a post-consolidation basis). Dividends totalling $14.7 million were paid in April 2021. Senex also determined to pay an ordinary dividend of $0.05 per share following the release of the FY21 full year results.

Share consolidation

Senex completed a share consolidation which provides additional flexibility with dividend payments. On 23 March 2021 Senex shares were consolidated at the ratio of eight (8) fully paid ordinary shares into one (1) fully paid ordinary share.

Capital expenditure

Senex continues to invest in expansion activity, with total capital expenditure of $33.1 million in the Surat Basin during the financial year. Activity in 2021 included work towards the expansion of Roma North to 9 PJ/year (24 TJ/day) and FEED activity for expansion of production to 18 PJ/year (48 TJ/day). Atlas activity included completion of water management facilities, and FEED for the expansion to 18 PJ/year (48 TJ/day), a 50% increase on current firm production capacity.

Underlying net profit reconciling items

Underlying net profit after tax is a non-International Financial Reporting Standards measure. Items removed from underlying net profit after tax are outlined below.

Profit/(loss) from discontinued operations – Sale of Cooper Basin business

Senex announced on 3 November 2020 that it had entered into a binding agreement with Beach Energy to sell its Cooper Basin business for $87.5 million, prior to completion adjustments. The transaction was completed on 1 March 2021.

The sale has resulted in the Group's exit from the Cooper Basin after more than 20 years and has strengthened the Group's balance sheet and cashflow resilience.

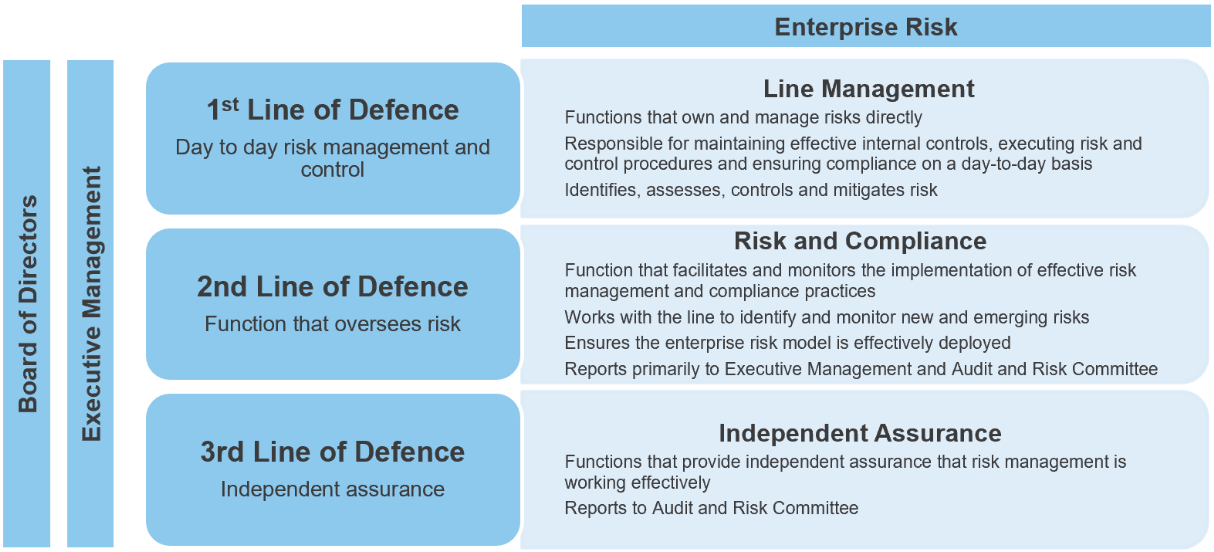
The Cooper Basin's contribution to the Group's result has been recognised as a discontinued operation and removed from the underlying result.

COVID-19 government relief

State and federal governments announced measures to help businesses during the COVID-19 pandemic. Senex received relief in the form of JobKeeper payments and payroll tax rebates. These have been removed from underlying profit as they are abnormal arrangements.

2. Material Risks

The Senex risk management framework incorporates an enterprise-level view of risk and utilises the 'three lines of defence model' to provide a coordinated approach to risk and assurance by organising roles and duties into three levels of defence. The model is a generally accepted industry framework for managing enterprise risk at the strategic, tactical and operational levels. The Audit and Risk Committee assists the Board in regularly monitoring material business risks. The material business risks for Senex are actively managed within the risk management governance framework using the model shown below.



Three Lines of Defence Model

The material business risks for Senex as at 30 June 2021 are set out below. The risks summarised below are not an exhaustive list of risks that may affect Senex, nor are the risks listed in order of importance.

Operational risks

Safety and health

Senex is committed to safe delivery of our business and it is integral to our success. At Senex, safety and the wellbeing of our people is everyone's responsibility. We genuinely value and care for our people and their physical and mental wellbeing. Our aim is to always be open, honest, respectful and transparent in our engagements.

Senex has detailed safety and health management plans that include auditing and verification processes. Senex continuously reviews its operational risks and processes to ensure it operates at the highest standards of safety management. In addition, Senex participates in industry safety organisations and committees that enable it to promote safety leadership and share good industry practice and lessons learned.

During 2021, Senex utilised a responsible operating model in accordance with government, World Health Organisation (WHO) and industry guidelines to respond to the COVID-19 pandemic to ensure operations continued without interruption. The Company protected workers, operations and communities and ensured continuity of operations by implementing strict protocols to prevent the spread of the virus including travel, field and office access restrictions, provision of hygiene training and consumables, temperature checks and social distancing.

Environmental incident

Senex's operational activities involve the transportation of produced gas and water as well as the generation of waste materials. Unregulated, these activities could pose a risk of harm to the environment, the workforce and communities near Senex operations from an environmental incident or material non-compliance.

In addition to environmental harm, impacts from an environmental incident or material non-compliance may include safety issues, reputational damage and regulatory enforcement action.

Senex's environmental processes and robust environmental management system ensure we understand the potential risks and impacts of our activities and implement appropriate management strategies to prevent environmental harm and minimise the risk of an environmental incident or non-compliance.

Resource development

Senex's production growth is dependent on its ability to continue to develop and deliver resources and reserves. Senex has significant reserves and resources within its portfolio which form the basis of a comprehensive development program over coming years.

Senex has a sophisticated approach to dealing with the inherent subsurface uncertainty of CSG development, and applies best-in-class drilling and construction practices, prudent expenditure management and forecasting to support safe and effective development activities.

Access and approvals

Senex's ongoing Surat Basin activities include exposure to material technical and non-technical risks, including securing and retaining land access, environmental requirements and water management.

The Surat Basin co-exists with agricultural properties and population centres. Therefore, Senex operations require negotiated land access agreements and broader community relationships. These requirements have the potential to impact the timing of ongoing development and production in the Surat Basin. Senex also enters into water supply agreements with landholders which enables them to beneficially use Senex's produced and/or processed water.

Senex uses comprehensive project management practices and works closely with landholders, community and government to ensure it manages these risks to ensure mutually beneficial outcomes where possible.

Access to infrastructure

Senex wholly owns and operates all of the tenements it holds. However, the delivery of Senex-owned product to market is dependent on access to third-party infrastructure to process and transport Senex's gas. An inability to access this supporting infrastructure may result in production delays or increased costs for Senex.

Senex has long-term contractual rights to infrastructure and works closely with infrastructure suppliers and, where appropriate, explores alternative routes to market to diversify risk. Senex has a sound understanding of the technical risks of gas processing and transportation, and enjoys a cooperative and transparent operational relationship with its infrastructure providers. Senex also maintains a prudent insurance program for a major business interruption event.

Loss of key data or loss of access to key data

Senex's business continuity may be impacted by the compromise of, or disruption to, corporate information, technology systems or data.

Unauthorised access to Senex's data, a cyber-attack or significant outages of key technology systems may result in serious business disruption including loss of data, loss of access to data, compromise or disruption of technology systems, privacy violation or damage to reputation.

Senex has key cybersecurity controls in place such as firewalls, restricted points of entry, multiple data back-ups and security monitoring software. Cloud-based systems also provide a higher level of redundancy, ease of remote access for staff and faster recovery in the event of significant outages. Senex provides cybersecurity training to staff in relation to governance and incident response, and undergoes external audits of the Company's cybersecurity controls.

Extreme weather events

Senex's gas development and production operations may be interrupted by an extreme weather event such as flood, bushfire or storm.

These extreme weather events may result in loss of production, delays in delivery of work programs or damage to infrastructure. These considerations are built into operational designs including contingency planning.

Senex also has flood mitigation plans as well as emergency and crisis management frameworks in place to manage these risks. In addition, Senex maintains a prudent insurance program for major business interruption events.

Financial risks

Commodity prices

The prices Senex receives for the gas the Company produces are subject to volatility due to many factors including global oil prices, the AUD/USD exchange rate and spot and contract gas prices.

Commodity prices and foreign exchange rates are subject to global economic forces. Movements in prices and exchange rates affects Senex's revenue, cashflow and asset values. Sustained periods of low or declining commodity prices may impact the viability of growth projects and access to suitably priced long-term sources of funds.

Senex has an active commodity price and currency hedging strategy. Senex manages its gas sales on a portfolio basis, priced through sales contracts including fixed-price AUD gas sales contracts. Senex pursues market opportunities for uncontracted gas. In addition, we continue to focus on production costs, demonstrating our capacity to operate effectively in a low-price environment.

Under low-carbon scenarios, commodity prices experience a decline by virtue of lower demand projections for fossil fuels. Senex tests for various commodity prices having regard to carbon costs and potential changing demand for commodities. Continuing to focus on lower emissions intensity and low break-even assets ensures future resilience.

Access to funding

Senex's ability to fund operations and future growth is supported by cashflow from operating activities and bank borrowings.

Volatility or uncertainty in capital markets could restrict the willingness of debt and equity investors to provide additional capital, for example for growth opportunities.

Senex's cashflows are increasing as a result of having two key developments producing material volumes of gas. The Company's future capital programs are largely discretionary and Senex adopts prudent expenditure management and forecasting which supports a Board-approved capital and operating budget. Senex maintains a good relationship with its lenders and works closely with them to ensure support for future investment decisions. Senex actively seeks partnering opportunities to help fund key activities on a project-by-project basis and is not reliant on equity markets.

Strategic risks

Climate change

Climate change and management of carbon emissions may lead to increasing regulation and costs.

There continues to be focus from governments, regulators, lenders and investors in relation to how companies are managing the impacts of climate change policy and expectations. Senex's growth may be impacted by increasing regulation and costs associated with climate change and the management of carbon emissions, including the supply and demand balance for natural gas.

Regulatory, strategic, and operational risks and opportunities associated with climate change are incorporated into Senex's corporate strategy and risk management processes and practices. Senex actively monitors current and emerging areas of climate change risk and opportunities to ensure appropriate action is taken to avoid and mitigate any impacts on the company's operations and strategy. Senex continuously focuses on improving its energy efficiency and emissions management in delivering cost-efficient operations.

Risks associated with climate change and the transition to a lower carbon economy may impact elements of our strategy and, therefore, they are considered through our business processes like strategy and investment decisions.

Significant regulatory change

A change of government policy and changes to relevant legislation or regulations may impact Senex's finances or operations.

Changes in legislation, regulation or policy may result from the election of new governments, political forces or external community pressure. These changes may impact on development, production and east coast gas prices which, in turn, may impact Senex's ability to provide sustainable returns for investors through profit erosion and loss of company value. Retrospective or unexpected regulatory changes also potentially impact on the longer-term viability of projects.

Senex actively monitors regulatory and political developments and constructively engages with government, regulators and industry bodies on an ongoing basis.

3. Directors' Report

Your Directors submit this Directors' Report for the financial year ended 30 June 2021 (FY21).

The Financial Report covers Senex Energy Limited (the Company, the parent entity or Senex) and its controlled entities/subsidiaries (collectively known as the Group). The Group's presentation currency is Australian dollars ($).

Principal activities

The principal activities of entities within the Group during the year were gas exploration and production. There was no significant change in the nature of these activities in FY21.

Directors

The Directors who served at any time during or since the end of FY21 until the date of this report, their qualifications, experience and special responsibilities are set out below.

TREVOR BOURNE, Chairman, Independent Non-Executive Director

BSc (Mech Eng), MBA, FAICD

Trevor joined the Senex Board in December 2014 and was appointed Chairman in March 2015. He is an experienced Non-Executive Director with over 20 years in public and private company directorships in Australia and Asia. Trevor was a founding director of Origin Energy for 12 years, following the demerger from Boral. At Origin he chaired the Remuneration Committee and was a member of the Audit and Safety Committees. Trevor's executive career included 15 years at BHP, eight years with the then Orica subsidiary Incitec, and 15 years with Brambles – the last six of which as Managing Director of Australasia. Trevor was also a director of Caltex Australia for 13 years before retiring in May 2019. While at Caltex he chaired the OH&S Committee and was a member of the Remuneration Committee.

Trevor is Chairman of the Nomination Committee. He is not a member of the other Board committees, but attends and participates in those meetings.

Other current and former directorships*

- Sydney Water: Non-Executive Director, Chairman of the Safety Committee (February 2014)
- Transport Asset Holding Entity of New South Wales: Non-Executive Director (June 2020)
- Caltex Australia Limited: Former Non-Executive Director (March 2006 - May 2019)
- Virgin Australia Holdings Limited: Non-Executive Director, Chairman of the Safety Committee, member of the Audit and Risk Management Committee and the Remuneration Committee (January 2018-October 2020)

*former directorships of listed entities in previous 3 years

IAN DAVIES, Managing Director and Chief Executive Officer

BBus (Acct), CA, Cert SII (UK), MAICD, F Fin

Ian has led Senex as Managing Director and Chief Executive since 2010, navigating the business through significant growth and transformation. Under Ian's leadership, the Company is pursuing a long-held strategy to capture emerging opportunities in Australia's dynamic energy sector. In 2017, Ian was elected to the Board of the Australian Petroleum Production and Exploration Association (APPEA) and in November 2019 was appointed Vice Chairman.

Before joining Senex, Ian was influential in the growth of the CSG-to-LNG industry in Queensland as Chief Financial Officer of Queensland Gas Company Limited (QGC). Ian led the negotiation of the LNG joint venture transaction with BG Group and the takeover offer for QGC by BG Group, the largest on-market takeover in Australian corporate history at that time.

He also served as General Manager Business Development and General Manager Ports and Infrastructure, under BG Group ownership. Ian spent the early part of his career in corporate tax advisory within mining and energy with PwC in Brisbane and as an investment banker with Barclays Capital in London.

As Managing Director and Chief Executive, Ian is not counted as a member of any board committee but he attends and participates in all meetings of board committees, except where conflicted.

Other current directorships

- APPEA: Vice Chairman, Non-Executive Director (November 2017)

RALPH CRAVEN, Independent Non-Executive Director

BE, PhD, FIEAust, FIPENZ, FAICD

Ralph joined the Senex Board in September 2011. He has broad experience across the energy sector including electricity, gas and other resources. Before becoming a professional director in 2007, Ralph held senior executive positions with energy companies in Australia and New Zealand. He was formerly Chief Executive of Transpower New Zealand Ltd, Executive Director with NRG Asia-Pacific and General Manager with Shell Coal Pty Ltd. His previous tenures include Chairman and Non-Executive Director of Stanwell Corporation, Invion Limited, Ergon Energy Corporation and Tully Sugar Limited, and Deputy Chairman of coal seam gas company Arrow Energy Limited.

Ralph is Chairman of the People and Remuneration Committee and member of the Audit and Risk Committee and the Nomination Committee.

Other current directorships

- Genex Power Ltd: Chairman, Independent Non-Executive Director (May 2015)
- AusNet Services Ltd: Non-Executive Director (January 2014)
- Multicom Resources Ltd: Chairman, Independent Non-Executive Director (July 2018)

TIMOTHY CROMMELIN, Independent Non-Executive Director

BCom, SF Fin, FAICD

Tim joined the Senex Board in October 2010. He has over 40 years of experience in stockbroking, investment banking, corporate advisory, risk management, and mergers and acquisitions. He is Non-Executive Chairman of Morgans Holdings (Australia) Limited and Non-Executive Chairman of ASX-listed Eagers Automotive Limited, and previously served as Deputy Chairman of CS Energy Limited and Queensland Gas Company Limited. Tim is a member of the University of Queensland's governing Senate, and other current directorships include the Morgans Foundation, where he is Deputy Chairman, Australian Cancer Research Foundation and the Brisbane Lions Foundation.

Tim is a member of the Audit and Risk Committee and Nomination Committee.

Other current directorships

- Eagers Automotive Limited: Non-Executive Chairman (February 2011)

MARGARET KENNEDY, Independent Non-Executive Director

BComm, GAICD

Margaret joined the Senex Board on 1 April 2021. Margaret is a Board director and senior executive with more than 25 years Australian and international experience, across a portfolio of commercial, property, financial, operational and retail businesses with listed Australian and multinational companies including Shell and Viva Energy Australia.

She is experienced in corporate M & A, and leading businesses through periods of significant change. She was previously, Chief Executive Officer of Viva Energy REIT (VVR), now Waypoint REIT- an ASX 200 listed real estate investment trust. Ms Kennedy holds a Bachelor of Commerce degree from the University of Melbourne and is a graduate of the Australian Institute of Company Directors.

Margaret is a member of the People and Remuneration Committee and Nomination Committee

Other current directorships

- Loreto Ministries Limited, Chair and Non-Executive Director

GLENDA MCLOUGHLIN, Independent Non-Executive Director

BEcon, MBA, FAICD

Glenda joined the Senex Board on 1 July 2020. Glenda brings a wealth of experience in the energy sector in both executive and advisory capacities. Glenda has extensive commercial experience as an investment banker, finance executive and company director working at a senior executive level in Australia and Asia.

She has held senior executive roles at leading financial institutions Morgan Stanley, Credit Suisse and Barclays Capital where she led the Energy and Infrastructure Group in Australia. In addition to her work in the energy sector, Glenda has extensive experience in the telecommunications, information technology, media, transport and financial services sectors.

Glenda co-founded listed Australian gas company Metgasco, where she was Executive Director and Chief Financial Officer for eight years.

Glenda is Chairman of the Audit and Risk Committee and is a member of the People and Remuneration Committee and Nomination Committee.

Other current directorships

- SCECGS Redlands Limited: Chairman, Non-Executive Director (October 2016)

JOHN WARBURTON, Independent Non-Executive Director

BSc (Hons Geological Sciences), PhD Structural Geology, FGS, FPESA, MAICD

John joined the Senex Board in March 2016. He is a Petroleum Geoscientist by profession with 38 years in the international petroleum industry. John has extensive technical and management experience in exploration and field development (conventional and unconventional resources), and in commercial and new business roles in the global oil and gas industry. These include with BP where he held senior technical and leadership positions before moving on to senior executive roles with substantial oil and gas companies including LASMO plc, Eni Pakistan Ltd and Oil Search Ltd. At Oil Search John was Chief of Geoscience & Exploration Excellence.

John is a member of the Senex People and Remuneration Committee and Nomination Committee.

Other current directorships/other interests

- Empire Energy Group Limited: Non-Executive Director (February 2019)
- Imperial Oil and Gas Pty Ltd (subsidiary of Empire Energy Group Ltd): Non-Executive Director (March 2016)
- University of Leeds, UK: Visiting Professor in the School of Earth & Environment and Member of the External Advisory Board at the Centre for Integrated Petroleum Engineering, Geoscience and Energy Transition (October 2010)

DEBRA GOODIN, Independent Non-Executive Director

BEcon, FCA, MAICD

Debbie joined the Senex Board in May 2014 and retired on 19 November 2020. She is an experienced company director and audit committee chairman, and is currently a Non-Executive Director of APA Group, Atlas Arteria Limited and Australian Pacific Airports Corporation Limited. Debbie has more than 20 years' senior management experience with professional services firms, government authorities and ASX listed companies across a broad range of industries and service areas. Her executive experience in ASX listed companies included roles in finance, operations, corporate strategy and mergers and acquisitions.

Up until her retirement, Debbie was Chairman of the Audit and Risk Committee and member of the People and Remuneration Committee and Nomination Committee.

Other current and former directorships*

- APA Group: Non-Executive Director (September 2015)
- Atlas Arteria Limited: Non-Executive Director (September 2017)
- Australian Pacific Airports Corporation Limited: Non-Executive Director (March 2020)
- oOh!media Limited: Former Non-Executive Director (November 2014 – February 2020)
- Ten Network Holdings Limited: Former Non-Executive Director (August 2016 – November 2017)

*former directorships of listed entities in previous 3 years

Key Management Personnel (KMP)

KMP of an entity for the purposes of the Corporations Act 2001 and the Accounting Standards are those persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Directors are KMP irrespective of whether they operate in an executive or non-executive capacity. The Executive KMP are referred to in this report as Executives.

The KMP of the consolidated Senex entity in FY21 were the following individuals who served as Directors or as Executive KMP in FY21:

Name	Position
Non-Executive Directors	
Trevor Bourne	Chairman, Independent Non-Executive Director
Ralph Craven	Independent Non-Executive Director
Timothy Crommelin	Independent Non-Executive Director
Margaret Kennedy	Independent Non-Executive Director
Glenda McLoughlin	Independent Non-Executive Director
John Warburton	Independent Non-Executive Director
Former Non-Executive Director	
Debra Goodin	Independent Non-Executive Director
Executive KMP – Executives	
Ian Davies	Managing Director and Chief Executive Officer (CEO)
Mark McCabe	Chief Financial Officer
Peter Mills	Chief Operating Officer
David Pegg	General Counsel and Company Secretary

Details on each individual service as KMP for FY21 are set out on page 31 of the Remuneration Report. Details of the qualifications and experience of Directors are set out above.

Senex's Executive Committee

The Senex Executive Committee in FY21 comprised the CEO, Executive KMP; as well as other senior Executives. The Executive Committee generally meets on a weekly basis to discuss strategic and operational matters.

Company Secretary

David Pegg is Senex's General Counsel and Company Secretary. Details of Mr Pegg's qualifications and experience are set out below:

DAVID PEGG, Company Secretary and General Counsel

BCom, LLB, MSc

David is responsible for planning, coordinating and advising the Board and Executive Committee on all Senex-related legal and governance matters.

David is an experienced senior executive in the energy and resources sector with a background in law, corporate governance, commercial transactions and business development.

Before joining Senex in 2013, David served as General Counsel and Company Secretary at other energy companies. Prior to that, David was with a national law firm for 10 years.

Corporate Governance

Good corporate governance underpins the way Senex works and make decisions to sustainably create shareholder value. Senex complied with all eight principles of the ASX Corporate Governance Principles and Recommendations (4th Edition). Refer to Senex's Corporate Governance Statement at senexenergy.com.au.

Dividends

Senex determined to pay a 0.5 cents per share (cps) ordinary dividend following the release of the FY21 Half-Year report and a special dividend of 0.5 cps following the sale of the Cooper Basin business (both on a pre-consolidation basis and equivalent to 4 cps on a post-consolidation basis). Dividends totalling $14.7 million were paid in April 2021. Senex also determined to pay an ordinary dividend of $0.05 per share following the release of the FY21 full year results. The balance of the franking account at the end of FY21 was nil (end of FY20: $6,100,000).

Operating and financial review

The Group's areas of strategic focus include gas exploration and production in the Surat Basins.

The Group's sales revenue for FY21 was $109,585,000 (FY20: $54,147,000). The Group's statutory net profit for FY21 was $65,668,000 (FY20: $51,367,000 loss). The Group's underlying net profit after tax for FY21 was $5,367,000 (FY20: $6,316,000 loss).

A detailed operating and financial review is provided on pages 3 to 15 of this report. Material business risks are discussed on pages 16 to 19 of this report.

Table 1: Ordinary fully paid shares issued during FY21

	Parent entity			
	FY21		FY20	
	Number of Shares[2]	$,000	Number of Shares	$,000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	**182,230,727**	**540,468**	181,636,936	540,468
Issues of shares during the period:				
Vesting of Performance Rights (nil consideration)	**-**	**-**	-	-
Exercise of Performance Rights (nil consideration)[1]	**1,503,687**	**-**	593,792	-
Transaction costs on shares issued (net of tax)	**-**	**-**	-	-
Balance at the end of the period	**183,734,414**	**-**	182,230,727	540,468

[1] 4,750,332 ordinary fully paid shares were issued during the year to senior executives in relation to short-term and long-term incentive rights and for employee Retention Rights.

[2] A share consolidation through the conversion of every eight shares held by a shareholder to one share (8:1) occurred in March 2021. Shares in FY20 and FY21 are quoted on a post-consolidated basis. (FY20 pre-consolidated shares were 1,457,819,867 at 30 June 2020).

Directors' interests in equity securities of the Company and related bodies corporate

In FY21 the Company had on issue three kinds of equity securities – Shares, Performance Rights and Share Appreciate Rights (SARs). The glossary describes each of those equity securities. Table 2 shows the interests of the Directors in the Shares, Performance Rights and SARs of the Company as at the date of this report.

Table 2: Directors' interests in Shares, Performance Rights and SARs

Class of security	Shares	Performance Rights	SARs
Trevor Bourne	275,328	-	-
Ralph Craven	106,250	-	-
Timothy Crommelin	546,745	-	-
Ian Davies	809,659	1,508,074	325,921
Margaret Kennedy	-	-	-
Glenda McLoughlin	27,778	-	-
John Warburton	106,251	-	-
Debra Goodin [1]	44,931	-	-

[1] Retired from the Board on 19 November 2020

In FY21 the only equity securities on issue in each related body corporate of the Company were fully paid ordinary shares, all of which were held by the Company. No Director had any interest in any equity security of any related body corporate of the Company.

Significant changes in the state of affairs

There was no other significant change in the state of affairs of the Group during FY21 that is not detailed elsewhere in this report.

Significant events after reporting date

Since the end of FY21, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the report or financial statements that has 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.

Likely developments and expected results

In FY22, the Group will continue to focus on its key operations. Further information on the likely developments and expected results are included in the review of operations on pages 3 to 11.

Environmental regulation and performance

The Group's operations are subject to environmental obligations under Commonwealth and State environmental regulation. These regulations cover the entity's exploration, development and production activities. Compliance with the applicable environmental regulatory requirements is addressed in the Company's environmental management system. Compliance is monitored on a regular basis via the conduct of environmental audits by regulatory authorities, independent consultants and by Senex. No significant environmental breach or infringement was confirmed by any government agency in FY21.

Share rights to unissued shares

Table 3 is a summary of rights to Senex unissued shares (Performance Rights and SARs - all unlisted) as at the date of this report.

Table 3: Rights to Senex unissued shares

Type of security	Number	Exercise price	Conditions	Vesting	Expiry
FY17 STI Rights	59,967	Nil	Performance and service	Jul 2018	Sep 2023
FY18 STI Rights	40,562	Nil	Performance and service	Jul 2019	Sep 2024
FY18 LTI Rights	88,952	Nil	Performance and service	Sep 2020	Sep 2024
FY18 Retention Rights	103,000	Nil	Service	Dec 2019	Sep 2024
FY18 Retention Rights	15,625	Nil	Service	Jun 2020	Sep 2024
FY19 STI Rights	58,804	Nil	Performance and service	Jul 2020	Sep 2025
FY19 LTI Rights	403,787	Nil	Performance and service	Sep 2021	Sep 2025
FY19 Retention Rights	117,537	Nil	Service	Dec 2020	Sep 2025
FY20 STI Rights	124,509	Nil	Performance and service	Jul 2021	Sep 2026
FY20 LTI Rights	637,689	Nil	Performance and service	Sep 2022	Sep 2026
2019 Retention Rights	15,625	Nil	Service	Jun 2021	Sep 2026
2019 Retention Rights	267,040	Nil	Service	Dec 2021	Sep 2026
2019 Retention Rights	37,500	Nil	Service	Dec 2022	Sep 2026
FY21 STI Rights	268,358	Nil	Performance and service	Jul 2022	Sep 2027
FY21 LTI Rights	2,499,835	Nil	Performance and service	Sep 2023	Sep 2027
2020 Performance Rights	382,921	Nil	Service	Nov 2020	Sept 2025

Type of security	Number	Starting price	Conditions	Vesting	Expiry
FY16 SARs – tranche 1	403,365	$1.168	Performance and service	Sep 2018	Sep 2022
FY16 SARs – tranche 2	111,311	$1.168	Performance and service	Aug 2018	Sep 2022
FY17 SARS – tranche 1	527,726	$1.984	Performance and service	Sep 2019	Sep 2023

Movements in Performance Rights

From 1 July 2020 to the date of this report there have been the following movements in Performance Rights:

- 3,771,691 Performance Rights were issued;
- 1,199,739 Performance Rights were exercised;
- 533,884 Performance Rights expired and lapsed.

The terms of those Performance Rights, including vesting conditions (performance conditions and service conditions) are described in the Remuneration Report, pages 30 to 47.

The holder of a Performance Right is not entitled, by virtue of the Right, to participate in any share issue of the Company or any related body corporate.

Movements in SARs

From 1 July 2020 to the date of this report there have been the following movements in SARs:

- Nil SARs were issued;
- 474,644 SARs were exercised;
- Nil SARs expired and lapsed.

The terms of those SARs, including vesting conditions (performance conditions and service conditions) are described in the Remuneration Report, pages 30 to 47.

The holder of a SAR is not entitled, by virtue of the SAR, to participate in any share issue of the Company or any related body corporate.

Shares issued on exercise of SARs or Performance Rights

From 1 July 2020 to the date of this report Senex issued to the Senex Employee Share Trust to provide to the holder:

- 72,571 shares on the exercise of FY18 Retention Rights on 28 July 2020, 27 November 2020, 15 December 2020, 20 January 2021, 24 February 2021, 1 July 2021 and 27 July 2021
- 102,456 shares on the exercise of FY19 Retention Rights on 28 September 2020, 27 October 2020, 20 January 2021, 24 February 2021, 1 March 2021, 29 March 2021, 14 June 2021,1 July 2021 and 27 July 2021
- 614,299 shares on the exercise of 2020 Performance Rights on 27 November 2020, 15 December 2020, 20 January 2021, 24 February 2021, 1 March 2021, 29 March 2021, 29 April 2021, 18 Mary 2021, 26 June 2021, 1 July 2021 and 27 July 2021
- 25,235 shares on the exercise of FY19 STI Rights on 28 July 2020
- 235,768 shares on the exercise of FY20 STI Rights in lieu of cash on 8 September 2020
- 149,410 shares on the exercise of FY20 STI Rights on 1 July 2021 and 27 July 2021
- 101,508 shares on the exercise of 162,527 FY16 LTI SARs on 18 May 2021
- 94,036 shares on the exercise of 312,117 FY17 LTI SARs on 18 May 2021 and 27 July 2021

Indemnification and insurance of Directors and Officers

In FY21, Senex incurred a premium of $916,000 (FY20: $502,674) to insure Directors and Officers of the Group. The premium increased due to the effect of market conditions. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of the Group. It is not possible to apportion the premium between amounts relating to insurance against legal costs and amounts relating to insurance against other liabilities.

Directors' meetings (unaudited)

Table 4: The number of meetings of Senex's Board of Directors and of each Board Committee held in FY21, and the number of meetings attended by each Director

			Meetings of committees					
	Board meetings		Audit and Risk		People and Remuneration		Nomination	
	A	B	A	B	A	B	A	B
Trevor Bourne	14	14	6*	6	6*	6	1	1
Ralph Craven	14	14	6	6	6	6	1	1
Timothy Crommelin	14	14	6	6	6*	6	1	1
Ian Davies	14	14	6*	6	6*	6	1*	1
Margaret Kennedy	3	3	1*	1	1	1	-	-
Glenda McLoughlin	14	14	6	6	6	6	1	1
John Warburton	14	14	6*	6	6	6	1	1
Debra Goodin ~	6	6	2	2	2*	2	1	1

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the Committee during the year

* = Not a member of the relevant Committee

~ = Ms Goodin (retired on 19 November 2020)

Non-audit services

The Company's auditor, Ernst & Young (Australia), undertook some non-audit services for Senex during the current year as disclosed in Note 24 to the financial statements. Table 5 details the services provided, and amounts received or receivable for those non-audit services:

Table 5: Services provided and amounts received or receivable by Ernst & Young (Australia) for non-audit services

	FY21 consolidated ($'000)	FY20 consolidated ($'000)
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	34	60
Fees for other services • **Tax compliance** • **Remuneration review**	28	27
Total	62	87

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor independence

A copy of the auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 48.

Rounding

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 a financial report or directors report.

Unless otherwise indicated, amounts in the Directors Report (including the Remuneration Report) have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Remuneration Report (audited)

Dear Shareholders,

I am pleased to present the Senex Remuneration Report for the year ended 30 June 2021 (FY21). This report provides details of how Senex has approached remuneration in FY21 for Non-Executive Directors and Executives linked to the company's strategy and performance outcomes.

Remuneration framework and corporate strategy

As Chair of the People and Remuneration Committee (Committee), I'd like to take this opportunity to outline our framework and decision-making process for setting and determining performance measures for remuneration. How that translates into remuneration outcomes for FY21 is detailed in the following pages.

The remuneration framework is intended to direct focus on our short and long-term strategic objectives, align Directors, Executives and staff with corporate objectives, drive company performance and provide a means to attract, retain and appropriately reward talented people.

The Committee has been guided by the need to balance corporate and individual performance aligned with the corporate (short-term) objectives and (long-term) strategy for the period.

2021 performance

During a year of turbulence and the COVID pandemic, the team's performance was outstanding, delivering on its growth strategy and exceeding all performance measures. Our 2021 remuneration incentive decisions reflect this and are set out on pages 35 to 37 of this Remuneration Report. Some key highlights during 2021 include:

- zero lost-time injuries and zero serious incidents, with significant emphasis placed on the development of safety leadership across the company. We had continued strong environmental performance, and notably had no serious reportable incidents;
- the more than doubling of natural gas production from our foundation assets in the Surat Basin, Atlas and Roma North, reaching more than 18 petajoules per year (PJ/year), for total annual gas production of 17.3 PJ;
- strong financial returns with 2021 underlying EBITDA of $54.5 million (see page 12 of the Financial Report) and underlying NPAT of $5.4 million;
- the sale of our Cooper Basin business, which brought forward future earnings and allowed the company to start the 2022 financial year with a strong balance sheet and net cash position of $26 million; and
- the payment of dividends at the half year ended 31 December 2020 (4 cents per share (cps) post-consolidation) and a further special dividend of a further 4 cps following the sale of the Cooper Basin business, with a final 5 cent dividend for year-end also to be paid.

Focus for 2022 and beyond

Exceptional 2021 performance has set the company up well for the 2022 financial year and into the future.

In the year ahead we'll pursue our refreshed strategy, focused on delivery of our low-risk, low-carbon, high-return and long-life natural gas projects; growth ambitions in the Surat Basin based on our extensive reserves position; and progressive decarbonisation of our business in collaboration with our customers. These initiatives will be discussed in further detail with our shareholders in the months to come.

We have had a number of changes in our Executive team in recent times, partly in light of our refreshed strategy, and in this context, we are giving further consideration to Executive remuneration.

In the 2022 financial year, we will also include a measure of decarbonisation into executive incentives in support of our refreshed strategy and our low carbon natural gas business.

We look forward to our ongoing engagement with you and sharing in Senex's future success.

Dr Ralph Craven
Independent Non-Executive Director
People and Remuneration Committee Chair

Introduction

Senex's remuneration practices are aligned with the Company's strategy of promoting long-term growth in shareholder returns while attracting and retaining Executives with the right capability to achieve results and deliver value for shareholders.

The information in this Remuneration Report has been audited.

1. Directors and Executives

The Key Management Personnel (KMP) of the Group (being those whose remuneration must be disclosed in this Remuneration Report) include the Non-Executive Directors and those Executives who have the authority and responsibility for planning, directing and controlling the key activities of Senex directly or indirectly.

The Non-Executive Directors and Executives who were KMP for all or part of FY21 are identified in Table 1 below.

Table 1: Key Management Personnel

Name	Position	Dates
Non-Executive Directors		
Trevor Bourne	Chairman, Independent Non–Executive Director	**Full year**
Ralph Craven	Independent Non–Executive Director	**Full year**
Timothy Crommelin	Independent Non-Executive Director	**Full year**
Margaret Kennedy	Independent Non-Executive Director	**From 1 April 2021**
Glenda McLoughlin	Independent Non-Executive Director	**Full year**
John Warburton	Independent Non–Executive Director	**Full year**
Former Non-Executive Director		
Debra Goodin	Independent Non–Executive Director	**Until 18 November 2020**
Executive KMP		
Ian Davies	Managing Director and Chief Executive Officer (CEO)	**Full year**
Mark McCabe	Chief Financial Officer	**Full year**
Peter Mills	Chief Operating Officer	**Full year**
David Pegg	General Counsel/Company Secretary	**Full year**

Note: For FY21, Suzanne Hockey, Senior Executive Advisor People and Performance was not a KMP and therefore not included in this Remuneration Report.

2. Governance

Figure 1 sets out Senex's Remuneration Governance.

See the Corporate Governance Statement for additional details of the Board's approach to remuneration. The Corporate Governance Statement is available at senexenergy.com.au.

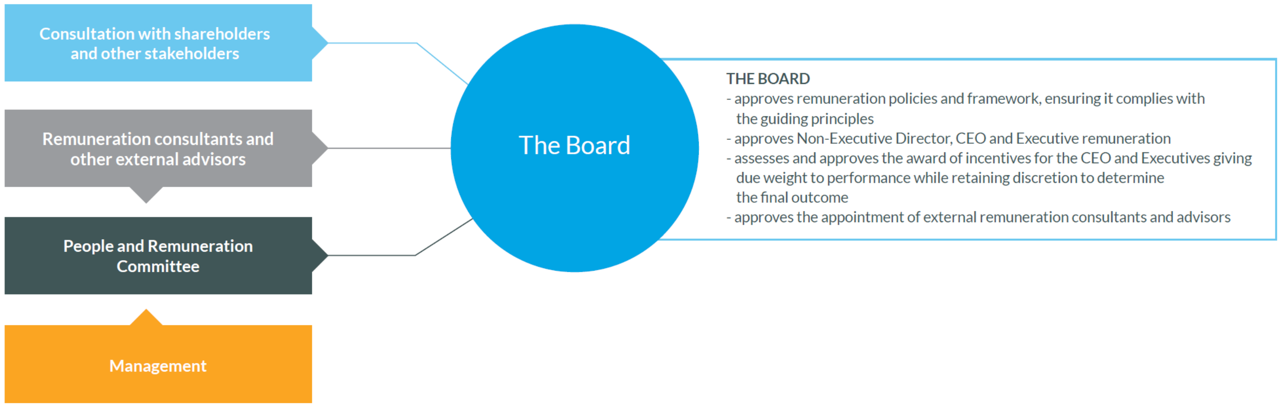
Remuneration approach and governance

Senex has established three guiding principles as the foundation of its approach to remuneration. The Board believes this approach will promote the key outcomes necessary to deliver long-term growth in shareholder returns.

These guiding principles are:

1. aligning remuneration outcomes with strategic, operational and financial goals;
2. incentivising performance and rewarding performance outcomes fairly and reasonably; and
3. striking a balance between short-term and long-term growth-related objectives, providing an incentive for superior performance without encouraging irresponsible risk taking.

Figure 1: Remuneration governance



CONSULTATION WITH SHAREHOLDERS AND OTHER STAKEHOLDERS
The Board and the People and Remuneration Committee frequently consult with major shareholders, proxy advisors and other stakeholders.

REMUNERATION CONSULTANTS AND OTHER EXTERNAL ADVISORS
In performing their roles, the Board and the Committee may directly commission and receive information, advice and recommendations from independent external advisors in relation to:
- Executive remuneration
- Non-Executive Director remuneration
- incentive measures
- other matters relevant to remuneration decisions

Any advice or recommendation provided by external advisors is used to assist the Board and People and Remuneration Committee and is not in substitution of the Board's or Committee's deliberations.

The Board has adopted protocols to ensure any advice or recommendations from external advisors are commissioned directly by the People and Remuneration Committee Chairman and are free from undue influence of management.

PEOPLE AND REMUNERATION COMMITTEE
The People and Remuneration Committee is a delegated responsibility by the Board to review and make recommendations on:
- Senex's remuneration policies and framework
- remuneration of Non-Executive Directors
- remuneration of the CEO and Executives
- incentive arrangements of CEO and Executives
- alignment of the interests of employees with the interests of shareholders
- ensuring that corporate culture aligns with corporate strategy

MANAGEMENT
- provide information and support to the People and Remuneration Committee as required

3. Remuneration framework

Senex's remuneration framework for each Executive comprises three components:

- total fixed remuneration (***TFR***);
- short-term incentive (***STI***); and
- long-term incentive (***LTI***).

Remuneration framework

The structure is intended to provide an appropriate mix of fixed and variable remuneration and provide alignment between Executive and shareholder interests.

The incentives are intended to drive performance to deliver the Company's short-term goals and longer-term business objectives.

FY21

For FY21, the Board changed the remuneration structure for Executives as follows:

- STI – decreased the maximum potential STI from 60% in FY20 to 40% of total fixed remuneration;
- FY21 LTI (Tranche 1) – retained relative total shareholder return (***Relative TSR***) performance as a key component of the LTI; however, for FY21 introduced two separate comparator groups, one being a broader grouping of ASX 300 less ASX 100 companies to better compare Senex to the broader choices for investors in Senex, and the other being a traditional oil & gas comparator group; and
- FY21 LTI (Tranche 2) - introduced a new one-off tranche of LTI award for production transformation to incentivise management to deliver up to a five-fold increase in production by the end of FY25 (being an increase to a material stretch target at the end of FY25 of 60 PJe per year). This tranche of the LTI is in accordance with Senex's stated strategy, aligns management incentive with material shareholder value creation and is for FY21 only.

Figure 2: Aligning remuneration and performance metrics with strategic objectives

		Performance metrics FY21	Alignment with strategic objectives
Total Fixed Remuneration (TFR) (not 'at risk') comprises base salary including superannuation.	**Fixed remuneration**	• experience and qualifications • role and responsibility • reference to remuneration paid by comparable companies and industry-peer companies • internal and external relativities • talent retention	To attract and retain talented and qualified Executives with the right capability to achieve results and deliver value for shareholders
Short Term Incentive (STI) ('at risk') awarded on the achievement of performance conditions over a 12 month period. The STI (if achieved) is payable up to 50% in cash following the approval of the financial statements with the balance provided by the vesting of contingent Performance Rights subject to a 12-month deferral and vesting condition.	**Short -term incentive**	**Corporate metrics (80% of STI grant) comprising:** • Health, Safety and Environment measures • Annual production • Earnings before interest, tax, depreciation and amortisation • Free Cash Flow **Individual performance metrics (20% of STI grant)** **STI at risk:** Maximum – 40% of TFR	• Safety, and eliminating unintended environmental harm are paramount in all Senex's operations; • This includes a demonstrated focus on safety leadership, risk management and assurance; • Establishing a strong production base and earnings as a platform for increased earnings, cash flow, shareholder returns, growth and a strong balance sheet. **See page 35 for further details of the STI performance metrics and outcomes for FY21**

Long Term Incentive (LTI) ('at risk') awarded on the achievement of performance conditions over three-year periods and comprises only an equity component.	**Long-term Incentive**	**FY21 LTI** – 2 tranches for performance are measured over a three-year period and Tranche 2 is re-measured, with deferred payment of part of the award, in FY24 and FY25.
		
		FY21 LTI Tranche 1 (relative TSR) at risk
		• CEO – maximum 100% of TFR
		• Other Executives – maximum 50% of TFR
		
		FY21 LTI Tranche 2 (production transformation) at risk
		• CEO – maximum 160% of TFR
		• Other Executives – maximum 110% of TFR
			• Tranche 1 - Relative TSR measured against two separate comparator groups:
			  ○ the S&P/ASX 300 Index less the constituent companies in the S&P/ASX 100 Index (50% of FY21 LTI Tranche 1)
			  ○ bespoke group of peers (50% of FY21 LTI Tranche 1)
			• Tranche 2 - Production transformation to establish a material stretch goal for expansion of our business, earnings and shareholder returns.
			
			See page 38 for further details of the LTI performance metrics and outcomes

FY22

The overall structure for the FY22 remuneration is the same as FY21, comprising of TFR, STI and LTI; except the total maximum potential for LTI has decreased.

The maximum potential for STI and LTI in FY22, in percentage (%) terms of TFR is, for the MD/CEO – 40% TFR for the STI and 100% TFR for the LTI (FY21 LTI was 260%); and for the Executive – 40% TFR for the STI and 50% TFR for the LTI (FY21 LTI was 110%).

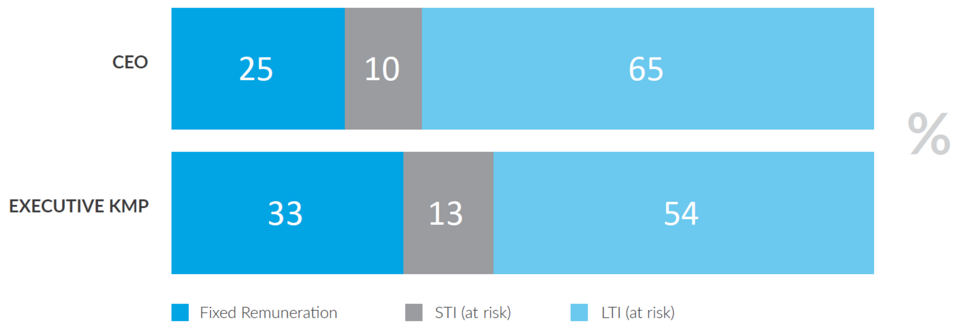
It is expected the basic structure of the STI and LTI will follow the FY21 structure; however, the STI will include an appropriate decarbonisation measure, and the LTI may include an additional and separate financial measure in addition to Relative TSR.

"At Risk" remuneration

The maximum potential remuneration reflects the amount (at offer date) of total remuneration the CEO and Executive KMP could receive if the maximum STI and LTI are achieved.

The remuneration mix of the CEO and other Executive KMPs align with the interests of shareholders by having a greater portion of potential remuneration at risk thereby incentivising the achievement of both short- and long-term performance metrics.

Figure 3: FY21 maximum potential remuneration



See section 7 (STI) and section 8 (LTI) for further details on the approach the Board takes to awards in relation to the 'at risk' remuneration and the performance metrics or hurdles that have been set for Executive KMP in order to secure their 'at risk' remuneration.

4. Company performance financial year 2021

Performance snapshot

In 2021 our strong operational performance delivered cashflow stability, balance sheet resilience and inaugural shareholder dividends, while the $87.5 million sale of our Cooper Basin business to Beach Energy marked an important milestone for our continued transformation.

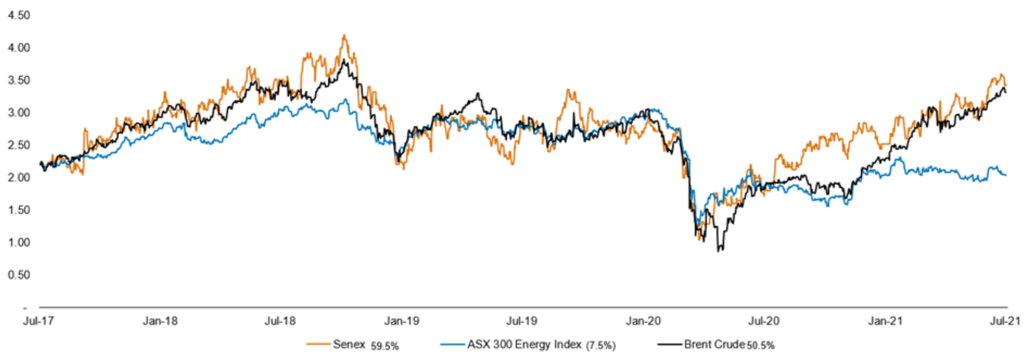
Highlights include:

- Surat Basin natural gas production more than doubled from 7.2 PJ to 17.3 PJ;
- sales revenue from continuing operations in the Surat Basin of $109.6 million, up from $54.1 million;
- underlying EBITDA of $54.5 million, increased by 210 per cent largely due to increased gross profit from higher gas production, partially offset by lower realised pricing;
- strong liquidity with cash reserves of $101 million and a net cash position of $26 million; and
- inaugural dividends determined in February 2021 of 8 cents per share (on a post-consolidation basis) for the half year, franked to 97%, with a final 5 cent dividend for year-end also to be paid.

Further information is summarised in the Operational and Financial Review of this Financial Report.

Figure 4 below shows Senex's share price compared with its peer group – represented by the ASX 300 Energy Index – and the performance of Brent crude over the same period.

Figure 4: Senex's share price comparison over four years



5. Realised remuneration

Realised remuneration reflects the "take home pay" of the Executive KMP for FY21 and includes:

- total fixed remuneration for FY21;
- the value of any STI from prior years that was awarded as deferred equity and actually received in FY21;
- any STI that was awarded as cash in respect of STI performance measures for FY21 and will be received after the end of FY21; and
- any LTI from prior years that was awarded as deferred equity and actually exercised in FY21 valued at the share price on the date of exercise.

Table 2 has been provided to ensure shareholders are able to clearly understand the remuneration that has been realised by the Executive KMPs in FY21. It has not been prepared in accordance with the disclosure requirements of the Australian Accounting Standards or *Corporations Act 2001*. See Table 7 for Executive KMP remuneration disclosures in accordance with the Australian Accounting Standards and Corporations Act.

Table 2: Realised remuneration

Name	Year	TFR $	STI (cash)[1] $	STI (deferred)[2] $	LTI (exercised)[3] $	Other [4] $	Total $
Current Executive KMP							
Ian Davies	**2021**	**850,000**	**168,300**	**205,020**	**1,050,562**	**106,740**	**2,380,622**
	2020	850,000	238,680	210,375	-	21,931	1,320,986
Mark McCabe[5]	**2021**	**540,000**	**105,300**	**-**	**-**	**4,939**	**650,239**
	2020	292,566	83,114	-	-	2,534	378,214
Peter Mills	**2021**	**610,000**	**120,780**	**121,802**		**4,939**	**857,521**
	2020	610,000	169,458	-	-	4,933	784,391
David Pegg	**2021**	**425,000**	**82,450**	**92,862**	**-**	**4,939**	**605,251**
	2020	425,000	118,065	54,021	40,731	4,933	642,750
Total Executive KMP	**2021**	**2,425,000**	**476,830**	**419,684**	**1,050,562**	**121,557**	**4,493,633**
	2020	2,177,566	609,317	264,396	40,731	34,331	3,126,341

1. STI (cash) comprises any STI that was awarded as cash in respect of short-term performance measures for FY21 and will be received after the end of FY21. For the CEO STI (cash) also includes FY20 STI deferred cash component. For FY20, in respect of the STI awarded to Executive KMP (other than for the MD/CEO where the maximum equity grant was approved by shareholders at the 2019 AGM), each Executive has elected to take shares in Senex in lieu of the cash component of the FY20 STI award.
2. STI (deferred) comprises the value of any STI from prior years that have been awarded as deferred equity (or cash for the MD/CEO) and actually received in FY21, with deferred equity valued at the share price on the date of vesting.
3. LTI (exercised) comprises any LTI from prior years that was awarded as deferred equity and actually exercised in FY20 or FY21, valued at the share price on the date of exercise.
4. Other comprises carparking, motor vehicle and travel related expenses and financial advice and, for FY21 for Mr Davies, includes financial advice expenses claimed under his employment contract (including FBT) in respect of prior years.
5. Mr McCabe commenced on 4 December 2019.

6. Short-term incentive (STI)

The STI is 'at risk' remuneration subject to the achievement of pre-defined performance metrics included in the corporate performance scorecard for the year (for both FY20 and FY21 this was 80% of STI) as well as individual performance of each Executive KMP (for both FY20 and FY 21 this was 20 per cent of STI) Table 3 presents the corporate performance metrics, weightings and outcomes for FY21.

At the commencement of each performance year the Board determines the corporate performance scorecard and metrics to be measured for that year (in this case, for the FY21 STI). The metrics generally have performance levels set as:

- ***threshold*** being the minimum level of performance deserving of reward. Achievement of the Threshold results in 25% of the STI being awarded;

- ***target*** being a challenging but achievable level of performance. Achievement of the Target results in 50% of the STI being awarded; and
- ***stretch*** being the upper limit of possible outcomes that were planned for and a very challenging goal that is unlikely to be achieved. Achievement of the stretch, results in 100% of the STI being awarded.

Any achievement between threshold and target, and target and stretch, results in a prorated contribution of the STI being awarded.

The short-term performance metrics and hurdles in the corporate performance scorecard were chosen to encourage outcomes and behaviours that support the safe operation and delivery of the base business while pursuing long-term growth in shareholder value.

At the end of the performance year the Board determines the corporate performance rating for the year on the basis of the level of achievement against those metrics (and individual performance) and awards the STI to the CEO and Executive KMP.

The FY21 STI awarded is paid up to 50 per cent in cash and the balance in deferred Performance Rights vesting in 12 months subject to a service condition.

The outcome of Senex performance against the performance measures are as shown in Table 3 below and described below the table.

Table 3: Short-term incentive performance measures FY21 outcome

Focus		Performance outcome for FY21		
		Threshold	Target	Stretch
HSE	Safety statistics			
	Environmental performance			
	HSE Priorities			
Annual Production				
Underlying EBITDA				
Underlying Free Cash Flow				
Total Company Scorecard		80%/80%		
Individual performance (20%)		Refer to Table 4 below		

STI - FY21 corporate performance metrics and outcomes

Health, Safety and Environment ***Stretch10%/10% outcome***

Safety Statistics: *Threshold: Zero serious incidents, Target: ≤ 2 LTI and zero serious incidents, Stretch: ≤ 1 lost time injuries (LTI) and zero serious incidents*

Senex achieved outstanding safety performance and completed 2021 with zero LTI and without any serious reportable injuries. In addition, Senex's TRIFR was also zero – another outstanding achievement.

Environmental performance: *Threshold: ≤ 1 material reportable incident in each basin, Target: ≤ 1 material reportable incident, Stretch: No material reportable incidents*

Senex's strong environmental performance continued, without a single serious reportable environmental incident.

Note: *The Safety and Environmental metrics are the headline titles, and the actual metrics include more detailed definitions and scope for the board to consider other accepted industry measures. References to "serious incidents" are to incidents having a particular severity level under our 'Mining the Diamond' methodology.*

HSE priorities: The Board set two HSE priorities for FY21 being safety leadership; and risk management & assurance. These are assessed against the goals discussed below, and the Board determines performance taking this into account.

Safety Leadership was measured based on predetermined activities, including an assessment of safety leadership and development of a broad leadership program for continued improvement in safety leadership. This was done by externally facilitated safety leadership workshops, the development of a "Working at Senex" approach and the development of specific safety focus areas as priorities. The Board considered this proved invaluable in enabling a continued improvement in safety culture.

Risk Management and Assurance was measured based on identifying from past incidents the precursors to larger failures to help prevent these failures occurring. During the year, an improved Risk Management Framework was also developed which enables clear line of sight to risk ownership and assurance. The basis of the framework was to better identify risk owners and their accountability. The Board was satisfied that the work was integral in designing an independent assurance program for the company and will now be the basis of ongoing assurance work for key risks.

Sale of Cooper Basin business

The original corporate performance measures (CPMs) assumed the Cooper Basin and Surat Basin businesses would continue in Senex ownership for the full year.

During the year, the Board took the decision to dispose of Senex's Cooper Basin business (announced in November 2020; completed 1 March 2021). Accordingly, Senex owned and operated the Cooper Basin business for only part of the year (eight months of FY21). The effective date for the sale of the business was 1 July 2020.

The Board assessed the timing and impact of the Cooper Basin sale transaction as an outstanding result for the company. In short, the sale brought forward future Cooper Basin earnings and free cash flow into FY21 and enabled Senex to become net cash positive ($26m at 30 June 2021) with a strong balance sheet and able to execute on its low-risk, high-growth natural gas strategy.

The outcomes set out in Table 3 reflect this having regard to the Surat Basin outcomes discussed below.

Annual Production — ***Stretch 10%/10% outcome***

Senex's FY21 annual production was 17.3 PJ (3.0 mmboe) being from the Surat Basin. This is equivalent to a stretch outcome for the Surat projects.

Underlying EBITDA — ***Stretch 20%/20% outcome***

Senex's FY21 EBITDA was $55.7 million, being from the Surat Basin. With the sale of the Cooper Basin, the board determined it was a stretch outcome. (Note*)

Underlying Free-cash Flow — ***Outperformed Stretch 40%/40% outcome***

Senex's FY21 free cashflow was $18 million, being from the Surat Basin. With the sale of the Cooper Basin, the board determined it was a stretch outcome. (Note*)

Note - JobKeeper receipts were excluded from financial outcomes.*

STI - FY21 individual Executive metrics and overall outcomes

The CEO's individual performance measures for FY21 related to corporate strategy, digital transformation, delivery of Surat Basin expansion FID packages and shareholder returns. The CEO was awarded 19% of the possible 20% of his individual KPI component of the STI, awarding a total of 99% of his total FY21 STI.

The other Executive's individual performance measures were tailored to their respective roles and responsibilities and in all cases included assessment of contribution to safety leadership and corporate culture. On average the Executives were awarded 17.9% of the possible 20% in respect of the individual KPI component of the STI, awarding an average STI outcome of 97.9%.

Table 4: Actual FY21 STI outcomes

Name	Total opportunity $	Cash awarded $	Deferred Equity awarded $	% of maximum awarded	% of maximum forfeited
Ian Davies	340,000	168,300	168,300	99.0%	1.0%
Mark McCabe	216,000	105,300	105,300	97.5%	2.5%
Peter Mills	244,000	120,780	120,780	99.0%	1.0%
David Pegg	170,000	82,450	82,450	97.0%	3.0%

7. Long-term incentive (LTI)

FY21 LTI - The Board granted a maximum LTI opportunity to the CEO and other Executive KMP for FY21 (FY21 LTI) equivalent to:

- Tranche 1 (Relative TSR) - 100 per cent of the CEO's TFR and 50 per cent of Executive KMP's TFR; and
- Tranche 2 (Production transformation) - 160 per cent of the CEO's TFR and 110 per cent of Executive KMP's TFR.

General structure of LTI - The LTI is 'at risk' remuneration subject to the achievement of pre-defined performance metrics over a three-year period. At the commencement of each performance year, the Board assesses and determines the performance hurdles for the LTI to be offered to the CEO and Executive KMPs and ensures the performance hurdles align with shareholder interests.

The LTI offer comprises performance rights subject to certain performance conditions, service conditions and, from FY19, a threshold requirement that there being a positive TSR over the period.

Each performance right issued under the LTI to each Executive KMP entitles the relevant KMP to receive one share in Senex upon vesting. The number of performance rights issued is calculated by dividing the respective Executive KMP's LTI maximum potential remuneration by the volume weighted average share price over the 10 days prior to the grant date.

The LTIs vest if and to the extent that the Board determines that the LTI performance condition is satisfied at the end of the three-year performance period and the executive is a Senex group employee on the vesting date.

Details of the LTI grants are set out in Table 5. For further details of the vesting and expiry dates in respect to the LTI grants see page 26 of the Directors' Report.

Table 5: LTI grant details

Grant year	Grant type	Fair value at grant date $*	Vesting condition – performance metric	Financial year or period	Status
2018	LTI Tranche 1	1.92	Relative TSR performance at or above 50th percentile against S&P/ASX 300 Energy Index (70%)	FY18-FY20	Determined and fully vested in September 2020
2018	LTI Tranche 2	2.72	Strategic and Financial hurdles (30%) - see below for further details	FY18-FY20	Determined and fully vested in July 2020
2019	LTI	1.84 – 2.48	Relative TSR performance at or above 50th percentile against S&P/ASX 300 Energy Index, with a positive TSR gate (100%)	FY19-FY21	To be determined September 2021
2019	SBM	1.84	Project Delivery (with a positive TSR gate) – see below for further details	26 September 2018 - 310 December 2020	Fully lapsed in January 2021
2020	LTI	1.20 – 1.84	Relative TSR performance at or above 50th percentile against S&P/ASX 300 Energy Index, with a positive TSR gate (100%)	FY20-FY22	To be determined September 2022
2021	LTI Tranche 1	1.54-1.77	Relative TSR performance at or above 50th percentile against two comparator groups, with a positive TSR gate	FY21-FY23	To be determined September 2023
2021	LTI Tranche 2	1.90-2.23	Production transformation (with a positive TSR gate) – see below for further details	FY21-FY23 (with vesting Sept 2023, Sept 2024 and Sept 2025)	To be initially determined September 2023

* Fair value of an award when granted is estimated using a Monte Carlo simulation methodology and Black-Scholes valuation techniques which take into account a number of variables, including the share price when Rights are granted. Refer to Note 15 in the Financial Statements for additional detail. This has been adjusted for the consolidation (8:1) which occurred in March 2021.

LTI performance metrics and outcomes

FY18, FY19 and FY20 - Total shareholder return (TSR) hurdles

The vesting of Performance Rights for the relative TSR Performance Condition is conditional on the Company achieving 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.

The S&P/ASX 300 Energy Index was chosen based on consideration of a number of factors including the number of constituents, its median volatility rank, its size and the fact that the group operates in largely the same industry and is faced with the same operational and economic risks as Senex.

TSR measures the growth in the price of shares plus cash distributions notionally reinvested in shares. The TSR of Senex over the performance period will be compared to the TSR of all of the companies in the peer group which are still listed at the end of the performance period. This is measured by reference to the share price from the grant date until the 10th day of share trading following release of Senex's full year results for the last of the three financial years that the LTI relates to.

The Board considers the appropriate LTI structure every year and, for FY19 and FY20, elected to use a sole metric, relative TSR, and in each case subject to there being a positive TSR over the performance period. The Board took the view that the transformation of the company, by establishing the Atlas and Roma North natural gas projects, is best measured by the total relative shareholder return generated over the three-year periods (as compared with its peers).

In respect of LTIs that span the FY21 year (namely FY19, FY20 and FY21) TSR includes dividends paid.

The FY18 LTI included a component, being 70% of the maximum LTI, for relative TSR performance. As indicated in the table above, this achieved the full award and vested in September 2020 in respect of the two Executives who were granted FY18 LTI and were KMP during FY20.

The FY19 LTI (Relative TSR) will be measured in September 2021, following this report and the end of the performance period. Relative TSR comprises 100% of the potential FY19 LTI award.

FY18 - Strategic and Financial Goals hurdle

The Board assessed that the FY18 LTI strategic and financial goals (Tranche 2 for a maximum 30% award) were successfully met and awarded the full FY18 LTI for this tranche for the two executives who were granted FY18 LTI and were KMP during FY20.

FY19 Strategic Business Milestone award

Given the significant capital investment for FY19 - 20, the development of two significant natural gas projects in the Surat Basin, the delivery of material gas volumes into the Australian east coast gas market, and the transformational nature of these investments, the CEO was also offered additional LTI Rights in 2018, in the form of Strategic Business Milestone (SBM) Rights, as a way of ensuring leadership continuity through this transformational project development period and securing value for shareholders. The SBM Rights are 'at risk' remuneration subject to the achievement of pre-defined performance metrics. The maximum value of the SBM Rights as at the grant date equated to 162% of the CEO's FY19 TFR.

The SBM offer to the CEO was approved by shareholders at the 2018 AGM and are described in detail in the Notice of Meeting and Explanatory Memorandum for the 2018 AGM.

The agreed performance condition for the SBM Rights was that Senex's natural gas projects in the Surat Basin (Atlas and Roma North) are delivered by the construction of key infrastructure, completion of the initial phase of development drilling and the commencement of commercial gas sales from each project.

The Board assessed the performance at the end of the milestone delivery period (31 December 2020) and determined that as against the pre-established development plans (being the performance condition) the two natural gas projects exceeded expectations and performance measures.

Vesting, however, was subject to there being a positive TSR over the milestone delivery period. The TSR gate was not met and the SBM was not awarded, and so lapsed in full.

FY21 LTI – Relative TSR (Tranche 1)

The FY21 LTI Tranche 1 is subject to Senex's TSR performance relative to the TSR performance of the companies for two comparator groups, as set out below; each with a 50% weighting.

Comparator A - The constituent companies in the S&P/ASX 300 Index less the constituent companies in the S&P/ASX 100 Index (essentially companies 101-300) as at 8 September 2020.

This group was selected as it is a material group of companies with which the Company competes for shareholder capital.

Comparator B - The companies comprising the following energy companies:

Beach Energy Limited; Carnarvon Petroleum Limited; Central Petroleum Limited; Cooper Energy Limited; Karoon Gas Limited; Oil Search Limited; Origin Energy Limited, Santos Limited; Strike Energy Limited; Woodside Petroleum Limited.

These are the Company's peers in the oil and gas industry and a relevant comparator group in terms of attracting capital, competition for executive talent and companies that have comparable operational and economic risks as the Company.

FY21 LTI - Production transformation (Tranche 2)

Tranche 2 of the FY21 LTI is structured to provide reward for exceptional performance in delivering a step change in the Company's production by FY25.

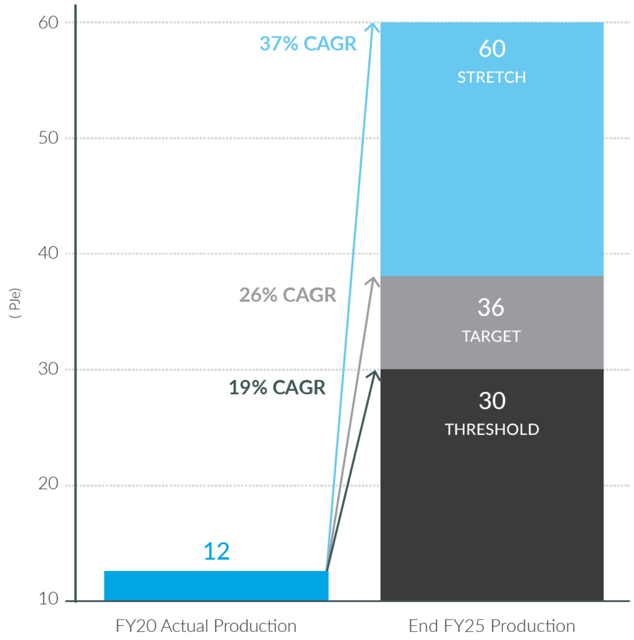
The award of Performance Rights will be assessed at the end of FY23 and the award will vest progressively at the end of FY23, FY24 and FY25 (with adjustments if need be) as set out below.

The Company is seeking to build on its successful establishment of two key natural gas projects in the Surat Basin (Atlas and Roma North) through development of its strong reserves position, organic growth and identifying new opportunities for growth to deliver a five-fold increase in production by the end of FY25 (from 2.08 mmboe (equivalent to 12 PJe) in FY20 to a stretch target of 10.4 mmboe (equivalent to 60 PJe) at the end of FY25). This performance award has been structured to incentivise management to achieve this stretch target through developing Senex's extensive gas reserves position and other growth opportunities to maximise shareholder value from its portfolio.

The maximum potential FY21 LTI Tranche 2 opportunity is subject to achieving the following production by the end of FY25 (and subject to the absolute TSR performance gate outlined earlier). The Performance Rights for FY21 LTI Tranche 2 that will vest are determined as follows:

Production rate by end of FY25	Multiple of production (v. FY20)	FY20 - FY25 CAGR[1]	Achievement	Value (% of TFR) of Performance Rights that vest
Below 30 PJe/year				nil
30 PJe/year	2.5x	19%	Threshold	30% of TFR
36 PJe/year	3.0x	26%	Target	60% of TFR
60 PJe/year	5.0x	37%	Stretch	160% of TFR

Pro-rata award on a straight-line basis for production outcomes of 30-36 PJe/year and 36-60 PJe/year. ***Note***: the production rate was originally set in mmboe, as 5.2 mmboe pa at Threshold, 6.25 mmboe pa at Target and 10.4 mmboe pa at Stretch and has been converted to units of gas for ease of reading as production is currently exclusively gas.



Note:

1. *Compound annual growth rate*
2. *the production rate was originally set in mmboe; as 5.2 mmboe pa at Threshold, 6.25 mmboe pa at Target and 10.4 mmboe pa at Stretch; and those numbers have been converted into PJe for ease of reading as production is currently exclusively gas; namely, 30PJe, 36PJe and 60PJe respectively.*

The board will during FY21-FY23 sanction investments for increased production (FID) and then assess the project execution and production from those growth projects:

Testing of FY25 production will occur at the end of FY23, after which the board will determine the award for Tranche 2 of the LTI (the Award) by assessing the expected production level at the end of FY25 based on sanctioned investments (each the subject of a FID) committed during the performance period and levels of production expected by the end of FY25. FID for each investment in production will be to a bankable standard with investment parameters, economics, schedule and production outcomes approved by the Senex board. Any Tranche 2 LTI Performance Rights that do not form part of the Award lapse immediately.

One-third of the Award will vest following the board's determination after the end of FY23 (subject to the service condition being satisfied). The remaining two-thirds of the Award will vest in accordance with the board's assessments outlined below.

At the end of FY24 and again at the end of FY25 the Board will assess performance against the board approved plan evidenced by the applicable FIDs. One-third of the Award (subject to any downward adjustment determined by the board) will vest at the end of FY24, with the remainder of the Award (again subject to any downward adjustment determined by the board) to vest at the end of FY25.

The board will make a downward adjustment to the Award if demonstrated performance and outcomes at the time are below expected performance. The Board will, as part of these determinations, assess project execution, demonstrated ramp-up of production, production levels achieved, overall project delivery and economic performance against board approved FID plans.   There is no service condition in relation to vesting of the 2nd and 3rd instalments of this LTI tranche.

The FY21 LTI offer to the CEO was approved by shareholders at the 2020 AGM and are described in detail in the Notice of Meeting and Explanatory Memorandum for the 2020 AGM.

Status of FY21 LTI

At the start of FY21, Senex had sanctioned (and during FY21 completed delivery of) 6 TJ/day nameplate capacity production at Roma North and 12 TJ/day capacity at Atlas. During FY21, Senex took the following expansion decisions:

- FID for the expansion of Roma North to 9PJ/year (from 16 TJ/day to 24 TJ/day) to be online in FY22;
- FEED completed and FID package defined for the expansion of Atlas to 18 PJ/year (from 32 TJ/day to 48 TJ/day), with the FID decision taken on 17 August 2021; and
- FEED completed, electrification studies underway and FID package defined for an expansion of Roma North to 18 PJ/year (from 24 TJ/day to 48 TJ/day), with a FID decision expected in the first half of FY22.

The expansions outlined above will take FID expansion capacity to 36 PJe/year (against the stated FY21-FY23 target of 60 PJe/year).

8. Non-Executive Directors

The Board seeks to set aggregate remuneration for Non-Executive Directors at a level that gives the Company the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is reasonable, competitive and acceptable to shareholders.

Maximum aggregate amount of annual remuneration

Total Non-Executive Director remuneration must not exceed $1,200,000 being the amount determined by Senex shareholders at the 2017 AGM. The Directors agree the amount of remuneration for Non-Executive Directors each year and the manner in which it is divided between Directors.

Each year, the Committee reviews the amount of the maximum aggregate annual remuneration approved by shareholders and the manner in which it is apportioned amongst Non-Executive Directors. The Board's current practice is to apportion a higher fee to the Chairman than to the other Non-Executive Directors. Each Non-Executive Director receives an additional fee for each Board committee to which they are appointed, with a higher fee for the chair of each Board committee.

In addition to the fees set out below, the Company made superannuation contributions on behalf of Non-Executive Directors at the statutory rate of superannuation contribution in FY21. Non-Executive Directors are not entitled to retirement benefits other than mandatory statutory entitlements. There has been no change in the fees since 1 July 2018.

Non-Executive Directors can claim fees for any activities outside normal duties (eg, site visits) at the daily rate of $2,500 plus superannuation and a half day rate of $1,250 plus superannuation as part of their remuneration, provided that it does not exceed the maximum aggregate annual remuneration.

Table 6: Annual fees for Non-Executive Directors*

	Chair $	Member $
Board	220,000	110,000
Audit & Risk Committee	25,000	12,500
People & Remuneration Committee	25,000	12,500

* Membership of Nomination Committee is not paid and therefore is not applicable to this report.

Table 7: Non-Executive Director remuneration

Name		Short-term employment benefits Directors Fee $	Post - employment Superannuation $	Total Remuneration $
Non-Executive Directors				
Trevor Bourne[2]	**2021**	**230,450**	**10,450**	**240,900**
	2020	220,000	20,900	240,900
Ralph Craven[2]	**2021**	**161,513**	**-**	**161,513**
	2020	147,500	14,013	161,513
Timothy Crommelin	**2020**	**122,500**	**11,638**	**134,138**
	2021	122,500	11,638	134,138
Margaret Kennedy[1]	**2021**	**30,625**	**2,909**	**33,534**
	2020	-	-	-
Glenda McLoughlin[1]	**2021**	**136,875**	**13,003**	**149,878**
	2020	-	-	-
John Warburton	**2021**	**127,500**	**12,113**	**139,613**
	2020	127,500	12,113	139,613
Former Non-Executive Director				
Debra Goodin[1]	**2021**	**56,952**	**5,410**	**62,362**
	2020	147,500	14,013	161,513
Total Non-Executive Directors	**2021**	**866,415**	**55,523**	**921,938**
	2020	765,000	72,677	837,677

1. Refer to Table 1 of this report for dates of service.
2. Commencing FY21, the ATO allows persons with multiple employers (such as directors) the option to opt out receiving mandatory superannuation contributions. This has resulted in these directors receiving a cash payment in lieu of their superannuation contributions for this period.

9. Detailed remuneration disclosures

The tables below for Executive KMP remuneration is prepared in accordance with the Australian Accounting Standards and *Corporations Act 2001*.

Table 8: Executive KMP remuneration

		Short-term employment benefits			Post-employment benefits	Long-term benefits	Equity settled Share Based Payments [1]		Proportion of compensation	
		Salary	Bonus[2]	Non Monetary Benefits	Superannuation	Long Service Leave	Rights	Total Remuneration	Performance related	In Equity
Name	Year	$	$	$	$	$	$	$	%	%
Current Executive KMP										
Ian Davies	**2021**	**828,306**	**168,300**	**106,740**	**21,694**	**19,116**	**755,645**	**1,919,801**	**49%**	**40%**
	2020	828,997	238,680	21,931	21,003	34,331	854,916	1,999,858	55%	43%
Mark McCabe[3]	**2021**	**518,306**	**105,300**	**4,939**	**21,694**	**13,222**	**226,901**	**890,362**	**37%**	**25%**
	2020	278,895	83,114	2,534	13,671	-	71,372	449,586	34%	16%
Peter Mills	**2021**	**588,306**	**120,780**	**4,939**	**21,694**	**28,599**	**323,665**	**1,087,983**	**41%**	**30%**
	2020	588,997	169,458	4,933	21,003	-	263,759	1,048,150	41%	25%
David Pegg	**2021**	**403,306**	**82,450**	**4,939**	**21,694**	**26,548**	**230,115**	**769,052**	**41%**	**30%**
	2020	403,997	118,065	4,933	21,003	12,805	175,052	735,855	40%	24%
Total Executive KMP	**2021**	**2,338,224**	**476,830**	**121,557**	**86,776**	**87,486**	**1,556,325**	**4,667,198**	**44%**	**33%**
	2020	2,100,886	609,317	34,331	76,680	47,136	1,365,099	4,233,449	47%	32%

1. Share based payments comprise equity settled share options and performance rights. These amounts were calculated in accordance with AASB2 – Share Based Payments. Share options were valued using the Black-Scholes option pricing model and performance rights are calculated using the Monte-Carlo valuation model. Although a value is ascribed and included in total KMP compensation, it should be noted this amount was not received in cash. Share based payment expenses recorded in previous periods have been reversed for any Executive KMP who have or will have ceased employment.
2. Bonuses comprise of STI that were awarded as cash in respect of short-term performance measures for FY21 and will be received after the end of FY21 (and FY20 for prior year). For FY20, in respect of the STI awarded to Executive KMP (other than for the MD/CEO where the maximum equity grant was approved by shareholders at the 2019 AGM), each Executive has elected to take shares in Senex in lieu of the cash component of the FY20 STI award.
3. Mr McCabe commenced on 4 December 2019.

Note: The benefit of the Directors & Officers insurance policy is not included in the above table and is disclosed separately in the Directors' Report.

The employment agreement that the Company has entered into with each member of Executive KMP has no fixed-term of employment. Table 10 sets out the termination provisions applicable to the Executive KMP.

Table 9: Current Executive KMP Service Agreements

Name	Duration of service	Notice Period and payment in Lieu	
Ian Davies	Ongoing	6 months	**6 months**
Mark McCabe	Ongoing	4 months	**4 months**
Peter Mills	Ongoing	4 months	**4 months**
David Pegg	Ongoing	4 months	**4 months**

The terms of all Senex executive employment agreements include an obligation to comply with all Senex policies including the Securities Trading Policy and the terms and conditions of all incentive plans under which they may be granted STI or LTI performance related remuneration.

Table 10: KMP Shareholdings as at 30 June 2021

Name	Balance at start of year	Granted as compensation	Shares issued on exercised Rights/ SARs	Net other changes	Balance at the end of year
Non-executive Directors					
Trevor Bourne	194,078	-	-	81,250	275,328
Ralph Craven	93,750	-	-	12,500	106,250
Timothy Crommelin	546,805	-	-	-	546,805
Margaret Kennedy[1]	-	-	-	-	-
Glenda McLoughlin	15,278			12,500	27,778
John Warburton	80,085	-	-	26,166	106,251
Debra Goodin[1]	44,931	-	-	-	44,931
Executive KMP					
Ian Davies	932,845	-	397,941	(521,129)	809,659
Mark McCabe	31,250	-	34,516	-	65,766
Peter Mills	-	-	70,373	(70,373)	-
David Pegg	86,351	-	74,266	-	160,617

1. Refer to Table 1 of this report for dates of service.

Shareholding guidelines

Executive KMP are expected to build a holding of shares or vested rights of greater than 50% of their TFR within a three-year period.

Commencing 19 August 2019, Non-Executive Directors are expected to accumulate and hold a minimum number of ordinary shares in the Company which is of equal value to the Non-Executive Director's annual base director fee applicable from time to time, either:

a) progressively over three years from the date of appointment (for new directors); or

b) within three years from the date of commencement of this requirement (for existing directors).

All Executive KMP and Non-Executive Directors have met, or are on track to meet, their minimum shareholding requirement within the time period. The Company offers Performance Rights to Executive KMP as part of their incentive (eg. STI or LTI) remuneration and in previous years has offered performance rights and share appreciation rights (SARs), to provide them with additional incentive to develop Senex and create value for shareholders. Offers of such incentives form part of Executive KMP remuneration packages.

A summary of the Performance Rights and SARs held by Executive KMP is set in Table 11.

Refer to page 26 of the Directors' Report for further details of the vesting dates and expiry dates. There has been no change to the terms and conditions of the Performance Rights in FY21.

Table 11: Performance Rights and SARs

Name	Performance Rights /SARs	Balance at 1 July 2020	Rights Granted	Rights Vested	Rights lapsed/ forfeited	Rights exercised	Balance at 30 June 2021	Value of Rights[1] Granted $	Value of Rights[1] Vested $	Value of Rights[1] Lapsed/ forfeited $	Vested %	Forfeited %
Executive KMP												
Ian Davies	FY20 STI	86,617	-	-	(5,544)	-	81,074	-	-	15,820	94%	6%
	FY21 STI	-	70,598	-	-	-	70,598	194,850	-	-	-	-
	FY18 LTI	397,941	-	397,941	-	(397,941)	-	-	837,490	-	100%	0%
	FY19 SBM	375,000	-	-	(375,000)	-	-	-	-	684,900	0%	100%
	FY19 LTI	230,979	-	-	-	-	230,979	-	-	-	-	-
	FY20 LTI	288,723	-	-	-	-	288,723	-	-	-	-	-
	FY21 LTI	-	917,774	-	-	-	917,774	1,828,112	-	-	-	-
	FY17 LTI SARs (vested)	325,921	-	-	-	-	325,921	-	-	-	-	-
	TOTAL	**1,705,181**	**988,372**	**397,941**	**(380,544)**	**(397,941)**	**1,915,069**	**2,022,962**	**837,490**	**700,720**	**-**	**-**
Mark McCabe	2019 Retention Rights	75,000	-	-	-	-	75,000	-	-	-	-	-
	FY20 STI (in lieu of cash)	-	34,516	34,516	-	(34,516)	-	86,657	86,657	-	100%	0%
	FY20 STI	31,509	-	-	(3,277)	-	28,232	-	-	8,169	90%	10%
	FY21 STI	-	44,851	-	-	-	44,851	111,230	-	-	-	-
	FY20 LTI	52,515	-	-	-	-	52,515	-	-	-	-	-
	FY21 LTI	-	358,804	-	-	-	358,804	636,877	-	-	-	-
	TOTAL	**159,024**	**438,171**	**34,516**	**(3,277)**	**(34,516)**	**559,402**	**834,764**	**86,657**	**8,169**	**-**	**-**
Peter Mills	FY18 Retention Rights	16,625	-	-	-	-	16,625	-	-	-	-	-
	FY19 STI	33,099	-	33,099	-	-	33,099	-	121,804	-	100%	0%
	FY20 STI (in lieu of cash)	-	70,373	70,373	-	(70,373)	-	176,681	176,681	-	100%	0%
	FY20 STI	62,161	-	-	(4,600)	-	57,561	-	-	14,389	93%	7%
	FY21 STI	-	50,665	-	-	-	50,665	125,649	-	-	-	-
	FY19 LTI	62,538	-	-	-	-	62,538	-	-	-	-	-
	FY20 LTI	103,601	-	-	-	-	103,601	-	-	-	-	-
	FY21 LTI	-	405,316	-	-	-	405,316	719,435	-	-	-	-
	TOTAL	**278,024**	**526,354**	**103,472**	**(4,600)**	**(70,373)**	**729,405**	**1,021,765**	**298,485**	**14,389**	**-**	**-**
David Pegg	FY19 STI	25,235	-	25,235	-	(25,235)	-	-	92,865	-	100%	0%
	FY20 STI (in lieu of cash)	-	49,031	49,031	-	(49,031)	-	123,099	123,099		100%	-
	FY20 STI	43,309	43,309	-	(3,205)	-	-	135,471	-	10,025	93%	7%
	FY21 STI	-	35,299	-	-	-	35,299	87,542	-	-	-	-
	FY19 LTI	52,310	-	-	-	-	52,310	-	-	-	-	-
	FY20 LTI	72,181	-	-	-	-	72,181	-	-	-	-	-
	FY21 LTI	-	282,392	-	-	-	282,392	501,246	-	-	-	-
	TOTAL	**193,035**	**410,031**	**74,266**	**(3,205)**	**(74,266)**	**442,182**	**847,358**	**215,964**	**10,025**	**-**	**-**

1. Value of Rights are calculated based on the valuation at grant date.

10. Additional information

Remuneration consultants

From time to time the Committee seeks certain information and advice regarding remuneration information and incentive arrangements for Non-Executive Directors, the CEO and Executives from external remuneration consultants. During FY21 the Committee engaged EY to provide general market information only, totaling $22,600 and Guerdons $21,356. EY and Guerdons did not provide advice that contained recommendations relating to remuneration, benchmarking or performance outcomes.

Vesting on change of control

The Senex Performance Rights Plan and the Senex SARs Plan provide that in the event of change of control of the Company all:

- unvested Performance Rights and unvested SARs that are subject only to a service condition will vest immediately on change of control;
- unvested Performance Rights and unvested SARs that are subject to a performance condition will be tested for satisfaction of the performance condition on two alternative bases, and to the extent that the performance condition is satisfied under those tests part or all of those unvested Performance Rights and unvested SARs will vest immediately on change of control; and
- vested Performance Rights and vested SARs (including those that vest on change of control) will be deemed to have been exercised at the time the change of control occurs.

The Board has an overriding discretion to vest or increase vesting of unvested Performance Rights and unvested SARs in the event of change of control.

Method of purchasing or issuing shares

Pursuant to the Senex Performance Rights Plan and the Senex SARs Plan the Company will provide the award shares by transferring or issuing them to the Participant or to an employee share trust on behalf of the Participant.

Senex has established an employee share trust to allocate and administer the Plans. Historically, the Company has issued new shares and has not bought shares on market.

Clawback mechanism

In addition to the approach to "at risk" remuneration, each offer of STI or LTI to Executive KMP (where one is offered) contains a right for the Company to clawback in certain circumstances incentive remuneration that is provided to the executive.

In the event that:

- any measure of the Company's performance against an STI or LTI performance condition is misstated; and
- any incentive remuneration vests incorrectly in reliance on the misstated level of performance,

the Board has a right exercisable at its discretion upon subsequent discovery of the misstatement, to clawback, out of any unvested and any vested but unexercised entitlements, that the executive holds at that time or subsequently, the amount or value of any incentive remuneration that vested incorrectly in reliance of the misstated level of performance.

Signed in accordance with a resolution of Directors.

Trevor Bourne	Ian Davies
Chairman	Managing Director

18 August 2021

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Auditor's independence declaration to the directors of Senex Energy Limited

As lead auditor for the audit of the financial report of Senex Energy Limited for the financial year ended 30 June 2021, 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 audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Anthony Jones
Partner
18 August 2021

5. Financial Statements

Senex Energy Limited

and its Controlled Entities

ABN 50 008 942 827

Financial Statements for the Year Ended 30 June 2021

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	Note	30 June 2021 $'000	Restated 30 June 2020 $'000
Continuing operations			
Revenue	2	115,800	61,708
Other income		249	1,107
Expenses excluding net finance expenses	3 (a)	(90,750)	(61,153)
Finance expenses	3 (b)	(18,355)	(9,271)
Profit/(Loss) before tax from continuing operations		**6,944**	**(7,609)**
Income tax benefit	16	59,724	-
Profit/(Loss) after tax from continuing operations		**66,668**	**(7,609)**
(Loss) after tax for the period from discontinued operations	21	**(1,000)**	**(43,758)**
Net Profit/(Loss) attributable to owners of the parent entity		**65,668**	**(51,367)**
Other comprehensive income			
Items that may be subsequently reclassified to Profit or Loss (net of tax)			
Change in fair value of cash flow hedges		(15,977)	3,657
Total comprehensive Income/(Loss) for the period attributable to owners of parent entity		**49,691**	**(47,710)**
Profit/(Loss) per share attributable to the ordinary equity holders of the parent entity:			
Basic earnings/(loss) (cents per share)		35.90	(28.24)
Diluted earnings/(loss) (cents per share)	4	35.06	(28.24)
Profit/(Loss) per share from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic earnings/(loss) (cents per share)		36.44	(4.18)
Diluted earnings/(loss) (cents per share)		35.59	(4.18)

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

The Consolidated Statement of Comprehensive Income has been restated for the removal of the discontinued operations, refer Note 21 for further information.

	Note	30 June 2021 $'000	30 June 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	101,017	79,908
Prepayments		736	590
Trade and other receivables	5	17,631	19,965
Stores inventory		8,283	6,725
Other financial assets	11	-	9,558
Total current assets		**127,667**	**116,746**
Non-current assets			
Trade and other receivables	5	-	49
Property, plant and equipment	7	218,813	249,196
Oil and gas properties	7	228,723	292,512
Exploration assets	7	21,833	46,707
Intangible assets	17	8,690	4,133
Other financial assets	11	-	348
Deferred tax assets	16	63,994	-
Total non-current assets		**542,053**	**592,945**
TOTAL ASSETS		**669,720**	**709,691**
LIABILITIES			
Current liabilities			
Trade and other payables	6	30,676	31,444
Provisions	8	5,099	9,129
Other financial liabilities	11	8,692	872
Lease liabilities	10	10,387	2,649
Total current liabilities		**54,854**	**44,094**
Non-current liabilities			
Provisions	8	19,153	66,290
Interest bearing liabilities	9	68,763	116,314
Other financial liabilities	11	4,110	1,700
Lease liabilities	10	172,063	170,883
Total non-current liabilities		**264,089**	**355,187**
TOTAL LIABILITIES		**318,943**	**399,281**
NET ASSETS		**350,777**	**310,410**
EQUITY			
Contributed equity	12	540,468	540,468
Reserves	13	14,342	28,804
Accumulated losses		(204,033)	(258,862)
TOTAL EQUITY		**350,777**	**310,410**

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

	Note	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers		143,957	125,939
Payments to suppliers and employees		(92,711)	(75,962)
Payments for exploration expenditure		(210)	(5)
Interest received		239	775
Loan interest and lease interest paid		(15,687)	(8,207)
Receipts from commodity hedges		7,298	6,579
Other receipts		249	2,426
Net cash inflow from operating activities	19	**43,135**	**51,545**
Cash flows from investing activities			
Payment for oil and gas assets, plant and equipment and intangibles		(38,014)	(160,794)
Proceeds from free carry funding		-	4,794
Proceeds from disposal of assets		84,509	50,154
Net cash inflow/(outflow) from investing activities		**46,495**	**(105,846)**
Cash flows from financing activities			
Dividends paid		(14,680)	-
(Repayments of)/Proceeds from debt funding		(50,000)	75,000
Payments for debt facility cost		(218)	(343)
Payments for principal portion of lease liabilities		(3,166)	(2,984)
Payments to Halliburton under tight oil agreement		-	(164)
Net cash (outflow)/inflow from financing activities		**(68,064)**	**71,509**
Net increase in cash and cash equivalents		21,566	17,208
Net foreign exchange differences		(457)	31
Cash and cash equivalents at the beginning of the period		79,908	62,669
Cash and cash equivalents at the end of the period	9	**101,017**	**79,908**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

The Consolidated Statement of Cash Flows includes cash flows from discontinued operations. Refer to Note 21 for additional detail.

The following table presents the Consolidated Statement of Changes in Equity for the year ended 30 June 2021:

	Note	Contributed Equity	Accumulated Losses	Share-based Payments Reserve	Hedging Reserve	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020		**540,468**	**(258,862)**	**21,739**	**7,065**	**310,410**
Profit / (Loss) for the year		-	65,668	-	-	**65,668**
Other comprehensive income		-	3,841	-	(19,818)	**(15,977)**
Total comprehensive benefit		**-**	**69,509**	**-**	**(19,818)**	**49,691**
Transactions with owners, recorded directly in equity:						
Share-based payments expense	3(c)	-	-	5,356	-	**5,356**
Dividends paid	4	-	(14,680)	-	-	**(14,680)**
Balance at 30 June 2021		**540,468**	**(204,033)**	**27,095**	**(12,753)**	**350,777**

The following table presents the Consolidated Statement of Changes in Equity for the year ended 30 June 2020:

	Contributed Equity	Accumulated Losses	Share-based Payments Reserve	Hedging Reserve	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	**540,468**	**(207,495)**	**19,415**	**3,408**	**355,796**
Profit / (Loss) for the year	-	(51,367)	-	-	**(51,367)**
Other comprehensive income	-	-	-	3,657	**3,657**
Total comprehensive income	**-**	**(51,367)**	**-**	**3,657**	**(47,710)**
Transactions with owners, recorded directly in equity:					
Share-based payments expense	-	-	2,324	-	**2,324**
Balance at 30 June 2020	**540,468**	**(258,862)**	**21,739**	**7,065**	**310,410**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

About these financial statements

The financial statements of Senex Energy Limited (the Company) and its controlled entities (collectively known as "the Group") for the year ended 30 June 2021 were authorised for issue on 18 August 2021 in accordance with a resolution of the Directors.

The Company is:

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

The principal activities of entities within the Group during the year was gas exploration, development and production. At 31 December 2020 the Cooper Basin business was classified as a discontinued operation. The comparatives in the Statement of Comprehensive income have been restated in accordance with AASB 5 *Non-current assets held for sale and Discontinued operations*, reclassifying the prior year Cooper Basin contribution as discontinued operations for 2020.

The financial report is a general purpose financial report, which:

- has been prepared in accordance, and complies, with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)
- has been prepared on a historical cost basis unless stated below
- is presented in Australian dollars ($) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated. 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 financial statements
- presents reclassified comparative information if required for consistency with the current year's presentation
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective.
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2020. Refer to below for further details.

Change to accounting policy not yet adopted - Configuration or Customisation Costs in a Cloud Computing Arrangement

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to implementing Software as a Service (SaaS) arrangements. The Group is currently assessing the impact of the agenda decision on its current accounting policy, which may result in previously capitalised costs needing to be recognised as an expense, retrospectively.

The process to quantify the impact of the decision is ongoing. A project team has been appointed and a timeline has been determined. The project is ongoing due to the effort required in obtaining the underlying information from historical records covering multiple projects and assessing the nature of each of the costs. Refer Note 17: Intangible assets for total amounts capitalised.

At the date of this report, the impact of the IFRIC agenda decision on the Group is not reasonably estimable.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group.

The controlled entities are all those entities over which the Group has power, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect its returns.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency translation

The functional and presentation currency of Senex Energy Limited and its controlled entities is Australian dollars (AUD).

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

Other accounting policies

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

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

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

Other accounting policies (Continued)

Significant accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which have been considered material to the financial statements are found in the following notes:

Note	Type of judgement or estimate
7	Impairment of oil and gas properties, exploration assets and inventory
8	Rehabilitation obligations
16	Tax
Below	Reserve estimates

Reserves estimates
Reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, foreign exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth, adsorption and quality of reservoirs and their anticipated recoveries.

While reserve estimates are not an accounting estimate or judgement, changes in reserves can impact the below accounting positions:

- asset carrying values due to changes in estimated future production levels
- provision for rehabilitation due to the potential to impact the timing and cost of rehabilitation
- recognition of deferred tax assets due to changes in the likely recovery of tax benefits
- charge for depreciation and amortisation particularly where the charge is determined on a units of production basis

NOTE 1: OPERATING SEGMENTS

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

Identification of reportable segments

At 30 June 2020 the Group identified the Surat Basin and Cooper/Eromanga Basin as two identifiable operating segments. Effective 1 July 2020 Senex entered a binding agreement with Beach Energy Ltd to sell its Cooper Basin assets with completion on 1 March 2021. The sale resulted in Senex's exit from the entire Cooper/Eromanga Basin operating segment. Please refer to Note 21 for additional information.

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

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

NOTE 1: OPERATING SEGMENTS (Continued)

Major customers

The Group sells gas to a range of customers including GLNG, ENGIE, Santos, CleanCo, CSR, Orora and Origin Energy. All customers are located within Australia and two of those are 28% of the groups revenue (in FY20 three customers accounted for 53% of the group's revenue from continuing operations).

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those used to prepare the financial statements. Certain revenues, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of the segment. At 30 June 2021, unallocated assets are $129.3 million (FY20: $102.7 million), which is primarily cash of $101.0 million (FY20: $79.9 million). Unallocated liabilities are $38.9 million (FY20: $29.7 million), which is primarily lease liabilities of $8.3 million (FY20: $9.8 million).

PERFORMANCE

NOTE 2: REVENUE

Recognition, measurement and performance obligations

Revenue

Revenue is recognised when the Group satisfies its performance obligations when it transfers control of goods to a customer at the amount to which the Group expects to be entitled. Where the sale price includes a variable component, the Group estimates the price it will be entitled to at the time the revenue is recognised. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from contracts with customers

Revenue from the sale of produced hydrocarbons is recognised at a point in time when control of the asset is transferred to the customer, which is typically on delivery of the goods as specified below.

Gas and gas liquids sales

The performance obligation for the sale of gas and gas liquids is satisfied when physical possession of the gas or gas liquid is taken at the contractually agreed point of delivery. Payment is generally received 30 days from delivery and is recognised directly in 'Trade receivables (not subject to provisional pricing)'.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset.

	Consolidated	
		Restated
	2021	2020
	$'000	$'000
Revenue from contracts with customers		
Gas sales	109,585	54,147
Hedge settlements	6,215	7,561
	115,800	**61,708**

NOTE 2: REVENUE (Continued)

Disaggregated revenue information

All revenue from customer contracts is derived in Australia and relates to goods transferred at a point in time.

Contract balances

Contract balances, including trade receivables (none subject to provisional pricing), are disclosed in Note 5.

NOTE 3: EXPENSES

				Consolidated	
					Restated
				2021	2020
			Note	$'000	$'000
3	(a)	**Expenses excluding net finance costs**			
		Operating costs		22,582	17,172
		Other operating costs			
		Pipeline and variable lease related processing tariffs		10,306	3,665
		Royalties		7,122	5,032
		Depreciation and amortisation			
		Oil and gas properties	7	17,150	9,601
		Property, plant and equipment and intangibles	7, 17	13,463	7,634
		Third party product purchases		10,015	4,921
		Other expenses			
		Employee expenses not included in operating costs		3,008	4,539
		Restructuring expense		-	2,638
		Foreign exchange gain		391	55
		General and admin expenses		6,713	5,896
		Total expenses excluding net finance costs[1]		**90,750**	**61,153**
3	(b)	**Finance expenses**			
		Rehabilitation accretion	8	217	320
		Debt facility accretion		2,667	461
		Lease and bank interest		15,471	8,490
				18,355	**9,271**
3	(c)	**Employee costs[2]**			
		Wages, salaries and bonuses		25,526	36,093
		Share based payments		2,368	2,324
		Employee administration expenses		2,228	2,811
		Restructuring expense		-	2,638
				30,122	**43,866**

[1] *Includes FY21: $1.3 million (FY20: $0.7 million) reduction in expenses from State and Federal government measures to assist businesses during the COVID-19 pandemic such as Jobkeeper payment and payroll tax rebates.*

[2] *Includes all employee-related costs, including those costs that form part of cost of sales and costs capitalised as part of an exploration or development project, as well as costs that may be recovered from other joint venture parties*

NOTE 3: EXPENSES (Continued)

Recognition and measurement

Employee benefits expense

The Group's accounting policy for liabilities associated with employee benefits is set out in Note 18. The policy relating to share-based payments is set out in Note 15.

All employees are party to a defined contribution scheme and receive fixed contributions from Group companies. Payments to defined contribution schemes are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Capitalisation of borrowing costs

Borrowing costs relating to qualifying assets currently under development, which have been capitalised in 'oil and gas properties' during the period, FY21 $nil (FY20: $4.3m) at an interest rate of the Bank Bill Swap Bid Rate (BBSY) plus margin. Costs ceased to be capitalised during FY21 as the assets for which the debt was attributable ceased to be qualifying assets.

NOTE 4: EARNINGS PER SHARE AND DIVIDENDS

	Consolidated	
		Restated
	2021 $'000	2020 $'000
Profit/(Loss) attributable to ordinary equity holders of the parent:		
Continuing operations	66,668	(7,609)
Discontinued operations	(1,000)	(43,758)
Net profit/(loss) attributable to the owners of the parent entity	**65,668**	**(51,367)**
Weighted average number of shares used in (thousands)		
- Basic earnings	182,932	181,985
- Diluted earnings	187,330	188,409
Earnings per share (cents) attributable to the ordinary equity holders of the parent entity		
- Basic earnings/(loss) per share	35.90	(28.24)
- Diluted earnings/(loss) per share	35.06	(28.24)

A share consolidation through the conversion of every eight shares held by a shareholder to one share (8:1) occurred in March 2021. Shares in FY20 and FY21 are quoted on a post-consolidated basis. (FY20 pre-consolidated basis for basic earnings were 1.455 billion shares and 1.507 billion shares for diluted earnings.)

NOTE 4: EARNINGS PER SHARE AND DIVIDENDS (Continued)

Recognition and measurement

The number of ordinary shares used in the calculation of basic earnings/(loss) per share is the weighted average number of ordinary shares of Senex Energy Limited outstanding during the period.

There are no dilutive shares at 30 June 2021. For the purposes of calculating diluted earnings per share at 30 June 2021, 5.6 million (FY20: 6.4m) rights were taken into account. The Group's only potential dilutive ordinary shares are share awards granted under the employee share ownership plans for which terms and conditions are described in Note 15. At 30 June 2021, there are no instruments which are considered antidilutive (FY20: nil).

To calculate the earnings per share for continuing operations and discontinued operations (Note 21), the weighted average number of ordinary shares for both the basic and diluted earnings per share is as per the table above.

Dividends

A provision is recognised for dividends when they have been announced, determined or publicly recommended by the directors on or before the reporting date.

	Consolidated	
	2021	2020
	$'000	$'000
Dividends paid		
Interim dividend of 0.5 cents	(7,340)	-
Special dividend of 0.5 cents	(7,340)	-
Total dividends paid or payable	**(14,680)**	**-**
Franking credits available in subsequent financial years based on a tax rate of 30%	**-**	**6,100**

Dividends paid are quoted on a pre-share consolidation basis.

WORKING CAPITAL

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021	2020
	$'000	$'000
Trade receivables (not subject to provisional pricing)	17,595	2,190
Trade receivables (subject to provisional pricing)	-	17,775
Sundry receivables non-interest bearing and unsecured	36	-
Current trade and other receivables	**17,631**	**19,965**
Sundry receivables non-interest bearing and unsecured	-	49
Non-current trade and other receivables	**-**	**49**

NOTE 5: TRADE AND OTHER RECEIVABLES (Continued)

Recognition and measurement

With the exception of trade receivables (subject to provisional pricing), trade and other receivables are classified as financial assets held at amortised cost on the basis that they are held with the objective of collecting contractual cash flows and the cash flows relate to payments of principal and interest on the principal amount outstanding.
Trade receivables (not subject to provisional pricing)

Trade receivables (not subject to provisional pricing) generally have terms between 14 to 30 days. They are recognised as per AASB15, accounted under amortised cost, however, discounting not material. Customers who wish to trade on credit terms are subject to credit verification procedures. Receivables are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Trade receivables (subject to provisional pricing)

Trade receivables (subject to provisional pricing) are exposed to future commodity price and foreign exchange movements and are therefore measured at fair value through profit or loss. Subsequent changes in fair value are recognised in profit or loss until final settlement or the pricing is no longer variable when they are transferred to trade receivables (not subject to provisional pricing).

Impairment of trade receivables

The Group considers an allowance for expected credit losses (ECLs) for debt instruments held at amortised cost. The Group applies a simplified approach in calculating ECLs. The Group bases its ECL assessment on its historical credit loss experience, adjusted for factors specific to the debtors and the economic environment including, but not limited to, financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and delinquency in payments.

In 2021 and 2020 all of the Group's trade receivables and other current receivables which the Group measures at amortised cost are short term (ie expected settlement within 12 months) and the Group has credit assessment and risk management policies in place. The expected credit losses on trade receivables was not considered material (<0.5 per cent).

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the Group. They do not contain impaired assets and are not past due. Based on the credit history and future economic forecasts, it is expected that they will be received when due.

NOTE 6: TRADE AND OTHER PAYABLES

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current trade and other payables		
Other creditors and accruals - unsecured	30,676	31,444
	30,676	**31,444**

Recognition and measurement

Trade payables and other payables are carried at amortised cost. Due to their short-term nature, these are not discounted. These represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

RESERVE AND RESOURCE ASSETS

NOTE 7: OIL & GAS ASSETS AND PROPERTY, PLANT & EQUIPMENT

	Consolidated at 30 June 2021					
	Property, plant and equipment					
	Property, plant and equipment $'000	**Assets under construction $'000**	**Right of use assets $'000**	**Oil and gas properties $'000**	**Exploration assets $'000**	**Total $'000**
Opening 30 June 2020						
Cost	110,495	25,796	172,563	513,420	288,296	**1,110,570**
Accumulated depreciation, amortisation and impairment	(54,291)	(831)	(4,536)	(220,908)	(241,589)	**(522,155)**
Net book value	**56,204**	**24,965**	**168,027**	**292,512**	**46,707**	**588,415**
Movement for discontinuing operations	(33,981)	(1,870)	(464)	(60,372)	(25,844)	**(122,531)**
Movement for continuing operations						
Additions	682	9,187	12,555	9,073	1,435	**32,932**
Transfers	23,230	(27,639)	-	4,660	(251)	**-**
Written off to the profit and loss	-	-	-	-	(214)	**(214)**
Depreciation and amortisation charge	(2,843)	-	(9,240)	(17,150)	-	**(29,233)**
Closing 30 June 2021	**43,292**	**4,643**	**170,878**	**228,723**	**21,833**	**469,369**
At 30 June 2021						
Cost	49,981	4,643	183,744	257,861	21,833	**518,062**
Accumulated depreciation, amortisation and impairment	(6,689)	-	(12,866)	(29,138)	-	**(48,693)**
Net book value	**43,292**	**4,643**	**170,878**	**228,723**	**21,833**	**469,369**

Movement for discontinued operations includes all movements associated with the Cooper Basin assets from 1 July 2020 to 1 March 2021.

NOTE 7: OIL & GAS ASSETS AND PROPERTY, PLANT & EQUIPMENT (Continued)

	Consolidated at 30 June 2020					
	Property, plant and equipment					
	Property, plant and equipment	Assets under construction	Right of use assets	Oil and gas properties	Exploration assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening 30 June 2019						
Cost	97,263	3,340	-	373,437	318,522	**792,562**
Accumulated depreciation, amortisation and impairment	(42,920)	-	-	(164,907)	(243,504)	**(451,331)**
Net book value	**54,343**	**3,340**	**-**	**208,530**	**75,018**	**341,231**
Additions	1,326	11,358	173,492	136,276	15,216	**337,668**
Disposals	-	-	(195)	-	-	**(195)**
Transfers	11,906	11,098	-	3,707	(27,100)	**(389)**
Exploration written off	-	-	-	-	(3,386)	**(3,386)**
Impairment charge	(2,902)	(831)	-	(31,408)	(13,041)	**(48,182)**
Depreciation and amortisation charge	(8,469)	-	(5,270)	(24,593)	-	**(38,332)**
Closing 30 June 2020	**56,204**	**24,965**	**168,027**	**292,512**	**46,707**	**588,415**
At 30 June 2020						
Cost	110,495	25,796	172,563	513,420	288,296	**1,110,570**
Accumulated depreciation, amortisation and impairment	(54,291)	(831)	(4,536)	(220,908)	(241,589)	**(522,155)**
Net book value	**56,204**	**24,965**	**168,027**	**292,512**	**46,707**	**588,415**

NOTE 7: OIL & GAS ASSETS AND PROPERTY, PLANT & EQUIPMENT (Continued)

Recognition and measurement

Property, plant and equipment

Property, plant and equipment (PP&E) is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are recognised in profit or loss as incurred.

An item of PP&E is derecognised upon disposal or when no further future economic benefits are expected from its use or sale. Any gain or loss arising on derecognition of the asset, being the difference between the disposal proceeds and the carrying amount of the asset, is included in profit or loss in the year the asset is derecognised.

Oil and gas properties

Oil and gas properties are carried at cost less accumulated amortisation and impairment. It includes capitalised project expenditure, development expenditure and costs associated with lease and well equipment on properties that have moved to production. Costs are accumulated on a field by field basis and represent the cost of developing commercial reserves for production.

Exploration assets

Exploration expenditure is expensed as incurred unless the following criteria is met and costs are capitalised:

- right to tenure of the area of interest is current; and
- at least one of the following conditions is also met:
  - the carrying value is expected to be recouped through the successful development and exploitation of an area of interest; or alternatively, by its sale; or
  - exploitation and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs associated with a legal right to explore, cost of technical services and studies, seismic acquisition, directly attributable overheads, materials used for exploration activities and exploration drilling and testing. When proved reserves are determined, key government approvals are obtained and development is sanctioned by management the relevant exploration expenditure is transferred to oil and gas properties and associated physical assets are transferred to property, plant and equipment.

In the event of a farmout of exploration assets, any cash consideration received directly from the farmee is credited against costs previously capitalised with any excess accounted for as a gain on disposal.

Depreciation and amortisation

Depreciation is calculated on a straight-line basis or a units of production basis over the estimated useful life of the specific assets. Assets within property, plant and equipment that are depreciated over a straight-line basis use the following lives:

- office equipment, furniture and fittings 2 to 7 years
- motor vehicles 5 to 8 years
- field-based facilities, plant and equipment 5 to 30 years

The Group uses the units of production method to amortise its oil and gas properties. The calculation is based on Proved and Probable (2P) reserves as confirmed by the Group's annual reserves certification, with any change in reserves applied prospectively from the date of reserve change.

Right of use assets are depreciated on a straight-line basis, except for upstream gas facility leases which are depreciated based on their usage profile.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

NOTE 7: OIL & GAS ASSETS AND PROPERTY, PLANT & EQUIPMENT (Continued)

Impairment

Recognition and measurement

The carrying amounts of the Group's PP&E, oil and gas properties and exploration assets are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made to compare to the carrying value and determine if any impairment exists.

Previously impaired assets are reviewed for possible reversal of impairment at each reporting date. Impairment reversal will not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment been recognised for the asset or cash generating units (CGUs). There were no reversals of impairment in the current or prior year.

How the Group calculates recoverable amount

The recoverable amount is the higher of an asset's fair value less cost of disposal (FVLCD) and its value in use (VIU).

Oil and gas properties and PP&E are assessed for impairment on a CGU basis. A CGU is the smallest grouping of assets that generates independent cash inflows, and generally represents oil and gas fields that share management and operating personnel and are operated as a single asset. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the CGU on a pro-rata basis.

Individual assets within a CGU may become impaired if their ongoing use changes or if the benefits to be obtained from ongoing use are less than the carrying value of the individual asset. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

As part of the Group's impairment assessment the Group considers the expected future demand for its product, impact of known climate policies and potential policy responses to climate change. Based on the Group's independent research, demand for its product, both domestically and globally, will continue over the life of the CGU. The Group also utilises a wide range of external sources in assessing final forecast pricing, including those published by the International Energy Agency under its 2020 Sustainable Development and Stated Policy pricing scenarios.

Valuation methods

FVLCD is estimated from future cash flows to deliver the highest and best use of the asset or CGU based on a market participant view of future cash flows, including the anticipated capital expenditure linked to extracting current reserves to achieve this. Cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTE 7: OIL & GAS ASSETS AND PROPERTY, PLANT & EQUIPMENT (Continued)

Impairment (Continued)

Key judgements and estimates

For oil and gas properties, the expected future cash flows are based on a number of factors, variables and assumptions. In most cases, the present value of future cash flows is most sensitive to estimates of future commodity price, foreign exchange and discount rates. The future cash flows for the group FVLCD calculation are based on estimates, the most significant of which are hydrocarbon reserves, future production profiles, commodity prices, operating costs, future development costs necessary to produce the reserves and value attributable to additional resource and exploration opportunities beyond reserves based on production plans. The FVLCD calculation is categorised within level 3 of the fair value hierarchy.

Future commodity prices are based on the Group's best estimate of future market prices with reference to external market analysts' forecasts, current spot prices and forward curves. The Group's oil and gas price forecasts include the expected impact of climate change and potential policy responses as one of the many factors that can affect long term scenarios. The Group's independent research into forecast oil and gas consumption suggests that the global demand for the Group's products will continue over the life of the respective fields. Future commodity prices are reviewed at least annually. Where volumes are contracted, future prices are based on the contracted price.

Forecasts of foreign currency exchange rates are estimated with reference to observable external market data and forward values, including analysis of broker and consensus estimates.

The estimates described above require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets at each reporting date.

Recoverable amount

Oil & Gas Properties

In accordance with the Group's accounting policy, the group's CGU was tested for indicators of impairment as at 30 June 2021. The Group determined that no indicators of impairment were present at 30 June 2021 and no impairment was recorded (FY20: $nil for continuing operations).

As part of the Group's impairment assessment the Group considers the expected future demand for its product, impact of known climate policies and potential policy responses to climate change. In October 2020, the International Energy Agency (IEA) published the World Energy Outlook Report (the IEA Report), a comprehensive assessment of future global demand for energy, based on a number of scenarios which included expectations around future commodity prices and demand. The Group has considered both the Stated Policies Scenario and the Sustainable Development Scenario which were included in the most recent version of the IEA report in forming the Group's own views regarding future demand and pricing for natural gas.

In consideration of the potential impacts of climate change, the Group has run the below sensitivities on the calculation of the recoverable value of the Surat CGU:

- Forecast gas pricing and carbon taxes included in the IEA Stated Policies Scenario; and
- Forecast gas pricing and carbon taxes included in the IEA Sustainable Development Scenario.

NOTE 7: OIL & GAS ASSETS AND PROPERTY, PLANT & EQUIPMENT (Continued)

The Surat CGU was resilient to the above mentioned sensitivities, with no material impact to the impairment assessment. These sensitivities support the Groups conclusion no impairment indicators are present at 30 June 2021 and validates that the Group's assets will remain resilient as the world transitions to a low carbon future. Further, the sensitivities did not take into account mitigating factors that would minimise the impact under those scenarios, such as decarbonisation of Senex operations or technological advancements.

Exploration assets

In the year ended 30 June 2021, the Group performed a review of indicators of impairment under AASB 6 *Exploration for and Evaluation of Mineral Resources*. No indicators of impairment were identified.

NOTE 8: PROVISIONS

		Consolidated	
		2021	**2020**
		$'000	**$'000**
Current			
Rehabilitation		2,394	1,729
Other provisions	18	2,705	7,400
		5,099	**9,129**
Non-current			
Rehabilitation		18,032	64,999
Other provisions	18	1,121	1,291
		19,153	**66,290**
Rehabilitation			
Balance at the beginning of the year		66,728	64,563
Movement for discontinued operations		(42,679)	-
Additional provision recognised during the year		435	10,289
Changes in cost estimate and discount rate adjustment		(4,079)	(8,871)
Completion of rehabilitation activity		(195)	(213)
Interest unwind of liability		216	960
Balance at the end of the year		**20,426**	**66,728**

Recognition and measurement – rehabilitation provisions

The Group records the estimated cost of legal and constructive obligations to restore operating locations to the state required by applicable legislation or operating licenses in the period that the obligation arises. The nature of rehabilitation activities includes the removal of facilities, abandonment of wells and restoration of affected areas and typically arises when the asset is installed at the production location.

Provisions are measured at the present value of management’s best estimate of the expenditure required to complete rehabilitation activities using a discounted cash flow methodology. The increase in the provision due to the passage of time is recognised in finance costs.

On initial recognition, the present value of estimated rehabilitation cost is capitalised to oil and gas properties or PP&E and depreciated over the useful life of the associated assets (between 3 and 30 years). Subsequent changes in the cost estimate are adjusted against the rehabilitation asset, unless there are no future economic benefit expected where the provision is adjusted through the statement of comprehensive income.

NOTE 8: PROVISIONS (Continued)

The estimated costs of rehabilitation are reviewed every six months and adjusted as appropriate for changes in legislation, technology or other circumstances.

Key judgements and estimates

The Group estimates the future removal costs of gas wells and production facilities at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires assumptions to be made on removal costs, current and future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating future cost, future removal technologies in determining the removal cost and inflation rates. The rehabilitation obligation is discounted to present value using an appropriate government bond discount rate which is considered reflective of the risk-free rate.

These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group. There is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets and the value of rehabilitation obligations at each reporting date.

FINANCIAL MANAGEMENT

NOTE 9: NET CASH

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

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current interest-bearing liabilities		
Bank loan	-	-
Interest bearing loans and borrowings	-	-
	-	**-**
Non-current interest-bearing liabilities		
Bank loan	(75,000)	(125,000)
Debt facility transaction costs	6,237	8,686
Total interest-bearing liabilities	**(68,763)**	**(116,314)**
Add: cash and cash equivalent		
Cash at bank and in hand	101,017	79,908
Total cash and cash equivalents	**101,017**	**79,908**
Net cash/(debt) excluding transaction costs	**26,017**	**(45,092)**

Recognition and measurement

Interest-bearing liabilities are classified, at initial recognition, as loans and borrowings and are recognised at fair value.

NOTE 9: NET CASH (Continued)

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and debt facility transaction costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit and loss. Interest-bearing loans are derecognised when the associated obligation is discharged, cancelled or expires.

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are held to meet short-term cash commitments.

NOTE 10: LEASES

The Group acts as a lessee and has lease contracts for the Roma North and Atlas gas processing facilities, office space, drilling rig, motor vehicles and other equipment used in its operations. Lease terms consist of:

- plant and equipment, including gas processing facilities — 2 to 25 years
- motor vehicles and other equipment — 2 to 5 years
- office leases — 2 to 7 years

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets and the movements during the period:

Right of use asset:

	Consolidated at 30 June 2021					
	Gas processing facilities	**Drilling rigs**	**Office leases**	**Motor vehicles**	**Other equipment**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance 1 July 2020	158,274	-	9,217	490	46	**168,027**
Additions	3,143	9,187	32	193	-	**12,555**
Discontinued operations	-	-	-	(418)	(46)	**(464)**
Depreciation charge	(7,017)	(239)	(1,862)	(122)	-	**(9,240)**
At 30 June 2021	**154,400**	**8,948**	**7,387**	**143**	**-**	**170,878**

NOTE 10: LEASES (Continued)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liability:

	Consolidated	
	2021	**2020**
	$'000	**$'000**
At 1 July	173,532	13,158
Additions	12,555	160,334
Interest expense	11,098	7,089
Lease surrender	-	(232)
Discontinued operations	(471)	-
Principal payments	(14,264)	(6,817)
At 30 June	**182,450**	**173,532**
Current	10,387	2,649
Non-current	172,063	170,883
At 30 June	**182,450**	**173,532**

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Lease liabilities mature as follows:		
Within one year	21,345	11,310
After one year but more than five years	72,585	83,893
More than five years	206,480	216,950
Minimum lease payments	**300,410**	**312,153**
Future finance charges	(117,960)	(138,621)
Total lease liabilities	**182,450**	**173,532**

		Consolidated	
		2021	**2020**
	Note	**$'000**	**$'000**
Amounts recognised in profit or loss:			
Depreciation expense of right-of-use assets	7	9,240	4,747
Interest expense on lease liabilities		11,098	7,089
Expense relating to short-term leases (included in operating costs)		12	11
Expense relating to leases of low-value assets (included in other expenses)		-	3
Variable lease payments (included in operating costs)		9,077	1,227
Total amount recognised in profit or loss		**29,427**	**13,077**

NOTE 10: LEASES (Continued)

Where the leased assets have been used for capital activity the depreciation on the corresponding right-of-use asset and interest on the associated liability is capitalised to the balance sheet. During the period, $0.9 million (FY20: $0.5m) has been capitalised and forms a component of additions to oil and gas properties (refer to Note 7).

The Group had total cash outflows for leases of $13.4 million in 2021 (FY20: $6.8m).

Variable lease payments

The Group holds lease contracts (primarily for gas processing facilities and drilling rigs) which contain variable payments based on the use of the leased asset. The activity is entirely at the Group's discretion to meet operational requirements. The lease liability and corresponding right-of-use asset for these contracts is calculated based on the fixed rental payment components. Variable payments made under these contracts were $9.1 million (FY20: $12.9m), $nil (FY20: $11.7m) of which has been recognised in oil and gas properties.

Recognition and measurement

The Group accounts for leases by:

- recognising right of use assets and lease liabilities for all leases, with the exception of short-term (12 months or less) and low-value leases (less than $5,000), in the Consolidated Statement of Financial Position.
    - the lease liability is initially measured at the present value of future lease payments for the lease term using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate, adjusted for asset-specific factors.
    - where a lease contains an extension option, the lease payments for the extension period will be included in the liability if the Group is reasonably certain that it will exercise the option.
    - the right of use asset at initial recognition reflects the lease liability, initial direct costs and any lease payments made before the commencement date of the lease less any lease incentives and, where applicable, provision for dismantling and restoration.
- recognising depreciation of right of use assets and interest on lease liabilities in the Consolidated Statement of Comprehensive Income over the lease term (refer to Note 7).
- recognising the cash paid in the Consolidated Statement of Cash Flows, split into a principal portion (presented within financing activities) and interest portion (presented within operating activities).
- remeasuring the lease liability, and right of use asset, when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or changes in the assessment of whether purchase, renewal or termination options are reasonably certain to be exercised.

In the event that there is a modification to a lease arrangement, a determination of whether the modification results in a separate lease arrangement being recognised is made. Where the modification does result in a separate lease arrangement needing to be recognised, due to an increase in scope of a lease through additional underlying leased assets and a commensurate increase in lease payments, the measurement requirements described above are applied. Where the modification does not result in a separate lease arrangement, the Group will remeasure the lease liability using the redetermined lease term, lease payments and revised discount rate. A corresponding adjustment will be made to the carrying amount of the right of use asset. Additionally, where there has been a partial or full termination of a lease, the Group will recognise any resulting gain or loss in the profit and loss.

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

Risk exposures and management

The Group manages its exposure to key financial risks through the Group's Risk Management Framework under the supervision of the Audit and Risk Committee. The primary function of the Audit and Risk Committee is to assist the Board to fulfil its responsibility to ensure that the Group's internal control framework is effective and efficient.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, commodity price risk and interest rate risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to foreign exchange and assessments of market forecasts for foreign exchange, commodity prices and interest rates.

Commodity price risk

The Group's primary exposure to commodity price risk is the market price of oil and Roma North and Atlas natural gas which is largely denominated in USD and based on the Brent oil price or Brent oil price related indices.

To mitigate commodity price risk, the Group has entered into monthly settled oil price swaps covering 609,287 barrels for the period 1 July 2021 to 30 June 2023. The monthly quantity of barrels swapped is designed to cover a portion of highly probable forecast sales and is expected to reduce the volatility attributable to price fluctuations of Brent oil. The oil price swaps mature as follows:

	Maturity as at 30 June 2021		Maturity as at 30 June 2020	
Oil price swaps	**Within 1 year**	**1 – 2 years**	**Within 1 year**	**1 – 2 years**
Notional amounts ($'000)	23,626	10,441	28,655	-
Average Brent price (AUD)	-	-	90.19	-
Average Brent price (USD)	56.50	53.53	-	-

There is an economic relationship between the hedged items and the hedging instruments as the terms of the oil price swaps match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the oil price swaps are identical to the hedged risk components. Hedge ineffectiveness can arise from:

- differences in the timing of the cash flows of the hedged items and the hedging instruments
- the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- changes to the forecasted amount of cash flows of hedged items and hedging instruments

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Commodity price risk (continued)

The Board will continue to monitor commodity price risk and seek to mitigate it if considered necessary. The effect on profit before tax disclosure below takes into consideration any commodity price derivatives in place at 30 June 2021 and is based on the commodity risk exposures in existence at the reporting date.

	Consolidated higher/(lower)	
	2021	**2020**
	$'000	**$'000**
Effect on profit before tax		
Change on year-end oil price +10%	213	788
Change on year-end oil price -10%	(224)	(804)
Effect on equity		
Change on year-end oil price +10%	(5,418)	(1,071)
Change on year-end oil price -10%	5,038	1,092

Foreign currency risk

The Group's foreign currency exposure arises from sales or purchases by an operating entity in currencies other than its functional currency. Approximately 30% of the Group's sales are denominated and received in USD. To manage foreign exchange exposure the Group converts funds to AUD on a regular basis.

At the reporting date, and exclusive of commodity price derivatives, the Group had the following exposure to foreign currency risk for balances denominated in USD, which are disclosed in AUD:

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	2,053	4,226
Trade and other receivables	3,327	17,775
Trade and other payables	(300)	(1,605)
Net exposure	**5,080**	**20,396**

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The following table details the Group's sensitivity to a 10 per cent increase or decrease in AUD against the USD, with all other variables held constant. The sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date and takes into account commodity price derivatives.

	Consolidated higher/(lower)	
	2021 $'000	2020 $'000
Effect on profit before tax		
AUD / USD +10%	(399)	(1,066)
AUD / USD -10%	388	1,050
Effect on equity		
AUD / USD +10%	749	829
AUD / USD -10%	(849)	(809)

Liquidity risk

The liquidity position of the Group is managed to ensure sufficient funds are available to meet the Group's financial commitments in a timely and cost-effective manner.

The Group funds its activities through operating cash, use of debt facilities and equity raisings. It is the Group's policy to continually review its liquidity position, including cash flow forecasts, to maintain appropriate liquidity levels.

On 26 October 2018, the Group completed financial close of a $150 million Senior Secured Multi-Currency Facility Agreement (SFA). The SFA comprises of Facility A (reserve-based facility to primarily provide funding for key identified projects for Roma North and Atlas) and Facility B (working capital facility for general corporate purposes).

On 20 September 2019, the Group agreed to an additional facility (Facility C) under the SFA (letters of credit and bank guarantees). Facility A has a limit of $125 million, Facility B has a limit of $25 million and Facility C has a limit of $10 million.

Facility A matures on 25 October 2025 and carries an effective interest rate of AUD BBSY plus margin. Facility B and C mature on 25 October 2021 and attract varying cost dependent on the purpose of the utilisation.

At 30 June 2021 the Group has drawn down $75 million (FY20: $125 million) of Facility A and has utilised $22.5 million (FY20: $25.9 million) of Facility B and C to back performance guarantees issued by the Group.

The SFA contains certain covenants that the Group must comply with on a quarterly basis and the Director's continue to monitor the Group's compliance with these requirements. The Group was in compliance with its covenants at 30 June 2021.

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The remaining contractual maturities (inclusive of principal and interest) of the Group's financial liabilities at 30 June 2021 is:

2021 $'000	**Trade and other payables**	**Other financial liabilities**	**Interest bearing liabilities**	**Lease liabilities**	**Total**
Due for payment					
In six months or less or on demand	30,676	5,685	1,336	9,707	**47,404**
In greater than six months but less than one year	-	3,682	1,336	11,638	**16,656**
In one to five years	-	3,435	82,519	72,585	**158,539**
In greater than five years	-	-	-	206,480	**206,480**
	30,676	**12,802**	**85,191**	**300,410**	**429,079**

The remaining contractual maturities (inclusive of principal and interest) of the Group's financial liabilities at 30 June 2020 is:

2020 $'000	**Trade and other payables**	**Other financial liabilities**	**Interest bearing liabilities**	**Lease liabilities**	**Total**
Due for payment					
In six months or less or on demand	31,444	436	2,294	4,877	**39,051**
In greater than six months but less than one year	-	436	2,294	6,433	**9,163**
In one to five years	-	1,700	136,301	83,893	**221,894**
In greater than five years	-	-	-	216,950	**216,950**
	31,444	**2,572**	**140,889**	**312,153**	**487,058**

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

Interest rate risk arises from the Group's exposure to variable AUD BBSY on the SFA principal outstanding. To manage this risk the Group has entered into floating for fixed interest rate swaps to fix interest payable on 60 per cent of the SFA principal outstanding. These contracts are expected to reduce the volatility attributable to fluctuations of the AUD BBSY interest rate.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate swaps match the terms of the expected highly probable forecast transactions. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swaps are identical to the hedged risk components. Hedge ineffectiveness can arise from:

- differences in the timing of the cash flows of the hedged items and the hedging instruments
- the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- changes to the forecasted amount of cash flows of hedged items and hedging instruments

The following table details the Group's sensitivity to a 0.5 per cent increase or decrease in the BBSY after hedging is taken into account.

	Consolidated higher/(lower)	
	2021 $'000	2020 $'000
Effect on profit before tax		
BSSY +0.5%	(250)	(250)
BSSY -0.5%	250	250
Effect on equity before tax		
BSSY +0.5%	518	268
BSSY -0.5%	(518)	(268)

The sensitivity assumes that the change in interest rate is effective from the beginning of the financial year and the net debt position and fixed/floating mix is constant. Interest rates and the debt profile of the Group are unlikely to remain constant and therefore the above sensitivity analysis will be subject to change.

Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's treasury policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group on an annual basis or more frequently should the need arise. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Trade receivables

Customer credit risk is managed through the Group's established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored and relate to the Groups' major customers for which there is no history of credit risk or overdue payments.

Capital management and going concern

When managing capital, the Board's objectives are to ensure the Group continues as a going concern whilst creating long-term shareholder value.

The financial performance of the business is monitored against an approved annual budget and approved work plans to ensure that adequate funding will be available to carry out planned activities and business continuity.

Financial assets and liabilities

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

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

Fair values

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

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

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The table below outlines the fair value of financial assets and liabilities:

	As at 30 June 2021			As at 30 June 2020		
	Amortised cost	Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value through profit or loss	Fair value through OCI
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	101,017	-	-	79,908	-	-
Trade and other receivables	17,595	-	-	2,239	-	-
Trade and other receivables - subject to provisional pricing	-	-	-	-	17,775	-
Other financial assets:						
Crude oil price swaps - current[2]	-	-	-	-	-	9,558
Crude oil price swaps - non-current[2]	-	-	-	-	-	348
	118,612	**-**	**-**	**82,147**	**17,775**	**9,906**
Financial liabilities						
Trade and other payables	30,676	-	-	31,444	-	-
Interest bearing liabilities	75,000	-	-	125,000	-	-
Lease liabilities	182,450	-	-	173,532	-	-
Other financial liabilities - current:						
Haliburton tight oil	-	-	-	190	-	-
Interest rate swaps[3]	-	-	-	-	-	682
Other financial liabilities - non-current:						
Haliburton tight oil	-	-	-	575	-	-
Crude oil price swaps - current[2]	-	-	8,692	-	-	-
Crude oil price swaps - non-current[2]	-	-	4,110	-	-	-
Interest rate swaps[3]	-	-	-	-	-	1,125
	288,126	**-**	**12,802**	**330,741**	**-**	**1,807**

See notes to table on the next page.

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

1) Level 2

The Group recognises trade receivables as per AASB15 in relation to its provisionally priced sales contracts at fair value. All derivatives and trade receivables are valued using forward pricing models that use present value calculations. The models incorporate various inputs including the credit quality of counterparties and forward rate curves of the underlying commodity. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value and therefore the other observable parameters outlined above categorise these assets as level 2 instruments.

2) Level 2

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

3) Level 2

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

The Group does not have any level 1 or level 3 financial instruments as at 30 June 2021 or 30 June 2020.

Recognition and measurement - hedging

The Group uses derivative financial instruments including AUD and USD denominated Brent oil swaps and put options, to hedge its foreign currency and 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 on each subsequent reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or are a highly probable forecast transaction.

At inception, 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. Hedge documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- there is ‘an economic relationship’ between the hedged item and the hedging instrument.
- the effect of credit risk does not ‘dominate the value changes’ from the economic relationship.
- the hedge ratio of the relationship is equal.

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value (continued)

Recognition and measurement - hedging

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) in the hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

CAPITAL STRUCTURE

NOTE 12: CONTRIBUTED EQUITY

	Parent entity			
	2021		**Restated 2020**[1]	
Movement in ordinary fully paid shares on issue	**Number of shares**	**$'000**	**Number of shares**	**$'000**
Balance at the beginning of the period:	182,230,727	540,468	181,636,936	540,468
Issues of shares during the period:				
Employee shares				
Performance and share appreciation rights (nil consideration)[2]	1,503,687	-	593,792	-
Balance at the end of the period	**183,734,414**	**540,468**	**182,230,727**	**540,468**

[1] A share consolidation through the conversion of every eight shares held by a shareholder to one share (8:1) occurred in March 2021. Shares in FY20 and FY21 are quoted on a post-consolidation basis. (FY20 pre-consolidation shares were 1.457 billion at 30 June 2020).

[2] 1,503,687 ordinary fully paid shares were issued (FY20: 593,792) during the year to senior executives in relation to short and long-term incentive rights and for employee retention rights.

Recognition and measurement

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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 shares have no par value.

NOTE 13: RESERVES

	2021 $'000	2020 $'000	Recognition and measurement
Share-based payment reserve	27,094	21,739	The share-based payments reserve represents the accrued employee entitlements to share awards that have been charged to profit or loss.
Hedge reserve	(12,752)	7,065	The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to transactions that have not yet occurred and changes in the time value of instruments. Amounts in the reserve are recycled to profit or loss as the underlying hedged transactions occur.
	14,342	**28,804**	

EMPLOYEE MATTERS

NOTE 14: KEY MANAGEMENT PERSONNEL

Compensation of Key Management Personnel comprises:

	Consolidated	
	2021	**2020**
	$	**$**
Short-term	3,890,511	4,146,207
Post-employment	142,300	182,501
Share-based payments	1,556,325	1,574,010
	5,589,136	**5,902,718**

Detailed remuneration disclosures are provided in the remuneration report on page 16.

Other transactions with Key Management Personnel

During the financial year, the Group made payments of $11,448 (FY20: $12,250) to Morgans Financial Limited, a company associated with Mr Tim Crommelin (a non-executive director), for provision of data services. None of the services were provided by Mr Crommelin as a director of the Group. There were no other transactions with Key Management Personnel or their related parties during the current or prior year.

NOTE 15: SHARE-BASED PAYMENTS

Equity settled performance rights and share appreciation rights are issued to employees on a case by case basis at the Board's discretion and are assessed annually. The table below provides a description of the plans that the Company has in place.

NOTE 15: SHARE-BASED PAYMENTS (Continued)

Plan	Share Appreciation Rights	Performance Rights
Overview	The Company has adopted a share appreciation rights (SARs) plan for executives and employees, which directly links equity-based incentives to performance conditions.	From FY18, the Company has adopted performance rights plan for executives and employees, which directly links equity-based incentives to pre-defined performance conditions.
Vesting conditions	Service and performance conditions. *FY17 SAR's (vested)* 70 per cent of SARs are subject to a long term incentive (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. 30 per cent of 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 ended 30 June 2020 of 2.5 – 3.0 mmboe. *FY16 SAR's (vested)* 70 per cent of SARs are subject to an LTI performance condition (relative TSR performance condition) that the Company achieves a 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. 30 per cent of SARs are subject to an LTI performance condition of achievement of 2P Reserves target (mmboe) over the three year performance period.	Service and performance conditions. *FY19 and FY20 LTI performance rights* 100 per cent of FY19 and FY20 performance rights are subject to relative TSR performance condition that the Company achieves TSR growth that is positive and 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. *FY19 strategic business milestone rights [Note – all have lapsed during the year].* The Company issued rights to the Chief Executive Officer during the period that are subject to natural gas projects in the Surat Basin being delivered through the construction of key infrastructure, completion of the initial phase of development drilling and the commencement of commercial gas sales from each project. Vesting will be based on achievement of the milestone, subject to there being a positive TSR over the milestone delivery period. *FY18 LTI performance rights (vested)* A portion of the FY18 LTI performance rights are subject to relative TSR performance condition that the Company achieves TSR growth that is positive and 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. A portion of the FY18 LTI performance rights are subject to the achievement of identified strategic and financial goals linked to material project delivery and company transition over the three year performance period. *FY21 LTI Performance Rights* FY21 LTI performance rights are subject to two tranches: • TSR measured against two separate comparator groups: the S&P/ASX 300 Index less the constituent companies in the S&P/ASX 100 Index; and bespoke group of peers • Production transformation *FY17 - FY20 (vested) and FY21 short-term incentive performance rights* Performance rights issued to executive and non-executive employees in conjunction with their short-term incentive entitlements are subject to service and performance conditions. *FY18 (vested), FY19 (vested), 2019 retention rights and 2020 Performance Rights (vested)* The Company has a retention rights plan designed to retain and incentivise existing employees and attract key new employees. The retention rights have service conditions only.
Vesting period	3 years	2 - 3 years
Expiry period	7 years	6 - 7 years

NOTE 15: SHARE-BASED PAYMENTS (Continued)

A reconciliation of outstanding awards is contained below:

2021	At 1 July 2020 (number)	Issued (number)	Exercised (number)	Forfeited (number)	At 30 June 2021 (number)	Vested and exercisable at 30 June 2021 (number)	Weighted average remaining contractual life (years)
SARs	1,517,082	-	(294,429)	-	1,222,653	1,222,653	1.52
Performance rights	3,282,512	4,007,461	(1,318,971)	(549,538)	5,421,464	988,487	5.35

The assumptions used when determining the fair value of awards issued during the year was:

2021	Weighted average fair value ($)	Risk-free interest rate (%)	Estimated life (years)	Share price at grant date ($)	Estimated volatility (%)	Dividend yield (%)
Performance rights	0.21	0.68% - 0.75%	2.6 – 3.0	0.32 – 0.40	50	0.48% - 0.65%
Retention rights	0.37	0.60% - 0.73%	1.9 – 3.0	0.32 – 0.39	50	0.49% - 0.65%

Employee share awards expense was $2,368,152 (FY20: $2,324,000).

Recognition and measurement

The fair value at grant date of equity-settled share-based payment transactions is recognised as an employee benefit expense over the period in which the performance and/or services conditions are fulfilled.

The fair values of awards granted were estimated using a Monte Carlo simulation methodology and Black-Scholes option pricing techniques. In determining the share-based payment expense for the year, the Group also estimates the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. Where awards are forfeited because non-market-based vesting conditions are not satisfied, the expense previously recognised is proportionately reversed.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not met), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

OTHER FINANCIAL DISCLOSURES

NOTE 16: INCOME TAX

	Consolidated	
	2021	2020
Income tax expense	$'000	$'000
The major component of income tax expense is:		
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	-	-
Deferred income tax		
(Increase)/Decrease in deferred tax assets and liabilities	(14,075)	15,410
Net tax (asset)/liability not brought to account	-	(15,410)
Tax losses not previously recognised brought to account	74,228	-
Total deferred tax benefit/(expense)	60,153	-
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	**60,153**	**-**
Income tax benefit is attributable to:		
Profit from continuing operations	59,724	**-**
Loss from discontinued operations	429	**-**
	60,153	**-**

Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate.

	Consolidated	
	2021	2020
	$'000	$'000
Accounting profit/(loss) before tax from continuing operations	6,944	(7,609)
Loss from discontinuing operations before tax	(1,429)	(43,758)
Profit/(Loss) before income tax	**5,515**	**(51,367)**
At the Group's statutory income tax rate of 30% (FY20: 30%)	(1,655)	15,410
Assessable grant	-	(938)
Other	(30)	(15)
Derecognition of deferred tax on (losses)/gains	-	(14,457)
Recognition of previously unrecognised deferred tax on gains/(losses)	61,838	-
Income tax benefit/(expense) reported in the Statement of Comprehensive Income attributable to the ordinary equity holders of the parent	**60,153**	**-**

NOTE 16: INCOME TAX (Continued)

Deferred income tax at the reporting date relates to the following:

	Consolidated			
	Statement of Financial Position		Statement of Comprehensive Income	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Deferred tax assets/(liabilities)				
Receivables	(390)	1,223	(1,613)	1,189
Property, plant and equipment, intangibles, exploration assets and oil and gas properties	(21,402)	(16,865)	(4,537)	14,100
Trade and other payables	-	-	-	154
Provisions	8,034	13,362	(5,328)	2,750
Other	3,524	(846)	4,369	(1,012)
Income tax losses and offsets	86,634	77,990	8,645	(1,457)
Deferred tax assets/(liabilities)	**76,400**	**74,864**	**1,536**	**15,724**
Income tax losses and offsets not recognised as realisation is not probable	(12,406)	(74,864)	62,458	(15,724)
Net deferred income tax asset/(liability) recognised	**63,994**	**-**	**63,994**	**-**

Income tax losses

At 30 June 2021, the Group had $288,780,000 (FY20: $259,965,000) of carry-forward tax losses that are available for offset against future taxable profits of the income tax consolidated group, subject to the relevant tax loss recoupment requirements being met.

The carry-forward tax losses and offsets give rise to a deferred tax asset of $86,634,000 (FY19: $77,990,000), of which $6,996,000 (FY20: $77,990,000) relates to carry forward tax losses which have not been recognised.

Key judgements and estimates

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. This requires assumptions regarding future profitability of the Group and is therefore involves a degree of estimation, judgement and is uncertain.

To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs. The most significant assumptions as part of the future probability estimate include; hydrocarbon reserves, future production profiles, future commodity prices, expected operating costs, future development costs necessary to produce the reserves and value attributable to additional resource. All available evidence is considered when determined forecast assumptions, including approved budgets, forecasts and business plans, impact of climate change policy (enacted and future) and, in certain cases, analysis of historical operating results.

The estimates described above require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of deferred tax asset at each reporting date.

NOTE 16: INCOME TAX (Continued)

Tax transparency

The Group operates and has subsidiaries in Australia. During the financial year, the Group paid $10.0 million of state taxes, fringe benefits tax and royalties in Australia (FY20: $12.0 million).

Recognition and measurement

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the period's taxable income.

The tax rates and tax laws used to compute the current tax assets and liabilities are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income tax consolidation legislation

Senex Energy Limited and its controlled entities have implemented the tax consolidation legislation.

Senex Energy Limited is responsible for recognising the current tax receivable and liability and any deferred tax asset on carry forward tax losses on behalf of the income tax consolidated group. The Group has applied the separate taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

As a consequence, individual entities within the consolidated group will recognise current and deferred tax amounts relating to their own transactions, events and balances. Any recognised balances relating to income tax payable or receivable, or to tax losses incurred by the individual entity will then be transferred to the head entity of the consolidated group, Senex Energy Limited, by way of inter-company loan.

The tax consolidated group has entered into a tax sharing agreement which sets out the allocation of income tax liabilities amongst the entities should the head entity default on its tax payment obligations and the treatment of entities exiting the tax consolidated group. No amounts have been recognised in the financial statements in respect of this tax sharing agreement as payment of any amounts under this agreement are considered remote.

NOTE 17: INTANGIBLE ASSETS

	Consolidated	
	2021	**2020**
	$'000	**$'000**
At the beginning of the year		
Cost	12,372	11,983
Accumulated amortisation	(8,239)	(6,820)
Net book amount	**4,133**	**5,163**
Movement for the year ended 30 June		
Opening net book value	4,133	5,163
Additions	5,937	389
Amortisation charged for the year	(1,380)	(1,419)
Net book amount	**8,690**	**4,133**
At 30 June		
Cost	12,230	12,372
Accumulated amortisation	(3,540)	(8,239)
Net book amount	**8,690**	**4,133**

Recognition and measurement

The Group capitalises amounts paid for the acquisition of identifiable intangible assets, such as software and licenses where it is considered that they will contribute to future periods through revenue generation or cost reduction. These assets, classified as finite life intangible assets, are carried in the balance sheet at the fair value of consideration paid less accumulated amortisation. Intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives of two to five years. The above costs are under review due to the SaaS accounting policy as noted in Note 1.

NOTE 18: OTHER PROVISIONS

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Current		
Annual and long service leave	1,621	2,366
Restructuring provision	-	2,638
Building rectification	1,084	2,396
	2,705	**7,400**
Non-current		
Long service leave	582	766
Other provisions	539	525
	1,121	**1,291**

NOTE 18: OTHER PROVISIONS (Continued)

Movement in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	Consolidated	
	2021 $'000	2020 $'000
Building rectification and other provisions		
Balance at the beginning of the year	2,921	323
Provision (released)/recognised during the year	(300)	2,985
Payments made during the year	(998)	(387)
Balance at the end of the year	**1,623**	**2,921**

Building rectification and other provisions include provisions relating to the Group's obligation to rectify defects identified from the construction of the Roma North gas compression facility that was disposed of during the 2020 financial year.

Recognition and measurement

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The increase in the provision due to the passage of time is recognised in finance costs.

Liabilities for employee service up to the reporting date such as un-paid wages and salaries including non-monetary benefits, annual leave and long service leave are measured at the expected future payment. Liabilities for restructuring activities communicated prior to the reporting date are also recognised at the expected future payment. Restructuring activities provided for at 30 June 2020 were completed in financial year 2021.

The liability for long service is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

NOTE 19: CONSOLIDATED STATEMENT OF CASH FLOWS RECONCILIATION

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Reconciliation of the net profit/(loss) after tax to net cash flows used in operations		
Net profit/(loss)	**65,668**	**(51,367)**
Adjustments:		
Depreciation and amortisation	37,475	39,226
Impairment expense	(597)	52,145
(Gain)/loss on foreign exchange translation	-	(31)
Loss/(gain) on sale of Cooper Basin	1,843	-
(Gain)/loss on disposal of other assets	(300)	(312)
Unwind of the effect of discounting on provisions	-	1,425
Share-based payments	2,368	2,324
Write-off of exploration assets	-	4,641
Debt facility accretion	413	-
Income tax benefit through other comprehensive income	3,841	-
Other	-	(623)
Changes in assets and liabilities:		
Decrease/(increase) in prepayments	(146)	2,056
Decrease/(increase) in trade and other receivables	(7,986)	1,643
Decrease/(increase) in inventory	96	20
Decrease/(increase) in other financial assets	9,906	(1,380)
Decrease/(increase) in deferred tax assets	(63,994)	-
Increase/(decrease) in lease liabilities	(11,098)	-
Increase/(decrease) in trade and other payables	9,049	2,460
Increase/(decrease) in provisions	(13,633)	(682)
Increase/(decrease) in financial liabilities	10,230	-
Net cash flows from operating activities	**43,135**	**51,545**

The consolidated Statement of Cash Flows includes cash flows from discontinued operations. Refer to Note 21 for additional detail.

NOTE 20: INTEREST IN JOINT OPERATIONS

The Group has an interest in the following joint operations whose principal activities were gas exploration and production in the Surat Basins.

	Consolidated	
Continuing operations Surat	**2021**	**2020**
	Percentage	**Percentage**
Exploration		
ATP 1190 (Weribone)	20.7%	20.7%

NOTE 20: INTEREST IN JOINT OPERATIONS (Continued)

Discontinued Operations Cooper/Eromanga	**Consolidated**	
	2021	**2020**
Production	**Percentage**	**Percentage**
PRL 206 (Derrilyn)	-	35.0%
PPL 207 (Worrior)*	-	70.0%
PPL 208 (Derrilyn)	-	35.0%
PPL 211 (Reg Spring West)[2]	-	25.0%
PPL 215 (Toparoa)	-	35.0%
PPL 240 (Snatcher)*	-	60.0%
PPL 242 (Growler)*	-	60.0%
PPL 243 (Mustang)*	-	60.0%
PPL 258 (Spitfire)*	-	60.0%
PPL 263 (Martlet North)*	-	60.0%
PPL 264 (Martlet)*	-	60.0%
PPL 265 (Marauder)*	-	60.0%
PPL 266 (Breguet)*	-	60.0%
PPL 268 (Vanessa)	-	57.0%
Exploration		
PEL 90* (Kewi)	-	100.0%
PEL 94	-	15.0%
PEL 182*	-	57.0%
Retention		
PRL 15*	-	60.0%
PRL 108*	-	100.0%
PRL 109*	-	100.0%
PRL 110*	-	100.0%
PRL 120*	-	80.0%
PRL 124*[3]	-	80.0%
PRL 128*[3]	-	80.0%
PRL 135 (Vanessa)*	-	57.0%
PRL 136 (Marauder)*	-	60.0%
PRL 137 (Martlet)*	-	60.0%
PRL 138-150*	-	60.0%
PRL 183-190*	-	80.0%
PRL 207-209*	-	55.0%
PRL 211	-	15.0%
PRL 231-233	-	70.0%
PRL 237 (Cooper)**	-	70.0%
PRL 238-244	-	57.0%

**denotes operatorship*

***PRL 237 (Cooper) – Government approval of transfer pending*

NOTE 21: DISCONTINUED OPERATIONS

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

The sale was effective 1 July 2020 with completion on 1 March 2021 when control was lost and transferred to Beach. The final sale proceeds after completion were $84.5 million. The provisional purchase was adjusted at completion for economic impacts from the effective date 1 July 2020 until the completion date 1 March 2021, in accordance with the sales contract.

Senex continued to operate the Cooper Basin assets until completion of the transaction.

The Loss on sale of the Cooper Basin assets are shown below:

	2021 $'000
Final proceeds received on sale	**84,509**
Written down value of assets and liabilities disposed	
Assets	
Trade and other receivables	10,369
Inventory	6,782
Property, plant & equipment	36,315
Oil and gas properties	62,840
Exploration assets	16,079
Total assets	**132,385**
Liabilities	
Provisions	41,968
Lease liabilities	318
Other financial liabilities	3,747
Total liabilities	**46,033**
Net Assets	**86,352**
Loss on sale before tax	**(1,843)**

NOTE 21: DISCONTINUED OPERATIONS (Continued)

At 31 December 2020, the Cooper Basin business was classified as a discontinued operation. The Cooper Basin business represents the Group's Cooper/Eromanga operating segment. The comparatives in the Statement of Comprehensive income have been restated in accordance with AASB 5 *Non-current assets held for sale and Discontinued operations*, reclassifying the prior year Cooper Basin contribution as discontinued operations for 2020.

The results of the Cooper Basin business for the period are presented below:

Discontinued operations income statement	**up to 1 Mar 2021 $'000**	**Restated 2020 $'000**
Revenue	29,271	61,723
Oil and gas exploration expense	(4,471)	(54,503)
Other expenses	(24,151)	(50,233)
Finance cost	(235)	(745)
Operating profit/(loss) before tax	**414**	**(43,758)**
Loss on sale before tax	(1,843)	**-**
Loss on sale from discontinued operations before tax	**(1,429)**	**(43,758)**
Tax benefit	429	-
Loss on sale from discontinued operations after tax	**(1,000)**	**(43,758)**

Cash flow information	**up to 1 Mar 2021 $'000**	**Restated 2020 $'000**
The net cash flows generated/(incurred) by discontinued operations are as follows:		
Operating	8,094	41,269
Financing	765	-
Investing	(4,984)	(23,416)
Net cash inflow from discontinued operations	**3,875**	**17,853**

Earnings per share	**up to 1 Mar 2021 $'000**	**Restated 2020 $'000**
Basic, loss for the year from discontinued operations	(0.54)	(24.06)
Diluted, loss for the year from discontinued operations	(0.54)	(24.06)

NOTE 22: SUBSIDIARIES

The consolidated financial statements include the financial statements of Senex Energy Limited and its controlled entities listed in the following table:

	Country of incorporation	Equity interest % 2021	2020
Parent entity			
Senex Energy Limited	Australia	100	100
Directly controlled by Senex Energy Limited			
Azeeza Pty Ltd	Australia	100	100
Victoria Oil Pty Ltd	Australia	100	100
Senex Weribone Pty Ltd	Australia	100	100
Permian Oil Pty Ltd	Australia	100	100
Victoria Oil Exploration (1977) Pty Ltd	Australia	100	100
Stuart Petroleum Pty Ltd	Australia	100	100
Senex Assets Pty Ltd	Australia	100	100
Senex Energy Employee Share Trust	Australia	100	100
Senex QLD Exploration Pty Ltd	Australia	100	100
Senex Assets 2 Pty Ltd	Australia	100	-
Directly controlled by Stuart Petroleum Pty Ltd			
Stuart Petroleum Cooper Basin Oil Pty Ltd	Australia	100	100
Stuart Petroleum Cooper Basin Gas Pty Ltd	Australia	100	100

The principal activities of Senex Energy Limited and its controlled entities were gas exploration and production in the Surat Basins.

NOTE 23: DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Relief Instrument), Senex Assets Pty Ltd (wholly-owned subsidiary) is a party to a deed of cross guarantee with Senex Energy Limited (holding company) and was granted relief from the *Corporations Act 2001* requirement for preparation, audit and lodgement of financial statements, and directors' reports for the year ended 30 June 2021.

It is a condition of the Relief Instrument that the Company and each of the subsidiaries enter into the deed of cross guarantee. The effect of the cross guarantee is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The following companies are parties to the deed of cross guarantee and represent a 'closed group' for the purposes of the Relief Instrument:

- Senex Energy Limited
- Azeeza Pty Ltd
- Victoria Oil Pty Ltd
- Senex Weribone Pty Ltd
- Permian Oil Pty Ltd
- Victoria Oil Exploration (1977) Pty Ltd
- Stuart Petroleum Pty Ltd
- Stuart Petroleum Cooper Basin Oil Pty Ltd
- Stuart Petroleum Cooper Basin Gas Pty Ltd
- Senex Assets Pty Ltd
- Senex QLD Exploration Pty Ltd

NOTE 23: DEED OF CROSS GUARANTEE (Continued)

As there are no other parties to the deed of cross guarantee that are controlled by the Company, the 'closed group' is the same as the 'extended group'.[1]

[1] A new entity, Senex Assets 2 Pty Ltd was incorporated on 3 June 2021, which at 30 June 2021 was not yet party to the deed of cross guarantee. Senex Assets 2 Pty Ltd is a shell company, comprising 2 fully paid $1 ordinary shares, and is considered immaterial to the closed group.

(a) Consolidated Statement of Comprehensive Income and summary of movements in consolidated accumulated losses

Set out below is a Consolidated Statement of Comprehensive Income and a summary of movements in consolidated accumulated losses of the 'closed group':

	Consolidated	
		Restated
	2021 $'000	2020 $'000
Continuing operations		
Revenue	115,800	61,708
Other income	249	1,107
Expenses excluding net finance expenses	(90,750)	(61,153)
Finance expenses	(18,355)	(9,271)
Profit/(Loss) before tax from continuing operations	**6,944**	**(7,609)**
Income tax benefit	59,724	-
Profit/(Loss) after tax from continuing operations	**66,668**	**(7,609)**
(Loss) after tax for the period from discontinued operations	**(1,000)**	**(43,758)**
Net Profit/(Loss) attributable to owners of the parent entity	**65,668**	**(51,367)**
Other comprehensive income		
Items that may be subsequently reclassified to Profit or Loss (net of tax)		
Change in fair value of cash flow hedges	(15,977)	3,657
Total comprehensive Income/(Loss) for the period attributable to owners of parent entity	**49,691**	**(47,710)**

NOTE 23: DEED OF CROSS GUARANTEE (Continued)

(b) Consolidated Statement of Financial Position

Set out below is a Consolidated Statement of Financial Position of the 'closed group':

	Consolidated	
	2021	2020
ASSETS	$'000	$'000
Current assets		
Cash and cash equivalents	101,017	79,908
Prepayments	736	590
Trade and other receivables	17,631	19,965
Inventory	8,283	6,725
Other financial assets	-	9,558
Total current assets	**127,667**	**116,746**
Non-current assets		
Trade and other receivables	-	49
Property, plant and equipment	218,813	249,196
Oil and gas properties	228,723	292,512
Exploration assets	21,833	46,707
Intangible assets	8,690	4,133
Other financial assets	-	348
Deferred tax assets	63,994	-
Total non-current assets	**542,053**	**592,945**
TOTAL ASSETS	**669,720**	**709,691**
LIABILITIES		
Current liabilities		
Trade and other payables	30,676	31,444
Provisions	5,099	9,129
Other financial liabilities	8,692	872
Lease liabilities	10,387	2,649
Total current liabilities	**54,854**	**44,094**
Non-current liabilities		
Provisions	19,153	66,290
Interest bearing liabilities	68,763	116,314
Other financial liabilities	4,110	1,700
Lease liabilities	172,063	170,883
Total non-current liabilities	**264,089**	**355,187**
TOTAL LIABILITIES	**318,943**	**399,281**
NET ASSETS	**350,777**	**310,410**
EQUITY		
Contributed equity	540,468	540,468
Reserves	14,342	28,804
Accumulated losses	(204,033)	(258,862)
TOTAL EQUITY	**350,777**	**310,410**

NOTE 24: AUDITORS REMUNERATION

The auditor of Senex Energy Limited and its controlled entities is Ernst & Young (Australia). Amounts received or due and receivable are set out below.

	Consolidated	
Fees to Ernst & Young (Australia)	**2021 $'000**	**2020 $'000**
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	339	315
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm.	34	60
Fees for other services		
• tax compliance	4	7
• remuneration review	23	20
	400	**402**

NOTE 25: COMMITMENTS

Leasing commitments

The Group has low-value or short-term (less than 12 months) lease agreements which are not recognised as liabilities as disclosed in Note 10:

	Consolidated	
	2021 $'000	**2020 $'000**
Minimum lease and financing payments		
No later than one year	-	949
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	**949**

NOTE 25: COMMITMENTS (Continued)

Capital commitments

The following capital commitments, including those entered into by the Group in their capacity as operator of Joint Operations, were contracted for at the reporting date but not recognised as liabilities:

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Not later than one year	4,179	6,262
Later than one year and not later than five years	303	-
Later than five years	-	-
	4,482	**6,262**

NOTE 26: CONTINGENCIES

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

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

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

There were no other unrecorded contingent assets or liabilities in place for the Group at 30 June 2021.

NOTE 27: EVENTS AFTER THE REPORTING DATE

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

NOTE 28: PARENT ENTITY INFORMATION

(a) Summary financial information

	Consolidated	
	2021	**2020**
	$'000	**$'000**
Total current assets	255,904	269,200
Total non-current assets	145,944	70,117
Total assets	**401,848**	**339,317**
Total current liabilities	33,729	22,092
Total non-current liabilities	17,342	12,719
Total liabilities	**51,071**	**34,811**
NET ASSETS	**350,777**	**304,506**
EQUITY		
Contributed equity	540,722	540,722
Share-based payments reserve	26,837	21,485
Hedging reserve	(8,912)	7,065
Dividends paid	(14,680)	-
Profit reserve	71,575	-
Accumulated losses	(264,765)	(264,766)
TOTAL EQUITY	**350,777**	**304,506**
Net Profit/(Loss)	93,820	(66,163)
Other comprehensive income of the parent entity	(23,659)	3,657
Total comprehensive Profit/(Loss) of the parent entity	**70,161**	**(62,506)**

(b) Guarantees entered into by the parent entity

There are cross guarantees provided as described in Note 23. No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee as the fair value of the guarantee is considered immaterial.

(c) Contingent assets and liabilities of the parent entity

Aside from those disclosed in Note 26, there are no unrecorded contingent assets or liabilities in place for the parent entity at 30 June 2021 (FY20: $nil).

(d) Contractual commitments for capital acquisitions

The parent entity had contractual commitments for capital acquisitions at 30 June 2021 of $nil (FY20: $nil).

6. Directors Declaration

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

(1) In the opinion of the Directors:

(a) the financial statements, Notes and additional disclosures included in the Directors' Report designated as audited of the consolidated entity 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 30 June 2021 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and *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; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 23, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 23.

(2) The financial statements and Notes also comply with International Financial Reporting Standards as disclosed in '*About these financial statements*'.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

On behalf of the Board

Trevor Bourne	**Ian Davies**
Chairman	Managing Director

Brisbane, Queensland

18 August 2021

Ernst & Young
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Brisbane QLD 4000 Australia
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Independent auditor's report to the members of Senex Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Senex Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Recognition of deferred tax assets

Why significant	How our audit addressed the key audit matter

During the period ended 30 June 2021, the Group recognised a net deferred tax asset of $63.9 million on the balance sheet, of which $79.6 million represents historical tax losses carried forward. In prior periods, the Group has only recognised a deferred tax asset for carry forward tax losses and temporary differences to the extent of its deferred tax liabilities.
 	
In assessing the recognition of a deferred tax asset relating to available unused tax losses where there is a recent history of generating tax losses, Australian Accounting Standards require convincing evidence that sufficient future taxable profits will be available against which the unused tax losses can be used by the entity.
 	
The analysis of the recognition and recoverability of the deferred tax assets was assessed to be a key audit matter because the amount of the income tax benefit recorded in the consolidated income statement for the year is significant and future taxable income projections used to assess the recoverability of the deferred tax asset are judgmental and are based on future market assumptions, including forecast gas pricing, forecast foreign exchange, reserves recoverability and cost of production.
 	
Disclosures regarding this matter can be found in Note 16 to the financial report.
	We assessed the Group's decision to record a net deferred tax asset and its methodology for determining amount of the deferred tax asset to be recognised for compliance with Australian Accounting Standards.
	
	Our audit procedures included the following:
	
	► Assessed the amount of the Group's available carry forward tax losses and the impact of any known or potential limitations that could affect recoverability of the tax benefit of the carry forward tax losses under Australian Tax Law. Our income tax specialists were involved in the conduct of these procedures.
	
	► In conjunction with our valuation specialists we:
	  ► Tested the mathematical accuracy of management's model used to estimate the Group's forecast cash flows and taxable income;
	  ► Evaluated the modelling methodology applied by management with reference to Australian Accounting Standards and with normal industry practice; and
	  ► Compared key forecast assumptions such as gas prices, inflation rates, and foreign exchange rates to external observable market data.
	
	► Considered the reasonability of the Group's forecast gas production volumes, which reflects the recovery of its proved and probable gas reserves, by agreeing the Group's reserves estimates to third party subsurface engineer reports and current year production. We also assessed the qualifications, competence and objectivity of the third-party experts used by the Group.
	
	► Considered if operation cost and capital assumptions included within management's model are acceptable considering current performance, historical actuals and future strategic plans.
	
	► Performed independent sensitivity analysis on key input assumptions to assess the impact on the timing of the recovery of carry forward tax losses. This sensitivity analysis included various decarbonisation/climate-related scenarios that may impact demand for and the price of gas in future periods.
	
	► Assessed the related financial report disclosures for compliance with Australian Accounting Standards.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Building a better working world

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 47 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Senex Energy Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Anthony Jones	Matthew Taylor
Partner	Partner
Sydney	Brisbane

18 August 2021

8. Glossary

Term	Definition and/or usage
$	Australian dollars unless otherwise stated
1P	Proved (developed plus undeveloped) reserves in accordance with the Society of Petroleum Engineers (SPE) petroleum resources management system (PRMS)
2P	Proved plus probable reserves in accordance with the SPE PRMS
3P	Proved plus probable plus possible reserves
2C	Best estimate scenario of contingent resources in accordance with the SPE PRMS
ASX	Australian Securities Exchange
ATP	Authority to Prospect – granted under the *Petroleum Act 1923* (Qld) or the *Petroleum Gas (Production and Safety) Act 2004* (Qld)
bbl	Barrels. The standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons
Beach	Beach Energy Limited
Continuing Operations	Refers to Senex Energy's Surat Basin business only, with Cooper Basin figures removed.
Cooper Basin	The sedimentary geological basin of upper Carboniferous to middle Triassic age in north-east South Australia and south-west Queensland
Cooper-Eromanga Basin	The Cooper Basin and the overlying Eromanga Basin within the limits of the Cooper Basin
cps	Cents per share
CSG	Coal seam gas where natural gas is stored within coal deposits or seams
EA	Environmental Authority
EBITDA	Earnings before interest, taxes, impairment, depreciation (or depletion) and amortisation
EBITDAX	Earnings before interest, taxes, impairment, depreciation (or depletion), amortisation and exploration expense
EPBC	*Environment Protection and Biodiversity Conservation Act 1999* (*EPBC Act*)
FID	Final Investment Decision. Approval to proceed with a project
Field Operating Costs	Field operating costs are the direct cost of producing oil and gas at a field level and exclude items such as royalties, tolls, tariffs and certain head office allocations
FY	Financial year

GJ	Gigajoule
GLNG	The Santos GLNG joint venture comprising Santos Limited, Total, PETRONAS and KOGAS
Gross pay	The overall interval in which hydrocarbons are present in a well
GSA	Gas sales agreement
JV	Joint venture
LNG	Liquefied natural gas, which is natural gas that has been liquefied by refrigeration for storage or transportation
Market capitalisation	The company's market value at a given time. Calculated as the number of shares on issue multiplied by the share price
mmscfd	Million standard cubic feet of gas per day
Net pay	The smaller portions of the gross pay that meet local criteria for pay; porosity, permeability and hydrocarbon saturation parameters such that the reservoir is capable of producing hydrocarbons
NPAT	Net profit after tax
Oil	A mixture of liquid hydrocarbons of different molecular weights
Option	A right issued by the company subject to an exercise price, an expiry date and other conditions entitling the holder to receive a Share by exercising the Option, paying the exercise price and satisfying all other conditions before the expiry date
P&A	Plugged and abandoned
PEL	A petroleum exploration licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)
Performance Right	A right issued by the company to an eligible employee of the Group under the company's Employee Performance Rights Plan (Rights Plan) subject to an expiry date and other conditions which may include performance conditions and service conditions. The company provides the reward to the holder in the form of shares unless the company elects to provide part or all of the reward in cash
PJ	Petajoule
PL	Petroleum Lease granted under the *Petroleum Act 1923 (Qld)* or the *Petroleum Gas (Production and Safety) Act 2004*
PPL	A Petroleum Production Licence granted under the *Petroleum and Geothermal Energy Act 2000 (SA)* Or a petroleum pipeline licence granted under the *Petroleum Gas (Production and Safety) Act 2004 (Qld)*
PRL	Petroleum Retention Licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)
Production	The volume of hydrocarbons produced in production operations

RRR	Reserves replacement ratio, which is the sum of estimated reserves additions and revisions divided by estimated production for the period before acquisitions and divestments
Reserve	Commercially recoverable resources which have been justified for development, as defined in the SPE's PRMS
Sales gas	The output following processing to remove production water and impurities. Sales gas is transported by pipeline to customers
Sales volumes	Equal to production less volumes of hydrocarbons used as fuel in operations; flared; vented; other shrinkages; and inventory movements.
Santos	Santos Limited
SAR	A share appreciation right issued by the company to an eligible employee of the Group under the company's Share Appreciation Rights Plan (SARs Plan). The right is subject to an expiry date and other conditions that may include performance conditions and service conditions, entitling the holder to receive a reward if the SAR vests by exercising the vested SAR before the expiry date. The value of the reward is calculated by reference to the positive increase in the market price of shares from the day the SAR is granted to the day it is exercised. The company provides the reward to the holder in the form of shares unless the company elects to provide part or all of the reward in cash.
Seismic survey	A survey used to gain an understanding of rock formations beneath the Earth's surface
Senex	Senex Energy Ltd
Share	Fully paid ordinary share issued by the company
Surat Basin	The sedimentary geological basin of Jurassic to Cretaceous age in southern Queensland and northern New South Wales
SXY	Senex's code on the Australian Securities Exchange
tcf	Trillion cubic feet of gas
TJ	Terajoule
TRIFR	Total recordable injury frequency rate. The total number of fatalities, lost time injuries, alternate work, and other injuries requiring medical treatment per million hours worked
TSR	Total shareholder return
Underlying EBITDAX	Earnings before interest, tax, depreciation, amortisation, evaluation, exploration expenses, impairment adjustments and restructuring
Underlying NPAT	Underlying net profit after tax excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the Beach Energy transaction and restructuring

9. Corporate Directory

SENEX ENERGY LIMITED

Australian Business Number

50 008 942 827

Directors

Trevor Bourne (Chairman)

Ian Davies (Managing Director and Chief Executive Officer)

Ralph Craven (Non-executive Director)

Timothy Crommelin (Non-executive Director)

Margaret Kennedy (Non-executive Director)

Glenda McLoughlin (Non-executive Director)

John Warburton (Non-executive Director)

Company Secretary

David Pegg

Principal place of business

Level 30, 180 Ann Street

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Australia

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Facsimile +61 7 3335 9999

Website www.senexenergy.com.au

Share registry

Computershare Investor Services Pty Limited

117 Victoria Street

West End, Queensland, 4101

Telephone: 1300 850 505 (toll free within Australia)

Email web.queries@computershare.com.au

Website www.computershare.com

To maintain or update your details online and enjoy full access to all your holdings and other valuable information, simply visit www.investorcentre.com

Securities exchange

Australian Securities Exchange (ASX) Code: SXY

Bankers

ANZ

Level 20, 111 Eagle Street

Brisbane, Queensland 4000

Auditors

Ernst & Young

Level 51, 111 Eagle Street

Brisbane, Queensland 4000

Senex
Senex Energy Limited

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Senex Energy Ltd
ABN 50 008 942 827

Securities Exchange
ASX: SXY

Share Registry
Computershare Investor Services
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