



**ABN 50 008 942 827**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

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**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**CORPORATE INFORMATION**

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

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

The nature of the operations and principal activities of the Group are described in the Directors’ Report on page 3.

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

**COMPANY SECRETARY:** Francis L Connolly

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**SECURITIES EXCHANGE:** Australian Securities Exchange (ASX)  
Code: SXY

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

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

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

**AUDITORS:** Ernst & Young  
Waterfront Place  
1 Eagle Street  
Brisbane, Queensland 4000

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**DIRECTORS' REPORT**

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Your directors present their report on Senex Energy Limited ("the Company") and its consolidated entities (known collectively as "the Group") for the half-year ended 31 December 2011.

**DIRECTORS**

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

Denis F Patten (Chairman)

Ian R Davies (Managing Director and Chief Executive Officer)

Benedict M McKeown (Non-executive Director)

Tim B I Crommelin (Non-executive Director)

Ralph H Craven (Non-executive Director) Appointed on 28 September 2011

Yanina A Barila (Alternate Director)

Robert J Pett (Non-executive Director) Resigned on 26 September 2011

**PRINCIPAL ACTIVITY**

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

**REVIEW AND RESULTS OF OPERATIONS**

***Highlights***

- The Group had \$90,590,923 cash on hand as at 31 December 2011.
- The Group's revenue for the half-year ended 31 December 2011 was \$25,069,171, an increase of 774% over the \$2,867,935 for the half-year ended 31 December 2010, principally due to the recommencement of production from the Growler oil field in late September 2011 and the acquisition of Stuart Petroleum Limited in March 2011.
- The Group recorded a gross profit of \$12,251,113 for the half-year ended 31 December 2011, an increase of 437% over the \$2,281,617 for the half-year ended 31 December 2010.
- The Group's net profit after tax for the half-year ended 31 December 2011 was \$1,951,247 as compared with a net loss after tax of \$1,658,129 for the half-year ended 31 December 2010.
- The total net oil production to the Group was 213,524 barrels ("bbls") of oil for the six months ended 31 December 2011, an increase of 1709% over the 11,805 bbls of oil production reported for the six months ended 31 December 2010.
- The Group regained access to its productive Growler oil field in the Cooper Basin western flank oil province in late September 2011, allowing for the recommencement of production from five existing oil wells and for the commencement of an 11 well drilling program across South Australian permits PRL 15 and PEL 104.
- The Group successfully completed a 1 for 5 entitlements issue in September 2011 to raise \$53.5 million before costs.

DIRECTORS' REPORT

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REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

**Development and Production Activity**

*Cooper and Eromanga Basins, South Australia*

- The total gross oil production from operations over the half-year period was estimated at 370,671 bbls of oil representing an average production rate of greater than 2,014 bbls of oil per day ("bopd").
- The total net oil production to the Group was 213,524 bbls for the 6 months ended 31 December 2011.
- Access to the Growler field was re-established in late September 2011, allowing production from five Growler oil wells to be re-established in late September 2011.
- The Group's 11 well exploration and appraisal drilling program in PRL 15 and PEL 104 commenced shortly thereafter, with three appraisal wells (Growler-6, Growler-9 and Growler-11) being spudded in the half year. All three Growler wells were successful and have been placed on production.
- Subsequent to the half-year period end, the Group has also successfully drilled the Growler-7 and Growler-8 appraisal wells, extending the mapped limits of the Growler oil field. Two more Growler appraisal wells are planned for the current financial year.
- Construction of the Lycium to Moomba section of the Growler to Moomba flowline commenced in the half year period. This flowline is being constructed in conjunction with the Growler to Lycium flowline in joint venture with Beach Energy Limited, and is currently scheduled for completion in July 2012.
- Vintage Crop-1 in PEL 516 was placed on production in October 2011. No follow up wells are currently planned.
- Across its remaining oil fields, the Group has continued to focus on optimising production following the completion of the integration of Stuart Petroleum Limited. Production for the period includes contributions from other operated fields, including the Worrior, Acrasia, Padulla, Harpoono, Derrilyn, and Toparoa oil fields. Minor disruptions to production were seen across various fields as a result of road closures due to localised rain events.
- The Snatcher field remained flood affected for the full half-year period. Work is ongoing in the field to reclaim existing Snatcher wells. The Group currently anticipates returning the field to production in April 2012.
- Santos has commenced construction of the Charo-Tirrawarra pipeline which to facilitate the transportation of crude oil from the Charo and Snatcher fields once production is re-established. This pipeline is currently scheduled for commissioning in April 2012.
- The Group's non-operated production for the half year period has been derived predominantly from the Santos-operated Cuisinier oil field in ATP 752P. The Cuisinier-1 well is currently offline pending extension of an existing Extended Production Testing licence.

**Exploration Activity & Outlook**

*Cooper and Eromanga Basins, South Australia*

- The exploration component of the current financial year 11 well drilling program commenced with the drilling of Jaguar-1 in PEL 104 in December 2011. While Jaguar-1 encountered a developed stratigraphic channel, no sandstone reservoir was present and the well was plugged and abandoned. The results of Jaguar-1 have been used to refine the exploration program going forward.
- The second PEL 104 exploration well in the program, Spitfire-1, was drilled in January 2012 and resulted in the discovery of an oil accumulation in a well-developed reservoir. The well encountered an oil-water contact within a ten metre section of the reservoir, and the well itself was deemed non-commercial and has been plugged and abandoned. The Joint Venture will consider follow-up wells to Spitfire-1 in up-dip locations at a later date.

**DIRECTORS' REPORT**

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**REVIEW AND RESULTS OF OPERATIONS (CONTINUED)**

- Subsequent to the half year period end, the Group also commenced its dedicated three well unconventional exploration program in PEL 516 with the spudding of Sasanof-1 on 4 January 2012. The Group intends to extensively core, fracture stimulate and flow test all three unconventional wells, and is currently in the design and planning process following a successful trial at Allunga Trough-1 in December 2011.
- On 19 August 2011 the Group announced it had reached agreement with Planet Gas Limited to farm-in to PEL 514 in the northern Cooper Basin in South Australia. Under the terms of the agreement, the Company has the right to earn a 50% interest in the northern area of the permit, and a 70% interest in the southern area. The farm-in obligations consist of funding 100% of the cost of drilling three exploration wells. The Company will assume Operatorship of the permit in its entirety.
- On 18 August 2011, the Group announced it had reached agreement with Ambassador Exploration Pty Limited regarding the farm-out of:
  - 60% interest in PEL 516 Mudlalee Block;
  - 60% interest in PEL 516 Rowley Block; and
  - 50% interest in PEL 113 Zulu Block.

Under the terms of the agreement, the Group will retain the rights to unconventional hydrocarbon production from the Zulu Block, and to any petroleum recovered from the Mudlalee and Rowley Blocks from beneath the Poolowanna horizon Cooper Basin hydrocarbon zones. The Group will also retain Operatorship of these licenses.

- Subsequent to 31 December 2011, the Company has agreed to earn a further 22% interest in Cooper Basin exploration permit PEL 115 by committing to fund joint venture partner Orca Energy Limited's (Orca's) share of the costs of drilling an unconventional gas well. PEL 115 is intermingled with PEL 516 and is considered prospective for unconventional hydrocarbons.

*Surat Basin Coal Seam Gas, Queensland*

- The Company and QGC have agreed work programs aimed at proving up further 2P reserves in ATP 574P and PL 171 for calendar year 2012. Commencement of these programs have been delayed due to the Queensland rain and flood events, however is expected to ramp up significantly in the coming months.
- As operator of the Don Juan Coal Seam Gas Joint Venture, the Company spudded the Kato-1 core well in the western Surat on 23 November 2011. Results from the well exceeded expectations, yielding good coal and carbonaceous shale thicknesses and excellent permeability. Spudding of Kato-2 has been delayed due to rain and flood events in Queensland.

**Corporate**

*Entitlement Issue*

- On 26 September 2011, the Company successfully completed a 1 for 5 entitlement issue of 152,936,858 shares at 35 cents to raise \$53.5 million before costs towards future exploration and development of the Group's permit areas.

*Issue of Unlisted Options*

- The Company issued 2,000,000 share options during the period to management and employees of the Company. These options have an exercise price of 40 cents and varying expiry dates.
- On 11 August 2011, 566,668 shares were issued as a result of the vesting of performance rights for certain employees.
- 9,183,343 share options were exercised during the period, raising \$2,582,920 before costs.

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**DIRECTORS' REPORT**

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**REVIEW AND RESULTS OF OPERATIONS (CONTINUED)**

*Investment in Orca Energy Limited*

- On 1 February 2012 the Company acquired a 19.99% holding in PEL 115 and PEL 110 joint venture partner, Orca. Orca holds a 20% interest in PEL 115 following the farm-in deal entered with the Group, and is currently farming in for a 20% stake in PEL 110.

*Lease for office premises*

- The Group entered into a lease agreement for head office premises in Brisbane commencing 1 January 2012, which replaces existing lease agreements. The term of the lease is three years, with a two year lease option. The lease agreement gives rise to commitments totalling \$1.30 million over the three year lease term.

*Sale of Port Bonython Fuels Pty Ltd*

- On 9 March 2012, the Group announced that it had reached agreement on the sale of a 90% equity stake in its wholly owned subsidiary Port Bonython Fuels Pty Ltd to Mitsubishi Corporation of Tokyo, Japan. On completion of the sale, the remaining 10% interest will become subject to an Agreement whereby Mitsubishi Corporation will hold an option to acquire this interest, and whereby Stuart Petroleum may require Mitsubishi Corporation to acquire the interest, within 13 months of completion.
- The sale remains subject to certain conditions precedent, including issuance by the South Australian Government of a licence providing access to the jetty at Port Bonython and to the "Section 240" right of way between the jetty and the site of the proposed development.

**EVENTS AFTER THE BALANCE SHEET DATE**

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

**AUDITOR INDEPENDENCE**

The independence declaration received from the auditor of Senex Energy Limited is set out on page 28 and forms part of this Directors' Report for the half year ended 31 December 2011.

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



Denis F Patten  
Chairman

Brisbane, Queensland  
13 March 2012

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Note	As at 31 December 2011 \$	As at 30 June 2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	90,590,923	42,278,291
Prepayments		18,778	280,985
Trade and other receivables	6	11,334,194	7,485,718
Work in progress		32,629	32,629
		101,976,524	50,077,623
Asset held for sale	7	2,205,727	-
<b>Total Current Assets</b>		<b>104,182,251</b>	<b>50,077,623</b>
<b>Non-current Assets</b>			
Trade and other receivables		913,855	787,441
Property, plant and equipment	8	1,186,698	3,114,503
Intangibles	9	174,987	-
Exploration assets		40,607,191	38,271,413
Oil and gas properties	10	87,245,530	81,330,237
<b>Total Non-current Assets</b>		<b>130,128,261</b>	<b>123,503,594</b>
<b>TOTAL ASSETS</b>		<b>234,310,512</b>	<b>173,581,217</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		10,625,663	8,442,396
Provisions	11	420,785	414,161
<b>Total Current Liabilities</b>		<b>11,046,448</b>	<b>8,856,557</b>
<b>Non-current Liabilities</b>			
Provisions	12	8,805,141	7,409,599
<b>Total Non-current Liabilities</b>		<b>8,805,141</b>	<b>7,409,599</b>
<b>TOTAL LIABILITIES</b>		<b>19,851,589</b>	<b>16,266,156</b>
<b>NET ASSETS</b>		<b>214,458,923</b>	<b>157,315,061</b>
<b>EQUITY</b>			
Contributed equity	16	296,070,761	241,401,754
Reserves		4,289,844	3,766,236
Accumulated losses		(85,901,682)	(87,852,929)
<b>TOTAL EQUITY</b>		<b>214,458,923</b>	<b>157,315,061</b>

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

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	For the half-year ended 31 December 2011 \$	For the half-year ended 31 December 2010 \$
<b>Continuing operations</b>			
Revenue	4(a)	25,069,171	2,867,935
Cost of sales	4(b)	(12,818,058)	(586,318)
<b>Gross profit / (loss)</b>		<b>12,251,113</b>	<b>2,281,617</b>
Other income	4(c)	18,528	371,812
Other operating expenses		-	(426,622)
Oil and gas exploration expenses		(2,895,217)	(742,910)
General and administrative expenses	4(d)	(6,805,257)	(3,745,822)
<b>Profit / (loss) before tax</b>		<b>2,569,167</b>	<b>(2,261,925)</b>
Income tax benefit / (expense)		(617,920)	603,796
<b>Profit / (loss) after tax</b>		<b>1,951,247</b>	<b>(1,658,129)</b>
<b>Net profit / (loss) for the period attributable to owners of the parent entity</b>		<b>1,951,247</b>	<b>(1,658,129)</b>
<b>Other comprehensive income</b>			
Movements in fair value of available-for-sale financial assets		-	2,419,902
Transferred realised gains to other income		-	(164,038)
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>2,255,864</b>
<b>Total comprehensive income for the period attributable to owners of parent entity</b>		<b>1,951,247</b>	<b>597,735</b>
<b>Earnings per share attributable to the ordinary</b>			
Basic earnings / (loss) per share		0.23	(0.31)
Diluted earnings / (loss) per share		0.23	(0.31)

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

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Note	For the half-year ended 31 December 2011 \$	For the half-year ended 31 December 2010 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		18,772,996	763,828
Payments to suppliers and employees		(5,836,706)	(2,919,984)
Payments for exploration expenditure		(4,467,359)	(2,213,205)
Payments for production expenditure		(6,497,542)	(1,127,860)
Interest received		1,077,215	1,257,176
Fees received for technical services		2,168,158	656,045
Other receipts		-	30,229
<b>Net cash flows from operating activities</b>		<b>5,216,762</b>	<b>(3,553,771)</b>
<b>Cash flows from investing activities</b>			
Payment for oil and gas properties		-	(1,161,882)
Payments for development of oil and gas properties		(10,393,462)	(1,187,937)
Payments for purchase of investments		-	(7,076,540)
Purchase of property, plant and equipment		(494,602)	(445,551)
Purchase of intangibles		(193,435)	-
Proceeds from disposal of property, plant & equipment		-	494,723
Proceeds from disposal of subsidiary/investment		-	103,120
Term deposits released		-	20,000,000
<b>Net cash flows from investing activities</b>		<b>(11,081,499)</b>	<b>10,725,933</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issues		56,110,820	26,019,020
Payments for transaction costs for issue of shares		(2,059,731)	(672,366)
<b>Net cash flows from financing activities</b>		<b>54,051,089</b>	<b>25,346,654</b>
Net (decrease) / increase in cash and cash equivalents		48,186,352	32,518,816
Net foreign exchange differences		126,280	(24,971)
Cash and cash equivalents at the beginning of the period		42,278,291	16,791,150
<b>Cash and cash equivalents at the end of the period</b>	5	<b>90,590,923</b>	<b>49,284,995</b>

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

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

The following table presents the consolidated statement of changes in equity for the half-year ended 31 December 2011:

	Contributed equity \$	Foreign currency translation reserve \$	Share based payments reserve \$	Net unrealised gain / (loss) reserve \$	Other reserves \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2011</b>	241,401,754	-	3,949,727	-	(183,491)	(87,852,929)	157,315,061
Profit / (Loss) for the half-year	-	-	-	-	-	1,951,247	1,951,247
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	<b>1,951,247</b>	<b>1,951,247</b>
<b>Transactions with owners, recorded directly in equity:</b>							
Shares issued	56,110,820	-	-	-	-	-	56,110,820
Transaction costs on share issue (net of tax)	(1,441,813)	-	-	-	-	-	(1,441,813)
Share based payments	-	-	523,608	-	-	-	523,608
<b>Balance at 31 December 2011</b>	<b>296,070,761</b>	<b>-</b>	<b>4,473,335</b>	<b>-</b>	<b>(183,491)</b>	<b>(85,901,682)</b>	<b>214,458,923</b>

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

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

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

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

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

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**1. CORPORATE INFORMATION**

The financial report of Senex Energy Limited (“the Company”) and its consolidated entities (collectively known as “the Group”) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 13 March 2012.

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The half-year financial report should be read in conjunction with the annual financial report of Senex Energy Limited as at 30 June 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Group during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and Australian Securities Exchange Listing Rules.

**(a) Basis of preparation**

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

The half-year financial report has been prepared on a historical cost basis.

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

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

**(b) Significant accounting policies**

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011, except for the adoption of amending Standards and Interpretations effective for annual reporting periods beginning on or after 1 July 2011.

From 1 July 2011 the Group has adopted all the Standards and Interpretations mandatory for annual periods beginning on or after 1 July 2011, including:

- AASB 124 (Revised) *Related Party Disclosures*
  - AASB 2009-12 *Amendments to Australian Accounting Standards*
  - AASB 2009-14 *Amendments to Australian Interpretation – Prepayment of a Minimum Funding Requirement*
  - AASB 2010-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
  - AASB 2010-5 *Amendments to Australian Accounting Standards*
  - AASB 2010-6 *5 Amendments to Australian Accounting Standards*
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**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**3. OPERATING SEGMENTS**

***Identification of reportable segments***

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

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

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

***Types of resources***

*Gas*

The gas exploration and production segment pertains to the Group's operations in exploration permits in both Queensland and South Australia that are considered prospective for gas. This includes Coal Seam Gas exploration operations in the Surat Basin in Queensland, and conventional and unconventional gas exploration in the Cooper and Eromanga Basins in South Australia.

*Oil*

The oil exploration and production segment pertains to the Group's interest in permits in the Cooper and Eromanga Basins in South Australia and Queensland that are actively under exploration for and development of oil prospects.

***Accounting policies***

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

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

- Interest income on bank accounts and term deposits;
- Other income;
- Net gains / losses on investments held for trading;
- Foreign exchange gains / losses;
- Net gains / losses on disposal of available-for-sale investments; and
- Corporate expenses.

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**3. OPERATING SEGMENTS (CONTINUED)**

The following tables present the revenue and profit information for reportable segments for the half-years ended 31 December 2011 and 31 December 2010:

	Gas		Consolidated Oil		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
<b>Revenue</b>						
Oil sales	-	-	22,383,370	1,059,858	22,383,370	1,059,858
Technical service fees	-	-	824,341	735,552	824,341	735,552
<b>Total segment revenue</b>	-	-	<b>23,207,711</b>	<b>1,795,410</b>	<b>23,207,711</b>	<b>1,795,410</b>
<i>Unallocated item:</i>						
Interest income					1,861,460	1,072,525
<b>Total revenue per Statement of Comprehensive Income</b>					<b>25,069,171</b>	<b>2,867,935</b>

**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**3. OPERATING SEGMENTS (CONTINUED)**

	Gas		Consolidated Oil		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
<b>Results</b>						
<b>Segment profit / (loss)</b>	(309,696)	(233,053)	7,804,132	272,613	7,494,436	39,560
<b>Reconciliation of segment net profit / (loss) after tax to net profit / (loss) from continuing operations before tax</b>						
<i>Unallocated items:</i>						
Interest income					1,861,460	1,072,525
Other income					18,528	17,336
Net gain / (loss) on investment held for trading					-	190,438
Net gain / (loss) on available-for-sale financial asset					-	164,038
Foreign exchange gain / (loss)					438,178	(24,971)
Corporate expenses					(7,243,435)	(3,720,851)
<b>Net profit / (loss) before tax per the Statement of Comprehensive Income</b>					<b>2,569,167</b>	<b>(2,261,925)</b>

**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**3. OPERATING SEGMENTS (CONTINUED)**

	Gas		Consolidated Oil		Total	
	31 December 2011	30 June 2011	31 December 2011	30 June 2011	31 December 2011	30 June 2011
	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>						
<b>Segment operating assets</b>	9,854,321	2,081,277	127,230,609	122,860,726	137,084,930	124,942,003
Unallocated assets <sup>1</sup>					97,225,582	48,639,214
<b>Total assets per the Statement of Financial Position</b>					<b>234,310,512</b>	<b>173,581,217</b>
<b>Segment liabilities</b>	271,981	694,736	16,709,732	11,331,531	16,981,713	12,026,267
Unallocated liabilities <sup>2</sup>					2,869,876	4,239,889
<b>Total liabilities per the Statement of Financial Position</b>					<b>19,851,589</b>	<b>16,266,156</b>

<sup>1</sup> The unallocated assets include cash at bank of \$90,590,923 (30 June 2011: \$42,278,291), accrued interest on term deposits of \$911,934 (30 June 2011: \$127,689), trade and other receivables of \$2,136,536 (30 June 2011: \$2,955,964), asset held for sale \$2,205,727 (30 June 2011: \$0), property, plant and equipment of \$1,186,698 (30 June 2011: \$3,114,503), intangibles of \$174,987 (30 June 2011: \$0), and other sundry assets.

<sup>2</sup> The unallocated liabilities include trade and other payables of \$2,292,101 (30 June 2011: \$727,663) and provisions of \$577,775 (30 June 2011: \$2,951,450) and other sundry liabilities.

**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**4. REVENUE AND EXPENSES**

	For the half-year ended 31 December 2011 \$	For the half-year ended 31 December 2010 \$
<b>Revenue and expenses</b>		
<b>(a) Revenue</b>		
Oil sales	22,383,370	1,059,858
Interest income	1,861,460	1,072,525
Technical service fees	824,341	735,552
	<b>25,069,171</b>	<b>2,867,935</b>
<b>(b) Cost of sales</b>		
Operating costs	(7,708,148)	(516,857)
Amortisation of oil and gas properties	(5,109,910)	(69,461)
	<b>(12,818,058)</b>	<b>(586,318)</b>
<b>(c) Other income</b>		
Net gain on investment held for trading and available for sale	-	354,476
Other income	18,528	17,336
	<b>18,528</b>	<b>371,812</b>
<b>(d) General and administrative expenses</b>		
Employee expense	(4,996,156)	(2,337,030)
Depreciation and amortisation expense	(235,128)	(41,159)
Finance costs	(56,901)	(71,655)
Other expenses	(1,517,072)	(1,295,978)
	<b>(6,805,257)</b>	<b>(3,745,822)</b>

The increase in amortisation of oil and gas properties is a result of the value ascribed to oil and gas properties in the purchase price accounting for Stuart Petroleum Limited, and the recommencement of production from the Growler oil field.

**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS**

	As at 31 December 2011 \$	As at 30 June 2011 \$
Cash at bank and in hand	85,086,239	39,942,712
Cash advanced to jointly controlled operations	5,504,684	2,335,579
	<b>90,590,923</b>	<b>42,278,291</b>

*Reconciliation to Consolidated Cash Flow Statement*

	As at 31 December 2011 \$	As at 31 December 2010 \$
Cash at bank and in hand	85,086,239	48,741,095
Cash advanced to jointly controlled operations	5,504,684	543,900
	<b>90,590,923</b>	<b>49,284,995</b>

**6. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES**

	As at 31 December 2011 \$	As at 30 June 2011 \$
Trade receivables	9,139,313	6,058,156
Sundry receivables	1,400,564	1,169,657
Joint venture receivables	794,317	257,905
	<b>11,334,194</b>	<b>7,485,718</b>

**7. CURRENT ASSETS – ASSET HELD FOR SALE**

	As at 31 December 2011 \$	As at 30 June 2011 \$
Non-current asset held for sale - property, plant and equipment	2,205,727	-
	<b>2,205,727</b>	<b>-</b>

Subsequent to 31 December 2011, the Group has announced the conditional sale of Port Bonython Fuels Pty Ltd to Mitsubishi Corporation of Tokyo, Japan. The sale agreement relates to a sale of 90% of the equity in Port Bonython Fuels Pty Ltd. On completion of this sale, the remaining 10% interest held by Stuart Petroleum Fuels Pty Ltd will become subject to an Agreement whereby Mitsubishi Corporation will hold an option to acquire this interest, and whereby Stuart Petroleum may require Mitsubishi Corporation to acquire the interest, within 13 months of completion.

The asset is presented within unallocated assets for segment reporting purposes.

On the basis of this agreement, this asset has been reclassified as held for sale as at 31 December 2011.

**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT**

	For the half-year ended 31 December 2011 \$	For the year ended 30 June 2011 \$
<b>Property, plant and equipment</b>		
Balance at the beginning of the period, net of accumulated depreciation	3,114,503	17,246
Additions	494,602	995,621
Acquisition of subsidiary	-	2,292,349
Depreciation charge for the period	(216,680)	(190,713)
Transfer to asset held for sale	(2,205,727)	-
<b>Balance at the end of the period, net of accumulated depreciation</b>	<b>1,186,698</b>	<b>3,114,503</b>
<b>Balance at the beginning of the period</b>		
Cost	3,317,081	29,111
Accumulated depreciation	(202,578)	(11,865)
<b>Net carrying amount</b>	<b>3,114,503</b>	<b>17,246</b>
<b>Balance at the end of the period</b>		
Cost	1,605,956	3,317,081
Accumulated depreciation	(419,258)	(202,578)
<b>Net carrying amount</b>	<b>1,186,698</b>	<b>3,114,503</b>

**9. NON-CURRENT ASSETS – INTANGIBLES**

	For the half-year ended 31 December 2011 \$	For the year ended 30 June 2011 \$
<b>Intangibles</b>		
Balance at the beginning of the period, net of accumulated amortisation	-	-
Additions	193,435	-
Amortisation charge for the period	(18,448)	-
<b>Balance at the end of the period, net of accumulated amortisation</b>	<b>174,987</b>	<b>-</b>
<b>Balance at the end of the period</b>		
Cost	193,435	-
Accumulated amortisation	(18,448)	-
<b>Net carrying amount</b>	<b>174,987</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**10. NON-CURRENT ASSETS – OIL AND GAS PROPERTIES**

	For the half-year ended 31 December 2011 \$	For the year ended 30 June 2011 \$
<b>Oil and gas properties</b>		
Balance at the beginning of the period, net of accumulated amortisation and impairment	81,330,237	27,601,120
Additions	11,025,203	7,282,816
Acquisition of subsidiary	-	48,442,044
Amortisation charge for the period	(5,109,910)	(1,995,743)
Reversal of impairment / (impairment) of oil and gas properties	-	-
Disposals	-	-
<b>Balance at the end of the period, net of accumulated amortisation and impairment</b>	<b>87,245,530</b>	<b>81,330,237</b>
<b>Balance at the beginning of the period</b>		
Cost	89,893,982	34,169,122
Accumulated amortisation	(5,888,361)	(3,892,618)
Accumulated impairment, net of reversals	(2,675,384)	(2,675,384)
<b>Net carrying amount</b>	<b>81,330,237</b>	<b>27,601,120</b>
<b>Balance at the end of the period</b>		
Cost	100,919,185	89,893,982
Accumulated amortisation	(10,998,271)	(5,888,361)
Accumulated impairment, net of reversals	(2,675,384)	(2,675,384)
<b>Net carrying amount</b>	<b>87,245,530</b>	<b>81,330,237</b>

***Impairment of oil and gas properties***

At 31 December 2011, the Group did not identify any potential or actual impairment triggers. As a result, a full impairment review was not undertaken and no write down of these oil and gas properties was realised (31 December 2010: nil). A full review of discounted cash flows from the oil fields will be undertaken for the financial statements to 30 June 2012.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**11. CURRENT LIABILITIES – PROVISIONS**

	As at 31 December 2011 \$	As at 30 June 2011 \$
Employee provisions	301,993	414,161
Lease incentives	118,792	-
	<b>420,785</b>	<b>414,161</b>

**12. NON-CURRENT LIABILITIES – PROVISIONS**

	As at 31 December 2011 \$	As at 30 June 2011 \$
Employee provisions	156,990	30,668
Rehabilitation provisions	8,648,151	7,378,931
	<b>8,805,141</b>	<b>7,409,599</b>

**13. DIVIDENDS PAID AND PROPOSED**

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

**14. COMMITMENTS**

**Leasing commitments**

The Group entered into a lease agreement for head office premises in Brisbane commencing August 2010, and a second lease agreement for additional head office premises commencing March 2011. The lease agreements give rise to commitments totalling \$574,584 over the remaining terms of the leases.

**Exploration and development commitments**

Due to the nature of the Group's operations in exploration and evaluation of areas of interest, it is not possible to forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests. The Group's expenditure commitment for the current financial year is as presented in the full year accounts at 30 June 2011. Commitments beyond one year cannot be reliably determined and are subject to the outcome of future exploration activity.

**Commitments under farm-in agreements**

The Group has also entered into two farm-in agreements since 30 June 2011. The program of work proposed for the farm-ins are:

- PEL 514 – the Group will fund the drilling of three exploration wells in the permit; and
- PEL 115 – the Group will fund the farmor's share of an unconventional exploration well in the permit.

**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**15. CONTINGENCIES**

**Wharfage Dues Dispute**

The Group is aware that subsequent to 31 December 2011 a long-running dispute between the South Australian Cooper Basin Joint Venture ("the SACB JV") and the Department of Transport, Energy and Infrastructure ("DTEI") regarding the level of wharfage dues on oil exported via the Port Bonython facilities has been settled. The Group is currently assessing the potential impact of this settlement on the Group and its options for dispute or settlement. As a result, the Group is currently not able to reliably estimate the financial impact of the settlement.

**Native Title claims**

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.

**16. CONTRIBUTED EQUITY**

	Parent Entity	
	As at 31 December 2011	As at 30 June 2011
	\$	\$
920,967,416 ordinary fully paid shares (30 June 2011: 758,280,547)	296,070,761	241,401,754
<b>Total issued capital</b>	<b>296,070,761</b>	<b>241,401,754</b>

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**Ordinary fully paid shares**

	Parent Entity			
	For the half-year ended 31 December 2011		For the year ended 30 June 2011	
	Number of shares	\$	Number of shares	\$
<b>Movement in ordinary fully paid shares on issue</b>				
Balance at the beginning of the period	758,280,547	241,401,754	518,078,680	151,212,731
Partly paid shares cancelled and converted into ordinary shares	-	-	-	53,375
Shares issued during the period	162,686,869	56,110,820	240,201,867	90,690,338
Transaction costs on shares issued (net of tax)	-	(1,441,813)	-	(554,690)
<b>Balance at the end of the period</b>	<b>920,967,416</b>	<b>296,070,761</b>	<b>758,280,547</b>	<b>241,401,754</b>

*During the half-year ended 31 December 2011:*

On 26 September 2011, the Company issued 152,936,858 ordinary fully paid shares at a price of 35 cents each, which raised \$53,527,900 before costs.

6,475,000 ordinary fully paid shares were issued at a price of 25 cents each for the exercise of unlisted options during the half-year, which raised \$1,618,750 before costs.

2,708,343 ordinary fully paid shares were issued at a price of 35.6 cents each for the exercise of unlisted options during the half-year, which raised \$964,170 before costs.

566,668 ordinary fully paid shares were issued during the half-year as a result of the vesting of performance rights.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**16. CONTRIBUTED EQUITY (CONTINUED)**

**Options**

	Parent Entity	
	For the half-year ended 31 December 2011	For the year ended 30 June 2011
	Number of options	Number of options
<b>Movement in share options on issue</b>		
Balance at the beginning of the period	23,118,343	8,775,000
Options issued during the period	2,000,000	14,518,343
Options exercised during the period	(9,183,343)	(175,000)
Options expired during the period	-	-
<b>Balance at the end of the period</b>	<b>15,935,000</b>	<b>23,118,343</b>

6,475,000 ordinary fully paid shares were issued at a price of 25 cents each for the exercise of unlisted options during the half-year ended 31 December 2011, which raised \$1,618,750 before costs.

2,708,343 ordinary fully paid shares were issued at a price of 35.6 cents each for the exercise of unlisted options during the half-year ended 31 December 2011, which raised \$964,170 before costs.

A total of 2,000,000 options were issued during the half year with an exercise price of 40.0 cents and various expiry dates.

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

- 2,125,000 unlisted options, which have an exercise price of 25 cents and an expiry date of 31 January 2012
- 2,810,000 unlisted options, which have an exercise price of 37 cents and an expiry date of 30 June 2014
- 6,000,000 unlisted options, which have an exercise price of 25.5 cents with expiry dates ranging from February 2014 to July 2017
- 3,000,000 unlisted options, which have an exercise price of 27 cents with an expiry date of 31 August 2014
- 2,000,000 unlisted options, which have an exercise price of 40 cents with expiry dates ranging from July 2014 to July 2016

Options issued in current and prior periods gave rise to an expense for the period of \$371,999.

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

**SENEX ENERGY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. CONTRIBUTED EQUITY (CONTINUED)**

***Performance Rights***

	Parent Entity	
	For the half-year ended 31 December 2011 Number of rights	For the year ended 30 June 2011 Number of rights
<b>Movement in performance rights on issue</b>		
Balance at the beginning of the period	1,800,000	-
Rights issued during the period	4,792,600	1,800,000
Rights vested during the period	(566,668)	-
Rights lapsing during the period	-	-
<b>Balance at the end of the period</b>	<b>6,025,932</b>	<b>1,800,000</b>

A total of 4,792,600 performance rights were granted to employees during the year. These rights are subject to Company and individual performance and retention conditions. These rights are earned during the year in which they are granted, but vest over a period of three years subject to an individual remaining an employee of the Group.

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

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

566,668 ordinary fully paid shares were issued during the half-year as a result of the vesting of performance rights issued on 1 December 2010.

An expense of \$151,609 has been recognised in the Statement of Comprehensive Income in relation to performance rights granted during the current and prior periods.

**17. BUSINESS COMBINATION**

**Acquisition of Stuart Petroleum Limited**

On 10 March 2011, the Company acquired a 50.5% controlling interest in the outstanding ordinary shares of Stuart Petroleum Limited ("Stuart"). Stuart is an oil and gas production and exploration company operating in the South Australian Cooper and Eromanga Basins. The effect of this transaction was accounted for in the full year accounts as at 30 June 2011 on a provisional basis.

The table below summarises the final allocation of the purchase price paid for the Stuart:

**SENEX ENERGY LIMITED**  
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**17. BUSINESS COMBINATION (CONTINUED)**

	Recognised on acquisition \$
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash	789,654
Receivables and other assets	3,652,598
Inventory	32,629
Exploration and evaluation assets	29,116,396
Oil and gas properties	48,442,044
Property, plant and equipment	2,292,349
Financial liabilities	(15,018,926)
Provisions	(5,089,926)
Deferred tax liability	(12,212,856)
<b>Fair value of identifiable net assets</b>	<b>52,003,962</b>
Goodwill	12,212,856
Non-controlling interest on date of acquisition	(31,694,541)
<b>Total consideration</b>	<b>32,522,277</b>

The goodwill recognised on acquisition date relates to the taxation benefit accruing to the Group on entry of Stuart into the tax consolidation group. This goodwill was subsequently impaired on 19 May 2011 when compulsory acquisition was completed and Stuart entered the tax consolidation group.

Finalisation of the purchase price allocation for the acquisition of Stuart has had the following effect on the financial result for the year ended 30 June 2011:

	2011 Provisional \$	Amortisation - restated \$	Finance expense - restated \$	2011 Restated \$
<b>Continuing operations</b>				
Revenue	14,847,592			14,847,592
Cost of sales	(7,593,018)	(101,509)		(7,694,527)
<b>Gross profit / (loss)</b>	<b>7,254,574</b>	<b>(101,509)</b>	-	<b>7,153,065</b>
Other income	3,511,960			3,511,960
Oil and gas exploration expenses	(1,637,235)			(1,637,235)
Reversal of impairment of oil and gas properties	-			-
Impairment of goodwill	(12,212,856)			(12,212,856)
Transaction costs	(1,777,188)			(1,777,188)
Relocation and rebranding	(519,044)			(519,044)
General and administrative expenses	(9,733,757)			(9,733,757)
Finance expense	(196,119)		(111,143)	(307,262)
<b>Profit / (Loss) from continuing operations before tax</b>	<b>(15,309,665)</b>	<b>(101,509)</b>	<b>(111,143)</b>	<b>(15,522,317)</b>
Income tax benefit / (expense)	12,005,953			12,005,953
<b>Profit / (Loss) from continuing operations after tax</b>	<b>(3,303,712)</b>	<b>(101,509)</b>	<b>(111,143)</b>	<b>(3,516,364)</b>
<b>Discontinued operations</b>				
Gain / (Loss) from discontinued operations after tax	-			-
<b>Net profit / (loss) for the period attributable to owners of the parent entity</b>	<b>(3,303,712)</b>	<b>(101,509)</b>	<b>(111,143)</b>	<b>(3,516,364)</b>

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

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**18. RELATED PARTY DISCLOSURE**

During the period, the Group made payments of \$2,053,928 to RBS Morgans, a company associated with Mr Tim Crommelin. These payments primarily comprised fees associated with the 1 for 5 entitlement issue completed in September 2011. These services were not provided by Mr Crommelin as a director of Senex Energy Limited.

**19. EVENTS AFTER THE BALANCE SHEET DATE**

***Lease for office premises***

The Group entered into a lease agreement for head office premises in Brisbane commencing 1 January 2012, which replaces existing lease agreements. The term of the lease is three years, with a two year lease option. The lease agreement gives rise to commitments totalling \$1.30 million over the three year lease term.

***Farm-in to PEL 115***

On 1 February 2012, the Group announced it had reached agreement with Orca Energy Limited to farm-in to PEL 115 in the Cooper Basin in South Australia.

Under the terms of the agreement, the Group has the right to earn a further 22% interest in PEL 115 by committing to fund Orca's remaining 20% share of the cost of an unconventional gas well in the permit. Under this agreement, the Group's interest in PEL 115 will increase to 55%.

***Interest in Orca Energy Limited***

On 1 February 2012, the Group announced it would subscribe for 115 million new shares in Orca Energy Limited at an issue price of 3.5 cents per share. This will result in the Group acquiring a 19.99% holding in the company at a total cost to the Group of \$4.025 million.

***Sale of Port Bonython Fuels Pty Ltd***

On 9 March 2012, the Group announced that it had reached agreement on the sale of a 90% equity stake in its wholly owned subsidiary Port Bonython Fuels Pty Ltd to Mitsubishi Corporation of Tokyo, Japan. On completion of the sale, the remaining 10% interest will become subject to an Agreement whereby Mitsubishi Corporation will hold an option to acquire this interest, and whereby Stuart Petroleum may require Mitsubishi Corporation to acquire the said interest, within 13 months of completion.

The sale remains subject to certain conditions precedent, including issuance by the South Australian Government of a licence providing access to the jetty at Port Bonython and to the Section 240 right of way between the jetty and the site of the proposed development.

***Other***

Since the end of the half-year ended 31 December 2011, the Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the Company or the Group, the results of the operations of the Company or the Group, or the state of affairs of the Company or the Group in subsequent financial years.

**SENEX ENERGY LIMITED**  
**ABN 50 008 942 827**

**DIRECTORS' DECLARATION**

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

In the opinion of the directors:

- a) the financial statements and notes of Senex Energy Limited and its controlled entities (collectively known as "the Group") are in accordance with the *Corporations Act 2001*, including:
  - (i) give a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the Group; and
  - (ii) comply with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors

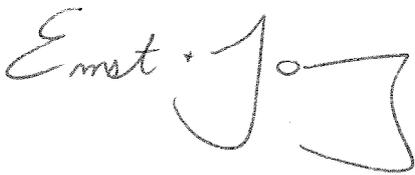


Denis F Patten  
Chairman

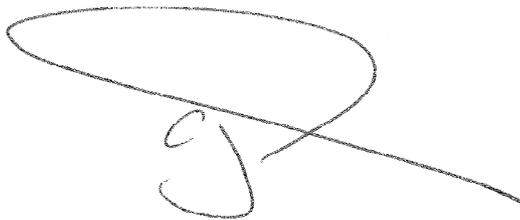
Brisbane, Queensland  
13 March 2012

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

In relation to our review of the financial report of Senex Energy Limited for the half-year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A large, stylized handwritten signature in black ink, appearing to be 'Andrew Carrick'.

Andrew Carrick  
Partner  
13 March 2012

Independent review report to the members of Senex Energy Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Senex Energy Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Senex Energy Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

## Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Ernst + Young' followed by a stylized signature.

Ernst & Young

A large, stylized handwritten signature in black ink, likely belonging to Andrew Carrick.

Andrew Carrick  
Partner  
Brisbane  
13 March 2012