

To: Company Announcement Office **From:** Senex Energy Limited

Company: ASX Limited **Pages:** 31

Date: 22 February 2018

Subject: Senex Energy Limited (ASX:SXY) FY18 Half Year Results

I provide the following for the Senex Energy Limited 2018 half year results:

Page 2 **Appendix 4D**
Page 3 **ASX Announcement**
Page 6 **Half Year Report**

With regards

Frank Connolly
Company Secretary

Half year report for the period ended 31 December 2017

Based on accounts that have been reviewed

Results for announcement to the market

All comparisons to half year ended 31 December 2016

				\$ million
Revenue from ordinary activities	Increased	31%	to	29.8
Loss after tax from ordinary activities	Increased	838%	to	(82.3)
Underlying loss after tax from ordinary activities	Improved	68%	to	(2.8)

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

Dividends

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

Net tangible asset backing

	2017	2016
Net tangible assets per ordinary security	\$0.25	\$0.31

Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2017 half year financial statements.

This report is based on the consolidated 2018 half year financial statements which have been reviewed by Ernst & Young.

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

	2017	2016
Loss after tax from ordinary activities	(82.3)	(8.8)
Gain on sale of exploration assets	(0.4)	-
Impairment expense	79.9	-
Tax (benefit)/expense	-	-
Underlying loss after tax from ordinary activities	(2.8)	(8.8)

This half year report is to be read in conjunction with the 2017 Annual Report

2018 half year results

Release Date: 22 February 2018

Senex Energy Limited today reported its 2018 half year results, delivering significant progress on its east coast gas business and improved pricing and solid production from its oil business.

Key FY18 half year results include:

- **Award** of prime coal seam gas acreage from Queensland Government (Project Atlas) and **comprehensive asset portfolio review**, resulting in strategic focus and capital allocation to core assets and a non-cash impairment charge of \$80 million relating to non-core Cooper Basin assets
- **Financing** discussions with lenders progressing positively and on schedule for financial close in mid-2018
- **Senex to construct sales gas compression facility** for Western Surat Gas Project with sanction of \$13 million of long-lead items; accordingly, capex guidance under review
- **Net production** down 10% to 0.37 mboe (2017: 0.41 mboe), with production guidance unchanged
- **Sales revenue** up 31% to \$29.8 million, with higher realised oil price of A\$88 per barrel (2017: A\$59)

Senex Managing Director and Chief Executive Officer, Ian Davies, commented, "Our top line results this period reflect an improved macro environment. Oil pricing has stabilised between US\$60 and US\$70 per barrel, and our base oil portfolio has performed well, providing strong cash generation for the business. We are on track to deliver production guidance of between 750,000 and 900,000 barrels of oil equivalent in FY18, with development drilling currently underway.

"During the period Senex was awarded a block of prime coal seam gas acreage by the Queensland Government, strengthening our east coast gas business. The accelerated development of Project Atlas in combination with the development of the Western Surat Gas Project will deliver a step-change in production and earnings for Senex from calendar year 2019.

"Following this exciting development, we undertook a comprehensive review of the Senex asset portfolio, which will drive us to prioritise strategic focus and capital allocation to our east coast gas development projects and Cooper Basin western flank oil assets.

"Finally, we made significant progress on the Western Surat Gas Project during the period, and today we announce the sanction of long-lead items for sales gas infrastructure. With our path to market now determined, our focus will turn to the next series of investment decisions on this development project," he said.

RESULTS WEBCAST

Senex Energy Limited (Senex, ASX: SXY) will release its results for the half year ended 31 December 2017 on Thursday 22 February 2018.

Results will be discussed in a live webcast held that day by Senex Managing Director and Chief Executive Officer Ian Davies and Chief Financial Officer Graham Yerbury. The webcast will be streamed live at this time and can be accessed via the Senex company page on the Open Briefing website. A recording of the webcast will be available from 5.00pm (AEST) via the same link.

Webcast details

Time: 9.00am AEST (9am Brisbane time, 10am Sydney and Melbourne time)
Date: Thursday 22 February 2018
Webcast: [Senex Energy Webcast](#)

FURTHER INFORMATION

Investor/Media Enquiries:

Ian Davies

Managing Director

Senex Energy Limited

Phone: (07) 3335 9000

Tess Palmer

Head of Investor Relations

Senex Energy Limited

Phone: (07) 3335 9719

ABOUT SENEX ENERGY

Senex is an ASX listed oil and gas exploration and production company focused on generating shareholder value by growing reserves and production. It holds extensive onshore oil and gas acreage in the Cooper and Surat Basins, two of Australia's most prolific onshore energy regions. Senex is well capitalised and has built strong operating credentials over its 30 year history. Senex operates low cost oil producing assets in the Cooper Basin and is progressing a portfolio of gas projects including the Western Surat Gas Project and Project Atlas in Queensland.

APPENDIX

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

	H1 FY18 \$ million	H1 FY17 \$ million
Statutory net loss after tax	(82.3)	(8.8)
<i>Add/(less):</i>		
Net interest and finance costs	0.1	0.4
Tax	-	-
Amortisation and depreciation	9.1	11.4
Impairment	79.9	-
EBITDA	6.8	3.0
<i>Add/(less):</i>		
Oil and gas exploration expense	3.2	-
EBITDAX	10.0	3.0

2. **Underlying net loss can be reconciled to statutory net loss as follows:**

	H1 FY18 \$ million	H1 FY17 \$ million
Statutory net loss after tax	(82.3)	(8.8)
<i>Add/(less):</i>		
Gain on sale of exploration assets	(0.4)	-
Impairment	79.9	-
Tax (benefit)/expense	-	-
Underlying net loss after tax	(2.8)	(8.8)

Underlying net profit is a non-IFRS measure



ABN 50 008 942 827

**FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

Corporate information.....	8
Directors' report	9
Consolidated statement of comprehensive income	14
Consolidated statement of financial position.....	15
Consolidated statement of cash flows.....	16
Consolidated statement of changes in equity	17
Notes to the financial statements	19
Directors' declaration.....	28
Auditor's independence declaration	29
Auditor's independent review report.....	30

SENEX ENERGY LIMITED
ABN 50 008 942 827
CORPORATE INFORMATION

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

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

The nature of the operations and principal activities of the Group are described in the Directors' Report on page 9.

DIRECTORS: Trevor Bourne (Independent Chairman)
Ian R Davies (Managing Director and Chief Executive Officer)
Timothy BI Crommelin (Non-Executive Director)
Ralph H Craven (Independent Non-Executive Director)
Debra L Goodin (Independent Non-Executive Director)
John Warburton (Independent Non-Executive Director)
Yanina A Barilá (Non-Executive Director)
(resigned 21 December 2017)
Andrey Zhmurovsky (Non-Executive Director)
(appointed 1 January 2018)

SECRETARIES: Francis L Connolly
David A Pegg

**REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS:** Level 14, 144 Edward Street
Brisbane, Queensland 4000

TELEPHONE: +61 7 3335 9000

FACSIMILE: +61 7 3335 9999

EMAIL: info@senexenergy.com.au

WEBSITE: www.senexenergy.com.au

SHARE REGISTER: Computershare Investor Services Pty Limited
117 Victoria Street
West End, Queensland 4101
Telephone: 1300 850 505 (toll free)
Email: web.queries@computershare.com.au
Website: www.computershare.com

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

BANKERS: ANZ Banking Group Ltd
Level 20, 111 Eagle Street
Brisbane, Queensland 4000

Westpac Institutional Bank
Level 7, 260 Queen Street
Brisbane, Queensland 4000

AUDITORS: Ernst & Young
Level 51, 111 Eagle Street
Brisbane, Queensland 4000

SENEX ENERGY LIMITED
ABN 50 008 942 827

DIRECTORS' REPORT

Your Directors present their report on the Company and its consolidated entities for the half year ended 31 December 2017.

DIRECTORS

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

Trevor Bourne (Independent Chairman)
Ian R Davies (Managing Director and Chief Executive Officer)
Tim B I Crommelin (Non-Executive Director)
Ralph H Craven (Independent Non-Executive Director)
Debra L Goodin (Independent Non-Executive Director)
John Warburton (Independent Non-Executive Director)
Yanina A Barilá (Non-Executive Director) (resigned 21st December 2017)
Andrey Zhmurovsky (Non-Executive Director) (appointed 1 January 2018)

PRINCIPAL ACTIVITY

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

REVIEW AND RESULTS OF OPERATIONS

Highlights – First Half FY18

- During the first half of FY18 Senex was awarded Project Atlas, made significant progress on the Western Surat Gas Project, and delivered solid performance from its core oil business in the Cooper Basin. The combination of these assets will drive material growth in production, cash flow and earnings from calendar year 2019.
- **Comprehensive asset portfolio review:** Given substantially increased capital requirements following the award of Project Atlas, Senex undertook a comprehensive review of its asset portfolio. Capital will be prioritised and allocated to high value opportunities, simplifying and focusing the business.
- **Net production** of 0.37 mmbbl, compared to 0.41 mmbbl in H1 FY17, reflecting natural field decline partially offset by the contribution of the Marauder-1 well from September 2017. Even with reduced volumes, Senex maintained low unit operating costs of A\$32 per barrel (H1 FY17: A\$29 per barrel).
- **Sales revenue** up 31% to \$29.8 million, compared to \$22.8 million in H1 FY17, driven by higher realised oil prices, partially offset by lower production.
- **Underlying loss after tax** of \$2.8 million, compared to a \$8.8 million loss in H1 FY17, reflecting higher realised oil prices and continued cost discipline.
- **Statutory loss after tax** of \$82.3 million, compared to a \$8.8 million net loss in H1 FY17, after a non-cash impairment for the period of \$79.9 million recognised against Senex's non-core Cooper Basin exploration assets because there are no plans for substantive exploration expenditure in these areas as a result of the comprehensive portfolio review.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Financial performance

- The Group's oil and gas **sales revenue** for the half year ended 31 December 2017 was \$29.8 million, an increase of 31% over the \$22.8 million for the half year ended 31 December 2016. Oil sales revenue increased primarily as a result of higher realised prices for the half year of A\$88 per barrel compared to A\$59 per barrel for the half year ended 31 December 2016. Net production was 0.37 mboe, down 10% as a result of natural field decline, partially offset by the contribution of the newly discovered Marauder-1 well. Cost of sales decreased from \$23.4 million in the half year ended 31 December 2016 to \$21.1 million in the half year ended 31 December 2017 on lower volumes and strong cost control.
- The Group recorded a **gross profit** (inclusive of amortisation and depreciation) of \$8.8 million for the half year ended 31 December 2017 compared to a gross loss of \$0.6 million for the half year ended 31 December 2016.
- In accordance with the Group's successful efforts accounting policy, **exploration expense** of \$3.2 million was recognised for the half year ended 31 December 2017 compared to nil expense recognised for the half year ended 31 December 2016.
- The Group's **underlying loss after tax** for the half year ended 31 December 2017 was \$2.8 million, compared to \$8.8 million for the half year ended 31 December 2016.
- The Group's **statutory net loss before tax** for the half year ended 31 December 2017 was \$82.3 million, compared to a \$8.8 million loss for the half year ended 31 December 2016. This includes a non-cash impairment expense of \$79.9 million recognised following a comprehensive asset portfolio review that confirmed Senex's strategic focus and capital allocation will be prioritised to Senex's core assets and highlighted no plans for substantive exploration expenditure in non-core Cooper Basin exploration assets. The non-cash impairment expense and a higher exploration write-off expense were partly offset by higher gross profit and lower net G&A costs.
- At 31 December 2017, the Group held **cash** reserves of \$81.9 million and an unsecured \$20.0 million corporate debt facility on which \$4.4 million in drawdowns have been made for bank guarantees.
- Senex's half year **capital expenditure** was \$45.9 million. Senex invested \$40.1 million in exploration and appraisal (primarily relating to the Western Surat Gas Project) and \$5.8 million in oil and gas properties, facilities and plant and equipment.

Production Operations

Senex delivered solid base production and maintained strong cost control in its base oil portfolio during the period. This half year also saw the first gas volumes produced from Senex's Phase 2 wells as part of the Western Surat Gas Project. In summary:

- Senex produced approximately 360,000 barrels of oil in the half year ended 31 December 2017, compared to approximately 410,000 barrels produced in the previous corresponding period. The result reflects a solid contribution from the Company's existing oil fields, which performed at or ahead of expectations during the period. The Marauder discovery was brought online in September 2017 and contributed for the remainder of the half, partially offsetting the natural field decline seen in the rest of the portfolio.
- Senex's focus for its **producing oil fields** remains on maximising production for minimum cost to market. Operating costs per barrel remained low at A\$32 per barrel (H1 FY17: A\$29 per barrel), against a realised oil price of A\$88 per barrel (H1 FY17: A\$59 per barrel).
- As part of the **Western Surat Gas Project**, Senex brought its 30 Phase 2 wells online over the course of the period, with immediate free gas produced to surface. Over the course of the half year ended 31 December 2017 the Phase 1 and Phase 2 wells contributed approximately 20,000 barrels of oil equivalent, with raw gas volumes sold to GLNG.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

- Senex's **safety performance** was weaker compared to the prior year with the total recordable injury frequency rate (TRIFR) increasing to 11.53 recordable incidents per million hours worked, compared to 2.74 for H1 FY17, reflecting four recordable injuries incurred during 0.35 million work hours. The majority of this increase was due to injuries sustained over a higher volume of drilling and completions activities. Three lost time injuries were recorded during the period (compared with one incident recorded in the prior corresponding period).

Gas exploration and development

Project Atlas, Surat Basin, Queensland

In September 2017 Senex was awarded 58 square kilometres of coal seam gas acreage in the Surat Basin by the Queensland Government, which it subsequently named Project Atlas. In summary:

- Senex was awarded the acreage for nil consideration following a competitive tender process. The acreage contains P50 recoverable gas volumes of 201 petajoules, with estimates provided by SRK Consulting Pty Ltd as part of the tender process.
- Senex is targeting **first gas** from the acreage in 2019, to be sold to domestic customers on the east coast of Australia.
- Senex expects to obtain **regulatory approvals** over the acreage in mid-2018, and during the period the Company submitted its Environmental Authority application with the Queensland Government. Senex also commenced activities on field development planning, environmental impact assessments, land access and cultural heritage in anticipation of obtaining approvals.

Western Surat Gas Project, Surat Basin, Queensland

Senex achieved a number of major milestones on the Western Surat Gas Project during the period relating to its Phase 2 investment program as well as full field development. In summary:

- Senex delivered the **Phase 2 investment program** between June and December 2017, involving a 30 well drilling campaign with associated infrastructure located on the Glenora and Eos blocks. The appraisal wells were delivered on budget at \$1.2 million per installed well, reflecting Senex's commitment to developing the project at lowest possible cost.
- The Phase 2 wells were brought online over the course of the half year, and as at December 2017 free gas was being produced at rates ahead of expectations, indicating good permeability and partial dewatering in the area from GLNG Roma production located directly to the south.
- During the period, Senex sold raw gas from its Phase 1 pilot wells to GLNG via the existing Roma field infrastructure. In December, Senex and GLNG executed a similar agreement for the sale of raw gas from the Phase 2 wells on competitive terms, with sales commencing at the end of the period.
- In preparation for **full field development** Senex continued to progress long lead activities including approvals and land access approvals. The Company received its Environmental Authority from the Queensland Government in December 2017. Senex has identified the locations of the next phase of drilling following the securing of all remaining environmental and regulatory approvals, expected in 2018. The Company also completed front end engineering and design (FEED) on gas processing infrastructure.
- Finally, Senex completed the **plug and abandonment** of legacy QGC wells across the Glenora and Eos blocks during the period. Senex received \$20 million from QGC in FY15 to plug and abandon 47 wells - there are five wells remaining in this scope of work located west of the Eos block.

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Gas exploration and development (continued)

Cooper-Eromanga Basin, South Australia

During the half year ended 31 December 2017, Senex pursued opportunities to bring new gas volumes to market from its permits in the Cooper Basin. In summary:

- Senex was awarded funding from the South Australian Government to progress two gas projects in the Cooper Basin during the period, under its *Plan for Accelerating Exploration (PACE)* Gas Grant Program. PACE was launched in late 2016 to help secure new and significant gas supplies for the state. In July 2017, a Senex led project received \$5.82 million to bring stranded gas assets (including the Vanessa field) to market and in December 2017 Senex was pledged a further \$5.26 million to progress a conventional tight sands gas exploration/appraisal opportunity known as the Gemba project.
- The **Vanessa conventional gas field** (*PEL 182: Senex 57% and operator*) will be brought online during the second half of FY18. Senex completed engineering work, ordered long lead items, and commenced construction of the pipelines to connect the Vanessa field and the Santos-operated Patchawarra East fields to the network at Coonatie and existing Cooper Basin infrastructure. The Vanessa ST-1 well was tested in FY17 and flowed at a rate of over 5 mmscf/d from the Toolachee and Epsilon Formations.
- The **Gemba** exploration/appraisal project is located in the proven gas fairway of the Allunga Trough, located in the southern Cooper Basin (*PEL 516: Senex 100% and operator*). During the period Senex matured its plans for this acreage, and expects to spud the Gemba-1 well during the second half FY18. Gemba-1 is located less than six kilometres away from a number of neighbouring gas fields, which have produced from the gas-saturated sands of the Patchawarra Formation.

Oil exploration and development

Cooper-Eromanga, South Australia

Senex prioritised oil exploration, appraisal and development opportunities on the western flank during the half year. In summary:

- Senex drilled two wells on the western flank during the half year ended 31 December 2017. The Marauder field was discovered in July 2017 with the **Marauder-1** exploration well encountering 8.6 metres of net pay within the Birkhead Formation (*ex-PEL 104: Senex 60% and operator*). The well was brought online in September with rates in line with expectations. The **Martlet North-2** well (*ex-PEL 111: Senex 60% and operator*) was drilled in August to appraise the north-eastern extent of the Martlet North field, but was plugged and abandoned due to lack of commercial pay.
- The **Frey-1** exploration well (*ex-PEL 93: Senex 70% and operator*) was drilled in September to test the Namur Sandstone and Murta Formations in the south-western Cooper Basin. Frey-1 did not encounter significant hydrocarbons and was plugged and abandoned. Given the higher risk nature of this exploration well Senex farmed-down its interest in the well and ultimately contributed approximately 30% of the total cost.
- Senex completed processing and the initial interpretation of the **Liberator 3D seismic survey** during the half year (*ex-PEL 111: Senex 60% and operator*). The 295 square kilometre survey covers an unmapped northern section of the western flank, which has been merged with Senex's existing 3D seismic data in the area. This merged data set has identified a significant number of drilling targets in the Birkhead and Namur fairways. These drilling targets will be the near term focus of Senex's capital allocation to the western flank.

SENEX ENERGY LIMITED
ABN 50 008 942 827

DIRECTORS' REPORT

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company in the half year to 31 December 2017.

EVENTS AFTER THE BALANCE SHEET DATE

In February 2018, Senex began a process to rationalise non-core Cooper Basin acreage, including divestment, farm-down or relinquishment. Senex may withdraw acreage and/or discontinue the process at any time without notice.

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

AUDITOR INDEPENDENCE

The independence declaration received from the auditor of Senex Energy Limited is set out on page 29 and forms part of this Directors' Report for the half year ended 31 December 2017.

ROUNDING OF AMOUNTS

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

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

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



Trevor Bourne
Chairman

Brisbane, Queensland
21 February 2018

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	For the half-year ended 31 December 2017 \$'000	For the half-year ended 31 December 2016 \$'000
Continuing operations			
Revenue from sales	5 (a)	29,843	22,806
Cost of sales	5 (b)	(21,059)	(23,369)
Gross profit/(loss)		8,784	(563)
Other revenue		1,342	1,326
Other income		377	2
Oil and gas exploration expenses		(3,153)	30
General and administrative expenses		(5,668)	(7,158)
Other expenses		(3,202)	(1,154)
Impairment	5 (c)	(79,875)	-
Finance expenses		(886)	(1,251)
Loss before tax		(82,281)	(8,768)
Income tax benefit / (expense)	6	-	-
Loss after tax		(82,281)	(8,768)
Net loss for the period attributable to owners of the parent entity		(82,281)	(8,768)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss (net of tax)			
Change in fair value of cash flow hedges (net of tax)		(844)	798
		(844)	798
Total comprehensive loss for the period attributable to owners of parent entity		(83,125)	(7,970)
Earnings per share attributable to the ordinary equity holders of the parent entity (cents per share):			
Basic earnings (cents per share)		(5.69)	(0.76)
Diluted earnings (cents per share)		(5.69)	(0.76)

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

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	81,895	134,760
Prepayments		4,196	2,326
Trade and other receivables		27,003	14,244
Inventory		11,064	11,577
Total current assets		124,158	162,907
Non-current assets			
Trade and other receivables		25	25
Property, plant and equipment		61,323	51,270
Intangibles		780	738
Exploration assets	8	160,613	203,831
Oil and gas properties		83,283	94,722
Total non-current assets		306,024	350,586
TOTAL ASSETS		430,182	513,493
LIABILITIES			
Current liabilities			
Trade and other payables		19,338	18,250
Other financial liabilities	9	998	170
Provisions	10	2,979	11,246
Total current liabilities		23,315	29,666
Non-current liabilities			
Other financial liabilities	9	1,133	1,222
Provisions	10	48,471	43,120
Total non-current liabilities		49,604	44,342
TOTAL LIABILITIES		72,919	74,008
NET ASSETS		357,263	439,485
EQUITY			
Contributed equity	11	540,213	539,958
Reserves		16,111	16,307
Retained earnings / (accumulated losses)		(199,061)	(116,780)
TOTAL EQUITY		357,263	439,485

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 CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	For the half-year ended 31 December 2017 \$'000	For the half-year ended 31 December 2016 \$'000
Cash flows from operating activities			
Receipts from customers		23,907	28,254
Payments to suppliers and employees		(11,026)	(11,461)
Payments for exploration expenditure		(3,555)	(188)
Payments for production expenditure		(9,036)	(14,258)
Payments for rehabilitation of wells		(4,124)	(1,601)
Payment for cessation of contract		(5,775)	-
Interest received		1,229	749
Interest paid to Halliburton		-	(47)
Fees received for technical services		2,447	2,405
Payments for commodity hedges		(437)	(3,129)
Other receipts		102	42
Net cash flows from operating activities		(6,268)	766
Cash flows from investing activities			
Payments for oil and gas properties		(6,204)	(1,841)
Purchase of property, plant and equipment & intangibles		(4,061)	(1,041)
Payments for exploration assets		(43,781)	(17,448)
Proceeds from sale of fixed assets and exploration assets		1,210	-
Proceeds from Government grant		6,387	-
Net cash flows from investing activities		(46,449)	(20,330)
Cash flows from financing activities			
Proceeds from share issues		255	41
Payment to Halliburton under tight oil agreement		(105)	(103)
Payments for debt facility commitment fee		(126)	(384)
Net cash flows from financing activities		24	(446)
Net (decrease) / increase in cash and cash equivalents		(52,693)	(20,010)
Net foreign exchange differences		(172)	373
Cash and cash equivalents at the beginning of the period		134,760	102,450
Cash and cash equivalents at the end of the period	7	81,895	82,813

The consolidated cash flow 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 2017

The following table presents the consolidated statement of changes in equity for the half year ended 31 December 2017:

	Contributed equity \$'000	Accumulated losses \$'000	Share based payments reserve \$'000	Hedging Reserve \$'000	Total \$'000
Balance at 1 July 2017	539,958	(116,780)	16,307	-	439,485
Loss for the half-year	-	(82,281)	-	-	(82,281)
Other comprehensive loss	-	-	-	(844)	(844)
Total comprehensive loss	-	(82,281)	-	(844)	(83,125)
Transactions with owners, recorded directly in equity:					
Shares issued	255	-	-	-	255
Share based payments expense	-	-	648	-	648
Balance at 31 December 2017	540,213	(199,061)	16,955	(844)	357,263

SENEX ENERGY LIMITED
ABN 50 008 942 827

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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

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

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

1. CORPORATE INFORMATION

The financial statements of Senex Energy Limited (“the Company”) and its consolidated entities (collectively known as “the Group”) for the half year ended 31 December 2017 were authorised for issue on 21 February 2018 in accordance with a resolution of the Directors.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half year financial statements should be read in conjunction with the annual report of Senex Energy Limited as at 30 June 2017.

It is also recommended that the half year financial statements be considered together with any public announcements made by the Group during the half year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the *Corporation Act 2001* and Australian Securities Exchange Listing Rules.

(a) Basis of preparation

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

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

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

(b) Significant accounting policies

The Group has not early adopted any further standards, interpretations or amendments since the 30 June 2017 annual financial statements.

All accounting policies used in the preparation of the half year financial statements are the same as those used for the year ended 30 June 2017.

(c) Significant accounting estimates and judgements

Recoverability of oil and gas properties and exploration assets

The carrying value of oil and gas properties is tested for impairment annually (as at 30 June) and when circumstances indicate the carrying value may be impaired. Exploration assets are assessed at each reporting date to determine if any indicators of impairment exist. At 31 December 2017, the group performed a review of indicators of impairment for oil and gas properties and exploration assets. These reviews gave rise to an impairment charge of \$79.9 million against non-core Cooper Basin exploration assets (30 June 2017: \$Nil).

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

3. FINANCIAL INSTRUMENTS

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

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

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

AASB 7 Financial Instruments: Disclosures requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

	As at 31 December 2017		As at 30 June 2017	
	Amortised cost	Fair value through other comprehensive income	Amortised cost	Fair value through other comprehensive income
Financial Assets				
Cash and cash equivalents	81,895	-	134,760	-
Trade and other receivables	27,028	-	14,269	-
	108,923	-	149,029	-
Financial Liabilities				
Trade and other payables	19,338	-	18,250	-
Other financial liabilities **	1,287	-	1,392	-
Cash flow hedges - crude oil price contracts*	-	(844)	-	-
	20,625	(844)	19,642	-

Level 1 – the fair value is calculated using quoted market prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

**Level 2*

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

*** Level 3*

The carrying value of the other financial liability owing to Halliburton under the tight oil agreement approximates fair value at 31 December 2017. Fair value has been determined by reference to the initial amount funded by Halliburton and discounted cash flows across the term of the agreement, with reference to expected production from the wells subject to the agreement, Brent ICE forward price (USD), forward exchange rate (AUD:USD), forecast operating costs and royalties and other commercial terms under the agreement.

The Group does not have any level 1 financial instruments as at 31 December 2017 or 30 June 2017.

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. OPERATING SEGMENTS

Identification of reportable segments

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

The operating segments identified by management are based on the geographical location of the resources which correspond to the Group's strategy, as these are sources of the Group's major risks and have the most effect on the rates of return.

Geographical segments

Cooper/Eromanga Basins

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

Surat Basin

The Surat Basin is a geological basin in eastern Australia.

Major customers

Revenue is predominantly derived from the sale of crude oil to two major customers: IOR Petroleum and the South Australian Cooper Basin Joint Venture (SACB JV), a consortium of buyers made up of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd (Beach Energy) and Lattice Energy Limited. As at December 2017 Senex commenced selling raw gas produced from the WSGP on an as available basis to Santos GLNG.

Accounting policies

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

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

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. OPERATING SEGMENTS (CONTINUED)

The following tables present the revenue and profit information for reportable segments for the half years ended 31 December 2017 and 31 December 2016:

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Oil sales ¹	-	-	29,843	22,806	29,843	22,806
Gas sales	-	-	-	-	-	-
Flowline revenue	-	-	516	512	516	512
Other income	-	-	-	-	-	-
Total segment revenue	-	-	30,359	23,318	30,359	23,318
<i>Corporate item:</i>						
Interest income					826	814
Total revenue per statement of comprehensive income					31,185	24,132

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Results						
Segment profit / (loss)	(232)	(167)	(77,023)	880	(77,255)	713
Reconciliation of segment net profit / (loss) after tax to net profit / (loss) from continuing operations before tax						
<i>Corporate items:</i>						
Interest income					826	814
Finance Expenses					(184)	(560)
General and administrative expenses					(5,668)	(9,735)
Net loss before tax per the statement of comprehensive income					(82,281)	(8,768)

¹ Inclusive of hedge gains and premiums

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. OPERATING SEGMENTS (CONTINUED)

Segment assets and segment liabilities at 31 December 2017 and 30 June 2017 are as follows:

	Surat Basin		Consolidated Cooper/Eromanga Basins		Total	
	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000	31 December 2017 \$'000	30 June 2017 \$'000
Segment assets						
Segment operating assets	95,069	60,778	267,032	334,056	362,101	394,834
Corporate assets ¹					68,081	118,659
Total assets per the statement of financial position					430,182	513,493
Segment liabilities	13,261	20,125	49,485	44,087	62,746	64,212
Corporate liabilities ²					10,173	9,796
Total liabilities per the statement of financial position					72,919	74,008
Additions and acquisitions of non current assets (other than financial assets and deferred tax assets):						
Property, plant and equipment and intangibles	-	37	2,076	1,896	2,076	1,933
Exploration assets	31,779	31,812	5,606	14,900	37,385	46,712
Oil and gas properties	-	-	1,850	2,309	1,850	2,309
	31,779	31,849	9,531	19,105	41,311	50,954
Corporate additions ³					1,867	930
Total Additions					43,178	51,884

¹ The corporate assets include cash and cash equivalents of \$58,207,000 (30 June 2017: \$111,072,000), accrued interest of \$264,000 (30 June 2017: \$667,000), prepayments of \$2,648,000 (30 June 2017: \$831,000), receivables \$25,000 (30 June 2017: \$382,000) and property, plant, equipment and intangibles of \$6,937,000 (30 June 2017: \$5,707,000).

² The corporate liabilities include trade and other payables of \$7,704,000 (30 June 2017: \$4,477,000) and provisions of \$2,469,000 (30 June 2017: \$5,319,000).

³ The corporate additions include hardware equipment \$1,582,000 (30 June 2017: \$577,000) and computer software and intangibles \$285,000 (30 June 2017: \$353,000)

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

5. REVENUE AND EXPENSES

	Note	For the half-year ended 31 December 2017 \$'000	For the half-year ended 31 December 2016 \$'000
(a) Revenue from sales			
Oil sales ¹		29,843	22,806
		29,843	22,806
(b) Cost of sales			
Operating costs		(12,908)	(13,217)
Amortisation of oil and gas properties		(5,197)	(7,641)
Depreciation of facilities		(2,954)	(2,511)
		(21,059)	(23,369)
(c) Impairment			
Exploration assets		(79,875)	-
		(79,875)	-

¹ Inclusive of hedge settlements and premiums – 2017 \$567,000 premium net of settlements (2016: \$3.3 million premium net of settlement). The ineffective portion of hedges is included in other expenses.

6. INCOME TAX

	For the half-year ended 31 December 2017 \$'000	For the half-year ended 31 December 2016 \$'000
Reconciliation of income tax expense calculated on profit/(loss) before tax to income tax charged in the income statement		
Accounting loss before income tax	(82,281)	(8,768)
At the Group's statutory income tax rate of 30% (31 December 2016: 30%)	24,684	2,630
Share-based payments	-	(41)
Research and development benefit	103	594
Rehabilitation costs	1,966	-
Other	(26)	(25)
Derecognition of deferred tax on losses	(26,727)	(3,158)
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	-	-

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
Cash at bank and in hand	68,624	114,550
Cash advanced to joint operations	13,271	20,210
	81,895	134,760

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

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

8. NON-CURRENT ASSETS – EXPLORATION ASSETS

	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
Exploration assets		
Balance at the beginning of the period, net of accumulated amortisation and impairment	203,831	162,734
Additions	39,776	46,712
Disposals	(696)	-
Transfers to development assets	(2,288)	(1,491)
Impairment	(79,875)	-
Exploration write-off	(135)	(4,124)
Balance at the end of the period, net of accumulated amortisation and impairment	160,613	203,831

Movements in exploration assets as at 30 June 2017 represent movements for the 12 months ended 30 June 2017.

9. OTHER FINANCIAL LIABILITIES

	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
Current		
Cash flow hedges - crude oil price contracts	844	-
Halliburton tight oil agreement	154	170
	998	170
Non - current		
Halliburton tight oil agreement	1,133	1,222
	2,131	1,392

Cash flow hedges

Crude oil financial instruments measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast oil sales in US and Australian dollars. These forecast transactions are highly probable and comprise a portion of the Group's forecast expected production from existing well stock for the period 1 January 2018 to 31 December 2018.

The Group has entered into a series of US dollar denominated put options covering a total of 410,600 barrels of oil production for the period 1 January 2018 to 31 December 2018. The quantity of put options each month is designed to cover a portion of the highly probable forecast sales in each month. The put options provide upside participation in Brent oil prices over US\$50 per barrel for 297,400 barrels, US\$52.50 for 64,100 barrels and US\$55 per barrel for 49,100 barrels of sales over the 1 January 2018 to 31 December 2018 period.

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

10. PROVISIONS

	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
Current		
Annual and long service leave	1,155	1,221
Rehabilitation	1,330	6,598
Onreous contracts	15	156
Other provisions	479	3,271
	2,979	11,246
Non - current		
Rehabilitation	47,622	42,450
Long service leave	842	633
Onreous contracts	7	37
	48,471	43,120
	51,450	54,366

In the 6 months ended 31 December 2017, the Group largely completed the WSGP plug and abandonment program with costs charged against the Rehabilitation provision. The movements in Other provisions reflects that the Group made a payment to a supplier for the cessation of a contract. A provision covering part of the eventual payment had been provided for in the year ended 30 June 2015.

11. CONTRIBUTED EQUITY

	Parent Entity	
	As at 31 December 2017 \$'000	As at 30 June 2017 \$'000
1,447,271,094 ordinary fully paid shares (30 June 2017: 1,442,250,404)	540,213	539,958
Total issued capital	540,213	539,958

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 2017		For the year ended 30 June 2017	
	Number of shares	\$'000	Number of shares	\$'000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	1,442,250,404	539,958	1,152,686,422	451,233
Issues of shares during the period:				
Equity raising - Institutional placement	-	-	173,154,143	54,544
Equity raising - Share purchase plan	-	-	114,735,303	36,142
Exercise of unlisted options	1,000,000	255	160,000	41
Employee shares	-	-	1,514,536	-
Performance rights (nil consideration)	4,020,690	-	-	-
Transaction costs on shares issued (net of tax)	-	-	-	(2,002)
Balance at the end of the period	1,447,271,094	540,213	1,442,250,404	539,958

SENEX ENERGY LIMITED
ABN 50 008 942 827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

11. CONTRIBUTED EQUITY (CONTINUED)

During the half year ended 31 December 2017:

1,000,000 ordinary fully paid shares were issued for a price of 25.5 cents each for the exercise of unlisted options during the half-year held by the Managing Director.

4,020,690 ordinary fully paid shares were issued during the half year to senior executives in relation to FY16 Short Term Incentive rights that vested during the half year.

12. DIVIDENDS PAID AND PROPOSED

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

13. COMMITMENTS

Exploration and development commitments

Commitments for the group

Due to the nature of the Group's operations in exploration and evaluation of areas of interest, it is not possible to forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure. In order to maintain its interests in present permit areas, the Group must expend by 31 December 2018 approximately \$22,030,000 (2017: \$28,954,000). Expenditure beyond 31 December 2018 is expected to total approximately \$90,086,000 (2017: \$66,087,000) to maintain the same interests.

These commitments may be subject to renegotiation or farmed out, or tenements to which they relate may be relinquished. Consequently, these commitments have not been provided for in the financial statements.

Commitments free carried by other parties

Exploration and evaluation commitments disclosed above do not include amounts free carried by other parties under separate arrangements. These free carry amount totals approximately \$25,319,000 (30 June 2017: \$32,427,000).

14. EVENTS AFTER THE REPORTING DATE

In February 2018, Senex began a process to rationalise non-core Cooper Basin acreage, including divestment, farm-down or relinquishment. Senex may withdraw acreage and/or discontinue the process at any time without notice.

Aside from the above, no other events after reporting date that require disclosure have occurred.

SENEX ENERGY LIMITED
ABN 50 008 942 827

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- a) the financial statements and notes of Senex Energy Limited and its controlled entities (collectively known as "the Group") are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

On behalf of the Board



Trevor Bourne
Chairman

Brisbane, Queensland
21 February 2018

SENEX ENERGY LIMITED
ABN 50 008 942 827

AUDITOR'S INDEPENDENT REVIEW REPORT



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

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

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

As lead auditor for the review of Senex Energy Limited for the half-year ended 31 December 2017 I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Anthony Jones
Partner
21 February 2018

AUDITOR'S INDEPENDENT REVIEW REPORT



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

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

Independent Auditor's Review Report to the Members of Senex Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Senex Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, 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 policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2017 and of its consolidated financial 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*.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, 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.

SENEX ENERGY LIMITED
ABN 50 008 942 827

AUDITOR'S INDEPENDENT REVIEW REPORT



Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Anthony Jones', written in a cursive style.

Anthony Jones
Partner
Sydney
21 February 2018