

To: Company Announcement Office **From:** Tara Hogan

Company: ASX Limited **Pages:** 34

Date: 21 February 2022

Subject: Senex Energy Limited (ASX:SXY) FY22 Half-Year Report

I provide the following for the Senex Energy Limited FY22 Half-Year Report:

Page 2 **Appendix 4D**

Page 4 **Half-Year Report**

With regards



Company Secretary

Appendix 4D

Half-Year report for the period ended 31 December 2021

Results for announcement to the market based on accounts that have been reviewed
against previous corresponding half-year ended 31 December 2020 (restated).¹

				\$ million
Revenue from contracts with customers	Increased	65% from \$44.8m	to	74.1
Profit/(loss) after tax from continuing operations	Decreased	16% from \$0.8m	to	0.6
Underlying profit after tax from continuing operations	Improved	from (\$0.3m)	to	2.1
Profit/(loss) after tax from ordinary activities	Improved	from (\$0.9m)	to	0.6

Underlying profit after tax from continuing operations is a non-IFRS measure. A reconciliation to statutory net profit after tax from ordinary activities is included below. Commentary on the Group's operating performance and results from operations is set out in the ASX announcement and Half-Year Report. Underlying profit has not been subject to audit or review by Senex's external auditors.

Dividends

The Company determined to pay a 5 cents per share (cps) ordinary dividend following the release of the FY22 Half-Year report. The interim dividend to be paid is set out in the table below:

Interim dividend	Amount per Share	Franked amount per Share
Interim ordinary dividend per share	\$0.05	Nil
Total dividend per share for the FY22 year to date	\$0.05	Nil
Interim dividend dates		
Record Date	1 March 2022	
Payment Date	10 March 2022	

The Board has suspended Senex's Dividend Re-investment Plan for this interim dividend, due to the proposed acquisition of 100% of the issued shares in Senex by K-A Energy 1 Pty Ltd (a company owned by POSCO INTERNATIONAL Corporation and Hancock Energy Corporation Pty Ltd) by way of a scheme of arrangement.

Net tangible asset backing

	31 Dec 2021	31 Dec 2020
Net tangible assets per ordinary security*	\$1.48*	\$1.67*

* In March 2021, a share consolidation through the conversion of every eight shares held by a shareholder to one share (8:1) occurred. Net tangible assets per ordinary share at 31 December 2021 and 31 December 2020 is presented on a post-consolidated basis. Net tangible assets per ordinary security excluding Right of Use Assets is \$0.48 (31 December 2020: \$0.76).

¹ 31 December 2020 and 30 June 2021 comparative figures have been restated to reflect the retrospective change in accounting policy in relation to cloud computing, as disclosed in the Half-Year Report.

Additional Appendix 4D disclosure requirements can be found in the Half-Year Report.

This report is based on the consolidated financial statements for the half-year ended 31 December 2021 which have been reviewed by Ernst & Young.

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

	2021	2020
Statutory net profit after tax from ordinary activities	0.6	(0.9)
Transaction costs - PIC Scheme Implementation	1.5	
Loss/(profit) from discontinued operations	-	1.6
COVID-19 government relief	-	(1.1)
Underlying profit/(loss) after tax from continuing operations	2.1	(0.3)

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

These consolidated financial statements for the half year ended 31 December 2021 are to be read in conjunction with the 2021 Annual Report.



**SENEX ENERGY LIMITED
AND ITS CONTROLLED ENTITIES**

ABN 50 008 942 827

**FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

For personal use only

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
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SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
CORPORATE INFORMATION

This Half-Year report for the six months ended 31 December 2021 is for Senex Energy Limited (**Senex** or the **Company**) and its controlled entities (collectively known as the **Group**).

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

The nature of the operations and principal activities of the Group are described in the Directors' Report on page 2.

DIRECTORS	Trevor Bourne	Chairman, Independent Non-Executive Director
	Ian Davies	Managing Director and Chief Executive Officer
	Ralph Craven	Independent Non-Executive Director
	Timothy Crommelin	Independent Non-Executive Director
	Margaret Kennedy	Independent Non-Executive Director
	Glenda McLoughlin	Independent Non-Executive Director
	John Warburton	Independent Non-Executive Director

SECRETARY	David Pegg and Tara Hogan
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REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Level 30, 180 Ann Street Brisbane Queensland 4000
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WEBSITE	www.senexenergy.com.au
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SHARE REGISTER	Computershare Investor Services Pty Limited Level 1, 200 Mary Street Brisbane Queensland 4000 Phone: 1300 850 505 (toll free) Website: www.computershare.com
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SECURITIES EXCHANGE	Australian Securities Exchange (ASX) - Code: SXY
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BANKERS	ANZ Banking Group Ltd Level 20, 111 Eagle Street Brisbane Queensland 4000
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AUDITORS	Ernst & Young Level 51, 111 Eagle Street Brisbane Queensland 4000
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SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT

Your Directors present their report for the Company and its consolidated entities for the Half-Year ended 31 December 2021.

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	Chairman, Independent Non-Executive Director
Ian Davies	Managing Director and Chief Executive Officer
Ralph Craven	Independent Non-Executive Director
Timothy Crommelin	Independent Non-Executive Director
Margaret Kennedy	Independent Non-Executive Director
Glenda McLoughlin	Independent Non-Executive Director
John Warburton	Independent Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of entities within the consolidated group are gas exploration, development and production.

REVIEW AND RESULTS OF OPERATIONS

Highlights – First Half FY22

- Gas sales revenue from continuing operations for the half-year ended 31 December 2021 (H1 FY22) of \$74.10 million is up 65% from \$44.85 million for the half-year ended 31 December 2020 (H1 FY21).
- Operating cash flow in line with H1 FY21 at \$22.5 million (H1 FY21: \$22.2 million), but on a continuing operations basis improved 58% (H1 FY21: \$14.3m).
- Surat Basin production up 29% to 10.2 PJ (H1 FY21 8.0 PJ).
- Surat Basin gas production averaged 56 TJ/day (>20 PJ/year), with a peak production rate of 59 TJ/day achieved.
- Expanded 54-well natural gas drilling program continues across Atlas and Roma North developments, with completion expected in FY22.
- Roma North Stage 1b facility expansion completed and online in August 2021. Nameplate capacity of 9 PJ/year (24 TJ/day) expected to be achieved by the end of FY22.
- Front End Engineering Design (FEED) activities completed for expansion of Roma North to 18 PJ/year (48 TJ/day).
- Final Investment Decision (FID) taken in August 2021 for \$40 million Atlas expansion to 18 PJ/year (48 TJ/day).
- Atlas Stage 3 expansion to 30 PJ/year (80 TJ/day) investigation underway, facilitated by binding agreement with APLNG to acquire undeveloped gas fields PL 209 and PL445 for \$80 million, with the transaction completed in January 2022.
- Senex entered into a binding Scheme Implementation Agreement with POSCO INTERNATIONAL Corporation (PIC) on 13 December 2021, whereby 100% of Senex's shares will be acquired for a cash offer price of A\$4.60 per share.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Financial performance

- The Group's gas sales revenue was \$74.10 million, an increase of 65% from H1 FY21. The increase in revenue is primarily due to:
 - a 32% increase in sales volumes largely due to Atlas being in ramp up phase in H1 FY21; and
 - a 25% increase in average realised pricing to \$7.6 per GJ (H1 FY21: \$6.1 per GJ) due largely to oil linked pricing at Roma North.
- Gas unit operating costs were \$2.2/ GJ for H1 FY22, a 4% reduction on H1 FY21.
- The Group's net profit before tax was \$0.6 million compared to a loss of \$0.9 million in H1 FY21.
- Underlying net profit after tax from continuing operations was \$2.1 million (H1 FY21: loss of \$0.3 million).
- At 31 December 2021, the Group held cash reserves of \$62.8 million and had drawn debt of \$75.0 million. Net debt at 31 December 2021 was \$12.2 million.
- The Group has undrawn debt of \$50.0 million available for use as required.
- 31 December 2020 and 30 June 2021 comparative figures have been restated to reflect the retrospective change in accounting policy in relation to cloud computing.

Development activity

Drilling Program

Easternwell continues to progress an expanded 54-well FY22 natural gas drilling program across Senex's Atlas and Roma North developments. This expansion of the original 30-well drilling program brings forward planned FY23 drilling activity, creating development efficiencies and enabling gas processing capacity at Atlas and Roma North to be filled several months sooner.

Roma North Stage 1b expansion to 9 PJ/year (24 TJ/day)

On 13 October 2020, Senex announced a Final Investment Decision (FID) for a 50 per cent expansion of natural gas production at Roma North to 9 PJ/year (24 TJ/day). The facility expansion was completed and online in August 2021, with a production peak of 20.7 TJ/day achieved in October 2021. Nameplate capacity of 24 TJ/day is expected to be achieved by the end of FY22.

Atlas Stage 2 expansion to 18 PJ/year (48 TJ/day)

Senex announced in August 2021 that FID had been taken for the \$40 million expansion of natural gas production at Atlas to 18 PJ/year (48 TJ/day firm capacity). The expansion is a low-cost, low-carbon, high-return and long-life investment to support increased domestic natural gas supply to Australian manufacturers and other domestic users. Senex has finalised arrangements with Jemena to construct and fund the Atlas processing facility expansion under an extension of existing tolling arrangements, with commissioning expected in Q1 FY23.

Atlas Stage 3 expansion to 30 PJ/year (80 TJ/day)

In November 2021, Senex announced it had entered into a binding agreement with Australia Pacific LNG to acquire the undeveloped gas fields PL 209 and PL 445, adjacent to Senex's Atlas natural gas development, for \$80 million. On 17 January 2022, Senex announced that the agreement had been completed. Options to expand Atlas production to 30 PJ/year from CY24 - half of Senex's end-FY25 production target of 60 PJ/year - form part of a review of development sequencing currently being undertaken by Senex.

PL 209 and PL 445 include a 77 km² development-ready Northern Area, comparable in reservoir quality to the adjacent Atlas field, and a 77 km² Southern Area requiring future appraisal. The acquisition delivers an Estimated Ultimate Recoverable (EUR) volume of 184 PJ in the Northern Area, with additional ~600 PJ estimated gas-in-place in the Southern Area requiring future appraisal. There are no gas supply obligations or domestic marketing commitments, providing portfolio flexibility.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

People, environment and community

In respect of safety, Senex recorded one minor injury in December. Strong focus continues on maintaining health and safety performance through leadership site visits and forums, and inspections of contractor activities. Strict COVID-19 protocols and business continuity measures remain a critical priority towards keeping our people and communities safe.

In line with Senex's commitment to high standards of environmental performance, there were no serious incidents during the reporting period.

Senex maintained high-quality engagement with its landholders, Traditional Owners and the local community, investing locally to create mutual benefits including opportunities for local procurement and employment.

Commercial and Corporate

Binding Scheme Implementation Agreement, Scheme Booklet and Scheme Meeting

Senex announced on 13 December 2021 that it had entered into a binding Scheme Implementation Agreement (SIA) with POSCO INTERNATIONAL Corporation (PIC), whereby 100% of Senex's shares will be acquired for a cash offer price of A\$4.60 per share (Scheme). PIC have advised that the share acquisition entity will be K-A Energy 1 Pty Ltd (a company owned by PIC and Hancock Energy Corporation Pty Ltd).

The Scheme is conditional upon Senex shareholder approval, Court approval and certain other conditions outlined in Section 3.1 of the SIA. The Scheme was also conditional on completion of the acquisition of natural gas fields PL 209 and PL 445, which was announced on 17 January 2022; Korean foreign exchange approval, which was announced on 3 February 2022; and Foreign Investment Review Board (FIRB) approval, which was announced on 18 February 2022.

On 7 February 2022, the Federal Court of Australia made the following orders in relation to the Scheme:

- that Senex convene and hold a meeting of Senex shareholders to consider and vote on the Scheme ("**Scheme Meeting**"); and
- approving the distribution of an explanatory statement providing information about the Scheme and the notice of Scheme Meeting ("**Scheme Booklet**") to Senex shareholders.

The Scheme Meeting will be held on 15 March 2022 and, if approved, the transaction is expected to complete on 1 April 2022.

The Scheme Booklet, containing information in relation to the transaction, the reasons for the Senex Board of Directors' recommendation, an Independent Expert's Report and details of the Scheme, was released to the ASX on 7 February 2022. Senex has appointed Lonergan Edwards & Associates as the Independent Expert.

The Senex Board unanimously recommends that shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and the Independent Expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and therefore in the best interests of shareholders. Senex Directors intend to vote all shares they hold or control in favour of the Scheme, subject to these same conditions.

The Senex Board has confirmed with the Independent Expert that the half-year results do not change the Independent Expert's conclusion.

New Gas Sales Agreements

Senex announced new gas sales agreements during the period totalling up to around 43 petajoules with Shell Energy Australia, 29 Metals Limited, New Century Resources Limited, Opal and Adbri Limited. Senex has now signed around 90 PJ of agreements with customers that support the powering of homes, manufacturing and jobs and Australia's transition to a low-carbon economy.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Decarbonisation Action Plan

Senex released its inaugural Decarbonisation Action Plan in October 2021, detailing the company's ambition to reduce greenhouse gas (GHG) emissions across our operational footprint to net zero by 2040, with transparent and bold near-term emissions intensity reduction targets. Senex supports the objective of limiting the global temperature rise to well below two degrees Celsius and has defined its ambition, targets and actions over the short, medium and long term to reduce GHG emissions across the full value chain. Senex has adopted the following targets and ambition to reduce Scope 1, Scope 2 and Scope 3 Processing¹ GHG emissions that are within its direct influence:

30% FY25 TARGET	75% FY30 TARGET	NET ZERO 2040 AMBITION
30% reduction in GHG emissions intensity vs FY21 baseline	75% reduction in GHG emissions intensity vs FY21 baseline	Net zero operational GHG emissions using mitigation hierarchy

¹ Scope 3 GHG emissions resulting from the processing and compression of Senex's natural gas in third-party-owned gas processing facilities upstream of the gas sales point. Refer to Senex's Decarbonisation Action Plan for further information.

Sustainability Report

Senex's 2021 Sustainability Report, released in November, details the Company's environmental, social and corporate governance performance and its commitment to continuous improvement. Senex's first standalone sustainability report - aligned with GRI standards, the global benchmark for sustainability reporting - profiles the Company's sustainability approach, priorities and performance for FY21 and highlights commitments for FY22.

Executive changes

On 25 May 2021, Senex announced the appointment of Mr Simon Ellinor as Chief Financial Officer and on 26 November 2021, Senex announced the appointment of Ms Tara Hogan, General Counsel, as an additional secretary for each group company.

Reconciliation of profit after tax to underlying profit/(loss) after tax

	Half-year ended 31 December 2021	Half-year ended 31 December 2020 (Restated)
	\$m	\$m
Statutory net profit/(loss) after tax from ordinary activities	0.6	(0.9)
Transaction costs - Scheme Implementation	1.5	-
Loss from discontinued operations	-	1.6
COVID-19 government relief	-	(1.1)
Underlying profit/(loss) after tax from continuing operations	2.1	(0.3)

Underlying net profit/(loss) after tax is a non-IFRS measure and has not been subject to audit or review by Senex's external auditors. Items removed from underlying net profit/(loss) after tax are:

Binding Scheme Implementation Agreement

Costs incurred by the Group in respect of the transaction with K-A Energy 1 Pty Ltd does not form part of its ordinary activities and have been removed from the underlying result.

Loss from discontinued operations

The Group announced on 3 November 2020 that it had entered into a binding agreement with Beach Energy to sell its Cooper Basin business. The sale completed on 1 March 2021. The Cooper Basin's contribution to the Group's result during the half year ended 31 December 2020 was recognised as a discontinued operation and removed from the underlying result.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

COVID-19 government relief

State and federal governments announced measures to help businesses during the COVID-19 pandemic. During the half year ended 31 December 2020 Senex received relief in the form of JobKeeper payments and payroll tax rebates (\$1.1 million recognised in continuing operations and \$0.2 million is recognised in discontinued operations). These have been removed from underlying profit as they are abnormal and are not expected to be long-term arrangements. No government relief was received in the half year ended 31 December 2021.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Group in the Half-Year ended 31 December 2021 that have not been otherwise detailed in this Directors' Report.

EVENTS AFTER THE REPORTING DATE

Acquisition of APLNG gas fields PL209 and PL445

In November 2021, Senex announced it had entered into a binding agreement with Australia Pacific LNG to acquire the undeveloped gas fields PL 209 and PL 445, adjacent to Senex's Atlas natural gas development, for a purchase price of \$80m (plus GST). On 17 January 2022, after the half-year reporting period, Senex announced that the agreement had been completed.

Proposed Scheme of Arrangement with POSCO International Corporation (PIC)

On 7 February 2022 Senex provided an update in relation to the proposed acquisition of 100% of the issued shares in Senex by K-A Energy 1 Pty Ltd (a company owned by PIC and Hancock Energy Corporation Pty Ltd) by way of a recommended, court-approved scheme of arrangement.

A Scheme Booklet containing information in relation to the transaction, the reasons for the Senex Board of Directors' recommendation, an Independent Expert's Report and details of the Scheme have been made available to Senex shareholders. The Scheme Meeting will be held on 15 March 2022 and, if approved, the transaction is expected to complete on 1 April 2022.

Other

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

AUDITOR INDEPENDENCE

The independence declaration received from the auditor of Senex Energy Limited is set out on page 8 and forms part of this Directors' Report for the Half-Year ended 31 December 2021.

DIVIDENDS

The Company determined to pay a 5 cents per share (cps) ordinary dividend following the release of the FY22 Half-Year report. Dividends paid, and the interim dividend to be paid, are set out in the table below.

Interim dividend	Amount per Share	Franked amount per Share
Interim ordinary dividend per share	\$0.05	Nil
Total dividend per share for the FY22 year	\$0.05	Nil
Interim dividend dates		
Record Date	1 March 2022	
Payment Date	10 March 2022	

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
ABN 50 008 942 827
DIRECTORS' REPORT (CONTINUED)

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, Independent Non-Executive Director

18 February 2022



**Building a better
working world**

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

As lead auditor for the review of the half-year financial report of Senex Energy Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene 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

Matthew Taylor
Partner
18 February 2022

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		For the half-year ended 31 December 2021	For the half-year ended 31 December 2020 (Restated)
	Note	\$'000	\$'000
Continuing operations			
Revenue	3(a)	68,356	50,089
Other income	3(b)	533	373
Expenses excluding net finance costs	4(a)	(59,257)	(40,081)
Finance expenses	4(b)	(9,004)	(9,629)
Profit before tax from continuing operations		628	752
Income tax (expense)/benefit		-	-
Profit after tax from continuing operations		628	752
Profit/(loss) after tax for the year from discontinued operations	5	-	(1,649)
Net Profit/(loss) attributable to owners of the parent entity		628	(897)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss (net of tax)			
Change in fair value of cash flow hedges		2,656	(5,463)
		2,656	(5,463)
Total comprehensive Income/(Loss) for the period attributable to owners of parent entity		3,284	(6,360)
Earnings/(loss) per share attributable to the ordinary equity holders of the parent entity:			
Basic earnings/(loss) (cents per share)		0.34	(0.49)
Diluted earnings/(loss) (cents per share)	6	0.33	(0.49)
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic earnings/(loss) (cents per share)		0.34	0.41
Diluted earnings/(loss) (cents per share)	6	0.33	0.40

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

The Consolidated Statement of Comprehensive Income has been restated for a change in accounting policy, refer Note 1 for further information.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	As at 31 December 2021 \$'000	As at 30 June 2021 (Restated) \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	62,833	101,017
Prepayments		7,535	736
Trade and other receivables		17,627	17,631
Stores inventory		12,954	8,283
Total current assets		100,949	127,667
Non-current assets			
Property, plant and equipment		230,275	218,813
Gas properties		255,429	228,723
Exploration assets		22,930	21,833
Intangible assets		5,965	3,148
Deferred tax assets		65,657	65,657
Total non-current assets		580,256	538,174
TOTAL ASSETS		681,205	665,841
LIABILITIES			
Current liabilities			
Trade and other payables		30,379	30,676
Provisions		4,384	5,099
Other financial liabilities		9,563	8,692
Lease liabilities		12,969	10,387
Total current liabilities		57,295	54,854
Non-current liabilities			
Provisions		21,629	19,153
Interest-bearing liabilities	7	69,939	68,763
Other financial liabilities		1,599	4,110
Lease liabilities		185,780	172,063
Total non-current liabilities		278,947	264,089
TOTAL LIABILITIES		336,242	318,943
NET ASSETS		344,963	346,898
EQUITY			
Contributed equity		543,005	540,468
Reserves		18,452	14,342
Accumulated losses		(216,494)	(207,912)
TOTAL EQUITY		344,963	346,898

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

The Consolidated Statement of Financial Position has been restated for a change in accounting policy, refer Note 1 for further information.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		For the half-year ended 31 December 2021	For the half-year ended 31 December 2020 (Restated)
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		84,435	66,043
Payments to suppliers and employees		(48,866)	(43,785)
Payments for exploration expenditure		(304)	-
Interest received		59	178
Interest paid		(7,489)	(7,037)
(Payments for)/Receipts from commodity hedges		(5,349)	5,550
Other receipts		-	1,225
Net cash inflow from operating activities		22,486	22,174
Cash flows from investing activities			
Payments for gas assets, plant & equipment and intangibles		(49,899)	(26,507)
Net cash outflow from investing activities		(49,899)	(26,507)
Cash flows from financing activities			
Repayment of debt funding		-	(15,000)
Payments for debt facility cost		(458)	-
Payments for lease arrangements		(3,852)	(1,993)
Dividends paid		(6,674)	-
Net cash outflow from financing activities		(10,984)	(16,993)
Net decrease in cash and cash equivalents		(38,397)	(21,326)
Net foreign exchange difference		213	(553)
Cash and cash equivalents at the beginning of the period		101,017	79,908
Cash and cash equivalents at the end of the period	7	62,833	58,029

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

The Consolidated Statement of Cash Flows for the half-year ended 31 December 2020 includes cash flows from discontinued operations. Refer to Note 5 for additional detail.

The Consolidated Statement of Cash Flows has been restated for a change in accounting policy, refer Note 1 for further information.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

The following table presents the Consolidated Statement of Changes in Equity for the half-year ended 31 December 2021:

	Contributed Equity \$'000	Accumulated loss (Restated) \$'000	Share-based Payments Reserve \$'000	Hedging Reserve \$'000	Total (Restated) \$'000
Balance at 1 July 2021	540,468	(207,912)	27,095	(12,753)	346,898
Profit for the period	-	628	-	-	628
Other comprehensive Income	-	-	-	2,656	2,656
Total comprehensive benefit	-	628	-	2,656	3,284
Transactions with owners, recorded directly in equity:					
Settlement of short-term incentives	-	-	1,454	-	1,454
Dividends	-	(9,210)	-	-	(9,210)
Issue of share capital	2,537	-	-	-	2,537
Balance at 31 December 2021	543,005	(216,494)	28,549	(10,097)	344,963

The following table presents the Consolidated Statement of Changes in Equity for the half-year ended 31 December 2020:

	Contributed Equity \$'000	Accumulated loss (Restated) \$'000	Share-based Payments Reserve \$'000	Hedging Reserve \$'000	Total (Restated) \$'000
Balance at 1 July 2020	540,468	(258,862)	21,739	7,065	310,410
Loss for the period	-	(897)	-	-	(897)
Other comprehensive Income	-	-	-	(5,463)	(5,463)
Total comprehensive loss	-	(897)	-	(5,463)	(6,360)
Transactions with owners, recorded directly in equity:					
Share-based payments expense	-	-	1,411	-	1,411
Settlement of short-term incentives	-	-	2,984	-	2,984
Balance at 31 December 2020	540,468	(259,759)	26,134	1,602	308,445

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

The Consolidated Statement of Changes in Equity has been restated for a change in accounting policy, refer Note 1 for further information.

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Senex Energy Limited (the Company) and its controlled entities (collectively known as "the Group") for the half-year ended 31 December 2021 were authorised for issue on 18 February 2022 in accordance with a resolution of the Directors.

The Company is:

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

The principal activities of entities within the consolidated group are gas exploration, development and production.

Basis of preparation

- The Half-Year financial statements for the Half-Year ended 31 December 2021 have been prepared in accordance with AASB 134 *Interim Financial Reporting*. The Half-Year financial statements are condensed Half-Year financial statements and 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 2021.
- The Half-Year financial statements adopts new or amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2021. Refer below for further details regarding the change in accounting policy adopted at 1 July 2021.
- The Half-Year financial statements present reclassified comparative information where required for consistency with the current period's presentation.
- 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 2021 in accordance with the continuous disclosure obligations arising under the *Corporation Act 2001* and Australian Securities Exchange Listing Rules.
- In preparing the consolidated condensed Half-Year financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.
- The controlled entities are all those entities over which the Group has power, exposure or rights to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect its returns.
- The controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.
- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

- At 31 December 2020 the Cooper Basin business was classified as a discontinued operation. Refer note 5 for further details.

Foreign currency translation

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

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

Significant accounting policies

Except as disclosed below, accounting policies adopted in the preparation of the Half-Year financial statements are consistent with those used in the preparation of the Group's Annual Report for the year ended 30 June 2021.

Other accounting policies

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

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

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

New and amended accounting standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 July 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time at 1 July 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group, aside from SaaS arrangements. (refer to below for details). Should there be any impact in future years accounting policies will be updated accordingly.

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. The Group has changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements. The nature and effect of the changes as a result of changing this policy is described below.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software-as-a-Service (SaaS) arrangements (continued)

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract. Previously some costs had been capitalised and amortised over its useful life.

Impact of change in accounting policy

The change in policy has been retrospectively applied and comparative financial information has been restated, as follows:

Consolidated statement of financial position (increase/ (decrease)):

	As Previously reported 30 June 2021 \$'000	Adjustments \$'000	As Restated at 30 June 2021 \$'000
Assets			
Intangible assets	8,690	(5,542)	3,148
Deferred tax asset	63,994	1,663	65,657
Net assets	350,777	(3,879)	346,898
Equity			
Current year profit and loss (for the year ended 30 June 2021)	65,668	203	65,871
Retained earnings	(258,862)	(4,082)	(262,944)
Total equity	350,777	(3,879)	346,898

Consolidated statement of comprehensive income (increase/ (decrease)):

	As Previously reported 31 December 2020 \$'000	Adjustments \$'000	As Restated at 31 December 2020 \$'000
General and admin expenses	(2,473)	(1,395)	(3,868)
Depreciation and amortisation (intangibles)	(405)	405	-
Profit before tax (continuing operations)	1,742	(990)	752
Income tax benefit	-	-	-
Profit after tax (continuing operations)	1,742	(990)	752
Loss after tax from discontinued operations	(1,649)	-	(1,649)
Net profit attributable to the owners	93	(990)	(897)

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software-as-a-Service (SaaS) arrangements (continued)

Impact of change in accounting policy (continued)

Consolidated statement of cash flows (increase/ (decrease)):

	As Previously reported 31 December 2020 \$'000	Adjustments \$'000	As Restated at 31 December 2020 \$'000
Payments to suppliers and employees	(42,390)	(1,395)	(43,785)
Net cash generated from operating activities	23,569	(1,395)	22,174
Payment for gas assets, PP&E and intangible assets	(27,902)	1,395	(26,507)
Net cash inflow from investing activities	(27,902)	1,395	(26,507)

For the impact on basic and diluted earnings per share refer to Note 6.

Significant accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. These are consistent with those disclosed in the 30 June 2021 Annual Report:

Reserves estimates	Other accounting policies
Impairment of gas properties, exploration assets and inventory	Note 7
Rehabilitation provisions	Note 8
SaaS arrangements	New and amended accounting standards

Note 1: New and amended accounting standards and interpretations describes the Group's accounting policy in respect of customisation and configuration costs incurred in implementing SaaS arrangements as described above. In the process of applying the Group's accounting policy, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

Determining whether cloud computing arrangements contain a software licence intangible asset

The Group evaluates cloud computing arrangements to determine if it provides a resource that the Group can control. The Group determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:

- The Group has the contractual right to take possession of the software during the hosting period without significant penalty.
- It is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.

Capitalisation of configuration and customisation costs in SaaS arrangements

Where the Group incurs costs to configure or customise SaaS arrangements and such costs are considered to enhance current on-premise software or provide code that can be used by the Group in other arrangements, the Group applies judgement to assess whether such costs result in the creation of an intangible asset that meets the definition and recognition criteria in AASB 138 *Intangible Assets*. For the half-year ended 31 December 2021, \$5.97m (FY21: \$3.15m) of costs incurred in implementing SaaS arrangements were recognised as intangible assets.

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant accounting estimates and judgements (continued)

Determination whether configuration and customisation costs provide a distinct service to access to the SaaS

The Group applies judgement in determining whether costs incurred provide a distinct service, aside from access to the SaaS. Where it is determined that no distinct service is identifiable, the related costs are recognised as expenses over the duration of the service contract.

NOTE 2: OPERATING SEGMENTS

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

Identification of reportable segments

At 30 June 2020 the Group identified the Surat Basin and Cooper/Eromanga Basin as two identifiable operating segments. Effective 1 July 2020 Senex entered into a binding agreement with Beach Energy Ltd to sell its Cooper Basin assets, with completion on 1 March 2021. The sale resulted in Senex Energy Limited's exit from the entire Cooper/Eromanga Basin operating segment. Please refer to Note 5 for additional information.

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

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

Major customers

The Group sells gas to a range of customers including Orora, Santos GLNG, CleanCo, Total GLNG, CSR, Origin Energy, PAPL, Alinta Energy, Visy, PetroChina, Pelican Point Power, Ampol, KGLNG and Walloons Coal Seam Gas Co. All customers are located within Australia.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those used to prepare the financial statements. Certain revenues, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment. At 31 December 2021, unallocated assets are \$156.5 million (30 June 2021: \$129.3 million), which is primarily cash of \$62.8 million (30 June 2021: \$101.0 million). Unallocated liabilities are \$37.9 million (30 June 2021: \$38.9 million), which is primarily lease liabilities of \$7.9 million (30 June 2021: \$8.3 million).

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 3: REVENUE

	For the half-year ended 31 December 2021	For the half-year ended 31 December 2020 (Restated)
	\$'000	\$'000
(a) Revenue		
Gas sales	74,103	44,848
Hedge settlements	(6,364)	5,241
Other revenue	617	-
	68,356	50,089
(b) Other income		
Net gain on disposal of property, plant and equipment	386	-
Interest income	59	159
Other	88	214
	533	373

NOTE 4: EXPENSES

	For the half-year ended 31 December 2021	For the half-year ended 31 December 2020 (Restated)
	\$'000	\$'000
(a) Expenses excluding net finance costs		
Operating expenses	12,313	10,434
Other operating costs		
Pipeline and processing tariffs	5,789	4,912
Royalties	6,713	3,225
Depreciation and amortisation		
Amortisation of gas properties	9,918	7,981
Other property, plant and equipment and intangibles	9,294	6,073
Third party product purchases		
Third party product purchases	3,646	1,780
Other expenses		
Employee expenses not included in operating costs ¹	5,334	1,205
Foreign exchange loss	(214)	553
Operating lease expense	(3)	50
Other expenses	4,969	3,868
Scheme Implementation costs	1,498	-
	59,257	40,081

¹ HY December 20 includes \$1.1 million reduction in expenses from State and Federal government measures to assist businesses during the COVID-19 pandemic such as Jobkeeper payment and payroll tax rebates. A further \$0.2 million reduction in expenses is recognised in discontinued operations. For the current HY December 21 no assistance was received.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 4: EXPENSES (CONTINUED)

	For the half-year ended 31 December 2021	For the half-year ended 31 December 2020 (Restated)
	\$'000	\$'000
(b) Finance expenses		
Rehabilitation accretion	155	111
Debt facility accretion	1,634	1,227
Lease and bank interest	7,215	8,291
	9,004	9,629

NOTE 5: DISCONTINUED OPERATIONS

Effective 1 July 2020 Senex entered a binding agreement with Beach Energy Ltd to sell its Cooper Basin assets with completion on 1 March 2021, for \$87.5 million provisional cash consideration. The sale resulted in the Group's exit from the Cooper Basin after more than 20 years.

The final sale proceeds after completion were \$84.5 million. The provisional consideration was adjusted at completion for economic impacts from the effective date 1 July 2020 until completion date 1 March 2021, in accordance with the sales contract. Senex continued to operate the Cooper Basin assets until completion of the transaction.

At 31 December 2020, the Cooper Basin business was classified as a disposal group held for sale and as a discontinued operation. The results of Cooper Basin business for the period are presented below:

	For the half-year ended 31 December 2021	For the half-year ended 31 December 2020
	\$'000	\$'000
Revenue	-	20,053
Expenses	-	(21,472)
Tax (expense)/benefit	-	(230)
(Loss)/profit before tax	-	(1,649)
Tax (expense)/benefit	-	-
(Loss)/profit after tax for the period from discontinued operations	-	(1,649)

There was no net cash flow generated by the Cooper Basin business for the half-year ended 31 December 2021 (31 December 2020: \$6.4 million). For the half year ended 31 December 2020 the cash contribution is represented by \$7.9 million of operating cash inflow, \$1.5 million of investing cash outflow and nil financing cashflows.

The basic and diluted loss per share from discontinued operations for the half-year ended 31 December 2020 was 0.11 cents per share.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 6: EARNINGS PER SHARE (EPS)

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

There are no dilutive shares at 31 December 2021. For the purposes of calculating diluted earnings per share at 31 December 2021, 5.2 million (31 December 2020: 4.9m) rights are taken into account. The Group's only potential dilutive ordinary shares are share awards granted under the employee share ownership plans for which terms and conditions are described in Note 15 to the 30 June 2021 Annual Report. At 31 December 2021, no instruments are considered antidilutive (31 December 2020: nil).

A share consolidation through the conversion of every eight shares held by a shareholder to one share (8:1) occurred in March 2021. Shares at 31 December 2021 and 31 December 2020 are quoted on a post-consolidated basis. (31 December 2020 pre-consolidated basis for basic earnings were 1.458 billion shares and 1.460 billion shares for diluted earnings.)

The implementation of the SaaS arrangements accounting policy has been retrospectively applied and comparative financial information has been restated, as follows:

Impact on basic and diluted earnings per share (increase/ (decrease)):

EPS - Cents per share (cps)	As previously reported 31 December 2020	Adjustments	As restated at 31 December 2020
Basic EPS attributable to the parent	0.05	(0.54)	(0.49)
Diluted EPS attributable to the parent	0.05	(0.54)	(0.49)
Basic EPS from continuing operations	0.96	(0.55)	0.41
Diluted EPS from continuing operations	0.93	(0.53)	0.40
		For the half-year ended 31 December 2021	For the half-year ended 31 December 2020 (Restated)
		\$'000	\$'000
Profit attributable to ordinary equity holders of the Parent			
Continuing operations		628	752
Discontinued operations		-	(1,649)
Profit/(loss) attributable to ordinary equity holders of the Parent for basic earnings		628	(897)
Weighted average number of shares used in (thousands)			
Basic earnings		184,691	182,489
Diluted earnings		189,880	187,362
Earnings per share attributable to the ordinary equity holders of the parent entity:			
Basic earnings/(loss) (cents per share)		0.34	(0.49)
Diluted earnings/(loss) (cents per share)		0.33	(0.49)

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

WORKING CAPITAL

FINANCIAL MANAGEMENT

NOTE 7: NET DEBT

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

The Group has a \$160 million Senior Secured Multi-Currency Facility Agreement (SFA). The SFA comprises of the \$125 million Facility A (reserve-based facility), the \$25 million Facility B and \$10 million Facility C (both working capital facilities for general corporate purposes).

Facility A matures on 26 October 2025 while Facility B and C mature on 26 October 2024.

In October 2021, facility B and C were due to mature but were extended for a further 3 years. The Group has drawn down \$75 million of the \$125 million committed Facility A revolving loan. The remaining \$50 million continues to be available for utilisation upon request, up until 30 June 2022. From this date the total commitment will be reduced to \$100 million and reducing the amount available for utilisation to \$25 million. The next committed reduction from \$100 million to \$75 million will occur on 31 March 2023. The reduced utilisation of Facility A will provide overall savings in interest costs.

	As at 31 December 2021 \$'000	As at 30 June 2021 \$'000
Non-current interest-bearing liabilities		
Bank loan	(75,000)	(75,000)
Debt facility transaction costs	5,061	6,237
Total interest-bearing liabilities	(69,939)	(68,763)
Less: cash and cash equivalent		
Cash at bank and in hand	62,833	101,017
Total cash and cash equivalents	62,833	101,017
Net (debt)/cash excluding transaction costs	(12,167)	26,017

NOTE 8: FINANCIAL ASSETS AND LIABILITIES

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

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

Fair values

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

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 8: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Fair values (continued)

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.

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 8: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Fair values (continued)

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

	As at 31 December 2021			As at 30 June 2021		
	Amortised cost	Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value through profit or loss	Fair value through OCI
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	62,833	-	-	101,017	-	-
Trade and other receivables ¹	17,627	-	-	17,631	-	-
Other financial assets:						
Interest rate swaps - non-current ²	-	-	199	-	-	-
Total	80,460	-	199	118,648	-	-
Financial liabilities						
Trade and other payables	30,379	-	-	30,676	-	-
Interest bearing liabilities	75,000	-	-	75,000	-	-
Lease liabilities	198,749	-	-	182,450	-	-
Other financial liabilities						
Interest rate swaps - current ²	-	-	65	-	-	229
Interest rate swaps - non-current ²	-	-	-	-	-	641
Crude oil price swaps - current ³	-	-	9,498	-	-	8,463
Crude oil price swaps - non-current ³	-	-	1,798	-	-	3,469
Total	304,128	-	11,361	288,126	-	12,802

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 8: FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Fair values (continued)

1) Level 2

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

2) Level 2

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

3) Level 2

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

The Group did not have any level 1 or level 3 financial instruments as at 31 December 2021 or 30 June 2021.

OTHER FINANCIAL DISCLOSURE

NOTE 9: COMMITMENTS

There has been no material change to low-value or short term (less than 12 months) lease agreements which are not recognised as liabilities.

Capital commitments contracted for at the reporting date but not recognised as liabilities were \$31.3 million (30 June 2021: \$2.5 million).

NOTE 10: CONTINGENCIES

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

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

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

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

NOTE 10: CONTINGENCIES (CONTINUED)

The Group had contingent liabilities at 31 December 2021 in respect of:

Scheme implementation agreement

Senex announced on 13 December that it had entered into a binding Scheme Implementation Agreement ("SIA") with POSCO INTERNATIONAL Corporation ("PIC"). Success fees will become payable to financial advisers upon the scheme of arrangement becoming effective. The Scheme is conditional upon a Senex shareholder approval, Court approval, Foreign Investment Review Board ("FIRB") approval, Korean foreign exchange approval, and other customary conditions for a transaction of this nature. An estimated \$14 million in fees is contingent upon the successful implementation of the scheme and PIC successfully acquiring the issued shares in Senex.

There were no other unrecorded contingent assets or liabilities in place for the Group at 31 December 2021.

NOTE 11: DIVIDENDS PAID AND PROPOSED

	For the half-year ended 31 December 2021	For the half-year ended 31 December 2020
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half year	9,210	-
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the half year were as follows:		
Paid in cash	6,673	-
Satisfied by issue of shares	2,537	-
	9,210	-

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

NOTE 12: EVENTS AFTER THE REPORTING DATE

Acquisition of APLNG gas fields PL 209 and PL445

In November 2021, Senex announced it had entered into a binding agreement with Australia Pacific LNG to acquire the undeveloped gas fields PL 209 and PL 445, adjacent to Senex's Atlas natural gas development, for a purchase price of \$80m (plus GST). On 17 January 2022, after the half-year reporting period, Senex announced that the agreement had been completed.

Proposed Scheme of Arrangement with POSCO International Corporation (PIC)

On 7 February 2022 Senex provided an update in relation to the proposed acquisition of 100% of the issued shares in Senex by K-A Energy 1 Pty Ltd (a company owned by PIC and Hancock Energy Corporation Pty Ltd) by way of a recommended, court-approved scheme of arrangement.

A Scheme Booklet containing information in relation to the transaction, the reasons for the Senex Board of Directors' recommendation, an Independent Expert's Report and details of the Scheme have been made available to Senex shareholders. The Scheme Meeting will be held on 15 March 2022 and, if approved, the transaction is expected to complete on 1 April 2022.

Other

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

**SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

Directors' Declaration

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

- (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 2021 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, Independent Non-Executive Director



Ian Davies
Managing Director and Chief Executive Officer

18 February 2022



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Independent auditor's review report to the members of Senex Energy Limited

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 2021, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2021 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2021 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*.



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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.

Ernst & Young

Matthew Taylor
Partner
Brisbane
18 February 2022