Senex Energy Limited

To:	Company Announcement Office	**From:**	Senex Energy Limited
Company:	ASX Limited	**Pages:**	138
Date:	25 August 2015		
Subject:	Senex Energy Limited (ASX:SXY) Preliminary Final Report for FY15		

Please find enclosed the Preliminary Final Report for Senex Energy Limited in reference to the 2015 financial year, including:

Appendix 4E
Director's Report including Remuneration Report
Operating and Financial Review
Corporate Governance Statement
Financial Statements

The Senex Annual Report 2015 including sustainability review will be released before the Annual General Meeting on 18 November 2015.

Regards
Frank Connolly
Company Secretary

Appendix 4E

Senex Energy Limited

Preliminary final report for the year ended 30 June 2015

Based on accounts that have been audited

Results for announcement to the market

Against previous corresponding period to 30 June 2014:

				$ million
Revenue from ordinary activities	down	32%	to	115.9
Profit / (loss) after tax from ordinary activities	down	313%	to	(80.6)
Underlying profit / (loss) after tax from ordinary activities	down	87%	to	5.6
Profit / (loss) for the period attributable to members	down	313%	to	(80.6)

Underlying profit 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 accompanying full year announcement and preliminary final report.

Dividends

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

Net tangible asset backing

	2015	2014
Net tangible assets per ordinary security	$0.35	$0.42

Changes in ownership of controlled entities

During the period, two dormant controlled entities, Anarion Petroleum Pty Ltd and Stuart Petroleum Fuels Pty Ltd, were deregistered as they were no longer required.

Accompanying this Appendix 4E is the audited preliminary final report of Senex Energy Limited for the year ended 30 June 2015. This appendix 4E should be read in conjunction with the preliminary final report, which is lodged contemporaneously with this document.

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

	2015	2014
Loss after tax from ordinary activities	(80.6)	37.9
Impairment expense	97.0	-
One off transaction cost	-	4.1
Gain on sale of assets	-	(1.9)
Tax (benefit)/expense	(10.7)	4.6
Underlying profit after tax from ordinary activities	**5.6**	**44.7**

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

Senex Energy Limited

ABN 50 008 942 827

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

Final Report: Contents

1. Directors' Report and Remuneration Report

Directors' Report

Your Directors submit their preliminary final report for the year ended 30 June 2015 (FY15).

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

Principal activities

The principal activities of entities within the Group during the year were oil and gas exploration and production. There have been no significant changes in the nature of these activities during the financial year.

Directors

The Directors who served at any time during or since the end of the financial year until the date of this report are identified on page 52 and in the table below.

Key Management Personnel

Key management personnel (KMP) of the consolidated entity in FY15 for the purposes of the Corporations Act and the Accounting Standards are the following individuals who served as Directors or as Executive KMP in FY15:

	Commentary	Notes
Non-Executive Directors		
Trevor Bourne	Chairman, independent non-executive	Appointed 1 December 2014, Chairman from 10 March 2015
Denis F Patten	Independent non-executive, former Chairman	Chairman until 10 March 2015
Ralph H Craven	Independent non-executive	
Timothy B I Crommelin	Non-executive	
Debra L Goodin	Independent non-executive	
Ben M McKeown	Non-executive	
Yanina A Barila	Alternate director, non-executive	Alternate for Mr McKeown and Mr Crommelin
Executive KMP - Executive Director		
Ian R Davies	Managing Director and Chief Executive Officer (CEO)	

	Commentary	Notes
Executive KMP - Senior Executives (referred to in this report as "Senior Executives")		
Andrew J Price	Chief Financial Officer	Ceased employment on 5 August 2015
Julie A Whitcombe	Executive General Manager Strategic Planning	Commenced parental leave 6 May 2015
Francis L Connolly	General Counsel and Company Secretary	
Craig J Stallan	Chief Operating Officer	Commenced as KMP 31 July 2014
Brett Smith	Executive General Manager Safety, People and Systems	Commenced as KMP 31 October 2014
David E Spring	Executive General Manager Exploration	Commenced as KMP 4 May 2015
Gary Proctor	Executive General Manager Safety, People and Systems	Ceased as KMP 31 October 2014
Andrew J Crowley	General Manager Exploration	Ceased as KMP 31 July 2014
Susan Mallan	General Manager Development	Ceased as KMP 31 July 2014
Darren Stevenson	General Manager Operations	Ceased as KMP 31 July 2014

Unless otherwise indicated, each individual named above served as KMP for all of FY15. Details of the qualifications and experience of Directors and current Executive KMP are set out on pages 52 to 55.

Senex's Executive Committee

On 1 August 2014 Senex introduced an Executive Committee structure to replace the Executive Leadership Team structure that was in place for FY14. The Executive Committee comprised the Chief Executive Officer and the other individuals identified above who served as Executive KMP after 31 July 2014. The Executive Committee generally meets on a weekly basis to discuss strategic and operational matters.

Secretary

Mr Francis L Connolly is the Group Secretary. Details of his qualifications and experience are set out on page 54.

Mr David A Pegg was appointed as an additional secretary from 8 March 2013 for each Group company. He is Senior Commercial Manager with Senex. Mr Pegg is an experienced senior executive in the energy and resources sector with a background in law, corporate governance development, project oversight and government relations. He has completed a Graduate

Diploma in Applied Corporate Governance with the Institute of Chartered Secretaries Australia. Prior to joining Senex, Mr Pegg was General Counsel and Company Secretary at Ergon Energy and QER and a senior associate at Blake Dawson (now Ashurst) in the Corporate and Resources group.

Dividends

No dividends have been paid or declared by Senex since the end of the previous financial year and no dividends have been paid or declared to the Company by any controlled entity during the year or to the date of this report. The balance of the franking account at the end of the period was $6,100,000 (2014: $6,100,000).

Operating and financial review

The Group's areas of strategic focus include oil and gas exploration and production in the Cooper-Eromanga Basin, and appraisal and development of coal seam gas tenements in the Surat Basin.

The Group's sales revenue for the year was $115,910,000 (2014: $170,862,000). The Group's net profit/(loss) for the year was ($80,646,000) (2014: $37,895,000).

A detailed operating and financial review is provided on pages 39 to 51 of this report. Information on Senex's business strategy is provided on pages 41 to 42. Material business risks are discussed on pages 64 to 65 of the Corporate Governance overview.

Ordinary fully paid shares issued during the year

	Parent Entity			
	FY15		FY14	
	Number of shares	$'000	Number of shares	$'000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	1,146,343,917	450,966	1,140,804,837	450,064
Issues of share during the period:				
Equity raising	-	-	-	-
Exercise of unlisted options	667,000	267	2,935,000	902
Performance rights (nil consideration)	2,646,460		2,604,080	-
Transaction costs on shares issued (net of tax)		-		-
Balance at the end of the period	**1,149,657,377**	**451,233**	**1,146,343,917**	**450,966**

Interests in the shares, options and performance rights of the Company and related bodies corporate

At the date of this report, the interests of the Directors in the shares, options and performance rights of the Company were as follows:

Class of security	Ordinary shares, fully paid	Unlisted options	Employee performance rights
Trevor Bourne	105,000	-	-
Ian R Davies	2,479,047	4,666,000	1,644,851
Ralph H Craven	250,000	-	-
Timothy BI Crommelin	3,726,812	-	-
Debra L Goodin	41,839	-	-
Benedict M McKeown*	-	-	-

Denis F Patten	2,000,000	-	-
Yanina A Barilá*	-	-	-

* Mr McKeown and Ms Barilá are executives of the Sentient Group which held relevant interests in 188,212,276 fully paid shares (16.33% of issued shares) at the date of this report.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the year that are not detailed elsewhere in this Directors' report.

Significant events after the reporting date

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

Likely developments and expected results

During the next financial year, the Group will continue to focus on its key projects. Further information on the likely developments and expected results are included in the review of operations on pages 39 to 51 of this report.

Environmental regulation and performance

The Group's operations are subject to environmental obligations under Commonwealth and State environmental regulation. These regulations cover the entity's exploration, development and production activities. Compliance with the applicable environmental regulatory requirements is defined within the framework of the Company's environmental management system. Compliance is monitored on a regular basis via the conduct of environmental audits by regulatory authorities, independent consultants and by Senex. No significant environmental breaches or infringements have been notified by any government agency in FY15.

Share options

Unissued shares

At the date of this report, Senex had the following options and performance rights on issue:

Type of security	Number	Exercise price ($)	Expiry date
Unlisted options	666,000	0.400	1 July 2016
Unlisted options	1,200,000	0.255	9 September 2015
Unlisted options	800,000	0.255	19 July 2016
Unlisted options	1,000,000	0.255	19 July 2017
Unlisted options	1,000,000	0.255	19 July 2018
			Vesting date
FY14 LTI Rights	2,163,914	-	1 July 2016
FY15 LTI Rights	2,484,115	-	1 July 2017

Options issued from 1 July 2014 to the date of this report

There were no options issued in FY15. An option holder has no right, by virtue of the option, to participate in any share issue of Senex or any related body corporate.

Performance Rights issued from 1 July 2014 to the date of this report

On 2 September 2014, Senex issued 3,056,807 FY14 EIP Rights to employees under the Senex EIP in recognition of their performance in FY14. Tranche 1 (1,528,436) of those Rights vested immediately on grant. Tranche 2 (1,528,371) of those Rights were subject to a vesting condition that required the holder to be a Senex employee on 1 July 2015. No Director or Executive KMP in FY14 participated in the offer of FY14 EIP Rights.

	FY13 EIP Rights				FY14 EIP Rights			
	tranche 1		tranche 2		tranche 1		tranche 2	
	date	number	date	number	date	number	date	number
issued	30/9/13	1,235,474	30/9/13	1,235,416	2/9/14	1,528,436	2/9/14	1,528,371
vested	30/9/13	1,235,474	1/7/14	16,084	2/9/14	1,528,436	1/7/15	1,254,098
vested	30/9/13	-	1/7/15	893,060	-	-	-	-
lapsed	-	-	1/7/15	326,272	-	-	1/7/15	274,273
remaining	-	0	-	0	-	0	-	0

On 19 December 2014 and 8 May 2015, Senex issued 852,129 FY15 STI Rights and 2,484,115 FY15 LTI Rights to the Executive KMP. The performance conditions and vesting conditions applying to those Rights are described on pages 12 to 37.

On the basis of the outcome of the FY15 performance conditions, the Board determined that there would be no award of STI to the CEO or the Senior Executives for FY15. All FY15 STI Rights lapsed on 17 August 2015, the date of the Board's determination.

A performance right holder has no right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options or vesting of performance rights

Senex issued:

- 667,000 shares to the Senex Employee Share Trust for the holders of the following Senex employee options on exercise of their options in FY15;
- 2,646,460 shares to the Senex Employee Share Trust for the holders of the following Senex employee performance rights on the vesting of their rights in FY15.

Date issued	Event	Number of shares	Issue price per share ($)
1 July 2014	options exercised	667,000	0.40
25 July 2014	FY12 LTI Rights & FY13 Rights vested	1,118,024	-
2 September 2014	FY14 EIP (tranche 1) Rights vested	1,528,436	-
1 July 2015	FY13 and FY14 EIP (tranche 2) Rights vested	2,147,158	-

Indemnification and insurance of Directors and officers

In FY15, Senex incurred a premium of $66,605 (FY14: $46,956) to insure Directors and officers of the Group. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group. It is not possible to apportion the premium between amounts relating to insurance against legal costs and amounts relating to insurance against other liabilities.

Directors' meetings (unaudited)

The number of meetings of Senex's Board of Directors and of each Board Committee held in FY15, and the number of meetings attended by each Director were:

			Meetings of committees			
	Board meetings		Audit and Risk		Remuneration and Nominations	
	A	B	A	B	A	B
Trevor Bourne	5	5	3	*	2	*
Ian R Davies	8	8	4	*	3	*
Ralph H Craven	8	8	5	5	4	4
Timothy BI Crommelin	7	8	3	5	3	4
Debra L Goodin	8	8	5	5	3	4
Benedict M McKeown	8	8	5	*	4	4
Denis F Patten	8	8	5	5	4	4
Yanina A Barilá	5	8	5	1#	4	4

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the Committee during the year
* = Not a member of the relevant Committee
# = Not a member of the relevant Committee but attended one meeting as alternate member of the Committee

During the year the board also established a temporary ad hoc committee of directors with broad responsibility for a strategic review project, including monitoring of and interface with management and external advisers engaged in that project. The members of the ad hoc committee are Mr Bourne (Chair), Dr Craven and Mr McKeown.

Non-audit services

The Company's auditor, Ernst & Young (Australia), did not undertake any non-audit services for Senex during the current or prior year.

Auditor independence

A copy of the auditor's independence declaration as required under s.307C of the Corporations Act is set out on page 38.

Rotation of lead audit partner

Mr Andrew Carrick, a partner of Ernst & Young, is the lead audit partner for his firm's audit of the Company's accounts. FY15 was the fifth successive financial year in which he was the lead audit partner. As lead audit partner he is, under the Corporations Act, "an individual who plays a significant role in the audit".

The Corporations Act prohibits any individual from playing a significant role in the audit of a listed company for more than five successive financial years without approval of the company's board.

In April 2015, on the recommendation of the Audit & Risk Committee, the Board granted approval pursuant to s.324DAA(1) of the Corporations Act for Mr Carrick to play a significant role in the audit of Senex Energy Limited group after FY15. The Board considered that:

- the interests of the Company would be best served by retaining the services of Mr Carrick as lead audit partner, especially in view of his experience, his industry knowledge and exposure, and his knowledge of the company's business;
- the extension of Mr Carrick's term as lead audit partner would maintain the quality of the audit and would not give rise to a conflict of interest;
- the extension would allow the Board to review the role, responsibilities and membership of the Audit & Risk Committee from FY16 onwards before it is required to choose the lead audit partner who will take over from Mr Carrick;
- in the event of a change in the membership of the Audit & Risk Committee, the extension would also facilitate an orderly handover; and
- the existing independence and service metrics in place were sufficient to ensure that auditor independence would not be diminished by the extension.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Rounding

Australian Securities and Investments Commission Class Order 98/100, dated 10 July 1998, applies to the Company. Accordingly, amounts have been rounded off in accordance with that Class Order, unless otherwise indicated.

Remuneration Report (AUDITED)

The Directors of Senex Energy Limited present this remuneration report for the consolidated entity for the year ended 30 June 2015 (FY15). This report outlines Senex's key remuneration activities in FY15 and provides details of remuneration and performance outcomes from prior years.

The information provided in this report has been audited as required by s.308(3C) of the Corporations Act and forms part of the Directors' report.

At the 2014 annual general meeting, the Company's remuneration report for FY14 was approved without dissent on a show of hands, and 93% of the proxies were voted in favour.

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2014/15 Remuneration snapshot

Fixed remuneration in FY15	• As a result of a restructure of the Company's senior management team, three of the senior executives who served as KMP in FY14 ceased to be KMP on 31 July 2015, another senior executive who served as KMP in FY14 ceased to be KMP on 31 October 2015 and three newly hired executives became KMP during the course of FY15. • There was no overall increase in TFR, STI or LTI for FY15 for the CEO or the senior executives who served as KMP in FY14. • The aggregate of the annual full time equivalent TFR of the Company's senior management team (not including the CEO) who served as KMP at the end of FY15 was 9.7% lower than the aggregate of the annual full time equivalent TFR of the Company's Executive KMP (not including the CEO) in FY14.
STI program changes from previous year	• The STI offered to the CEO for FY15 consisted of a cash bonus payable in August 2015 for 50% of the STI award (if any) determined by the Board, and a cash bonus payable in July

	2016 for the other 50%. The STI was offered in four components, with each component subject to a 12 month performance condition. • The STI offered to the Senior Executives for FY15 was structured in the same way as the STI offered to the CEO and Senior Executives for FY14, and consisted of a cash bonus payable in August 2015 for 50% of the STI award (if any) determined by the Board, and vesting of contingent performance rights (FY15 STI Rights) granted for the other 50%, subject to 12 month deferral, (i.e. not vesting until 1 July 2016). The STI was offered in four components, with each component subject to a 12 month performance condition.
Outcome of FY15 STI	• On the basis of the outcome of the FY15 performance conditions, the Board determined that there would be no award of STI to the CEO or the Senior Executives for FY15 and as a consequence all FY15 STI Rights granted to the Senior Executives lapsed on 17 August 2015, the date of the Board's determination.
Long term incentive (LTI) for FY15	• As in FY13 and FY14, LTI for the CEO and Senior Executives for FY15 was a grant of performance rights (FY15 LTI Rights) subject to a three year TSR performance condition and a three year vesting condition. • The performance condition for FY15 LTI Rights is absolute TSR from 30 June 2014 to 30 June 2017 with achievement of a stretch target of 20% per annum compound growth required for 100% vesting. The vesting condition requires the executive to be an employee of Senex group on 1 July 2017. • All FY13 LTI Rights lapsed on 1 July 2015 when the performance condition was not satisfied. No LTI Rights granted in FY14 or FY15 vested in FY15.
LTI program changes from previous year	• There was no change to the LTI structure in FY15.
Non-executive Directors	• Fees paid to Non-executive Directors did not increase in FY15. • The Board appointed Mr Trevor Bourne as an additional independent Non-executive Director in FY15. • Mr Bourne replaced Mr Patten as Chairman of the Board from 10 March 2015.

Remuneration philosophy

The performance of Senex depends upon the quality and performance of its Non-executive Directors, the CEO, Senior Executives and staff. To be successful and maximise shareholder wealth, Senex must attract, motivate and retain highly skilled individuals.

The Company's remuneration philosophy is focused on promoting long term growth in shareholder returns by:

- aligning remuneration outcomes with strategic, operational and financial goals;
- incentivising performance and rewarding performance outcomes fairly and reasonably; and

- striking a balance between short term and long term growth-related objectives, and providing an incentive for superior performance without encouraging irresponsible risk taking.

Senex recognises that people are a major asset and that remuneration is part of an integrated approach to people management. The Company remunerates all people other than Non-executive Directors based on performance by having a part of their “opportunity to earn” at risk, with this being more material for Senior Executives. Remuneration incentives are considered annually and aligned with prevailing market conditions to ensure attraction and retention of appropriately skilled employees and executives.

In accordance with best practice corporate governance, the structure of Non-executive Director remuneration is separate and distinct from the structure of executive remuneration.

Remuneration governance

Remuneration and nomination committee

The Remuneration and Nomination Committee (Committee) oversees and formulates recommendations to the Board on Senex’s remuneration policies and practices, including the remuneration of Non-executive Directors, the CEO and Senior Executives. In all of its activities, the Committee aims to promote investor understanding and confidence in Senex’s remuneration and nomination processes by ensuring formal and transparent processes.

The Committee has three primary functions:

- To support and advise the Board on remuneration and remuneration-related matters.
- To make decisions under delegated authority to align the interests of employees and shareholders.
- To examine the selection and appointment practices of the Board and advise the Board in these matters.

The Committee’s charter can be viewed or downloaded from the Senex website.

Mr Denis Patten serves as the Chair of the Committee. Mr Trevor Bourne, although not a member of the Committee, attends Committee meetings ex officio as Chairman of the Board. The CEO attends parts of Committee meetings that do not involve discussion of his own arrangements. Other Senior Executives may also attend Committee meetings to provide management support, as required.

The Board has approved a remuneration policy that provides for fixed and performance-based remuneration, and permits the offer of a proportion of performance-based remuneration to employees in the form of equity.

The Board will continue to assess the remuneration policy and practices for Senior Executives to ensure they are appropriate for the Company in future years. Senex has a policy relating to Directors and Senior Executives limiting their exposure to risk in equity instruments they hold in or relating to the Company.

External advisors and remuneration advice

In performing their roles, the Board and the Committee directly commission and receive information, advice and recommendations from independent external advisors. These assist the Directors to make informed decisions when considering Senex's remuneration policies and practices.

The Board has adopted a protocol for engaging and seeking advice from remuneration consultants, which ensures remuneration recommendations in relation to KMP are free from undue influence by the Executive KMP.

In FY15 in accordance with the Board approved protocol the Committee engaged Godfrey Remuneration Group (Godfrey) in September 2014 to review the Company's incentive plans for the CEO and Senior Executives for FY15 and Guerdon Associates (Guerdon) in June 2015 to provide remuneration recommendations in relation to the KMP for the consolidated entity for FY16.

Table 1 Fees paid to remuneration consultants

Remuneration consultant	**Advice and/or service provided**	**Fees (incl. GST)**
Godfrey Remuneration Group	Review of incentive plans, September 2014	$19,800
Guerdon Associates	Remuneration recommendations, June/July 2015	$30,383

Senex made the following arrangements to ensure that the remuneration recommendations would be free from undue influence by the member or members of KMP to whom the recommendations relate:

- The Board approved Godfrey and Guerdon respectively as an external remuneration consultant under paragraph 206K(2)(a) of the Corporations Act to provide remuneration recommendations in relation to KMP of the Company.
- The terms of appointment of Godfrey and Guerdon included in each case:
    - That the Board or Committee will from time to time commission specific projects related to KMP remuneration.
    - That the remuneration consultant may only provide KMP remuneration recommendations to Non-executive Directors of Senex.
    - That if the remuneration consultant is approached by a Senex executive or executives to perform work that will not give rise to KMP remuneration recommendations then the remuneration consultant should ensure that the Board is aware of and accepts that it is reasonable for the remuneration consultant to undertake that work and will not affect the remuneration consultant's independence.

The Board is satisfied that the remuneration recommendations were made free from undue influence.

Remuneration framework

Framework for Executive KMP remuneration

The diagram below shows the key objectives of Senex's remuneration policy for Executive KMP and how these are implemented through the Company's remuneration framework.

Attract and retain talented and qualified Executive KMP	• Remuneration levels are market-aligned against similar roles within industry peer companies and other listed companies of comparable size and complexity.
Encourage Executive KMP to strive for superior performance	• A significant component of remuneration is 'at risk' under short term and long term incentive plans. Value to the executive is dependent on meeting challenging targets. • Consistently high-performing executives are also rewarded through higher base remuneration. • Short term incentives are aligned to key performance milestones including safety, profitability and growth.
Align Executive KMP and shareholder interests	• Long term incentives are delivered through equity instruments linked to ordinary shares. • Long term incentives are subject to a three year TSR performance condition and a three year vesting condition. • Long term incentives are 'at risk' and executives cannot hedge equity instruments that are unvested or subject to restrictions.

Executive KMP receive an annual remuneration package consisting of:

- a total fixed remuneration (TFR), that is not at risk and comprising superannuation contributions;
- an offer of short term incentives (STI); and
- an offer of long term incentives (LTI).

Vesting on change of control

The Senex Performance Rights Plan states that, for any grant of rights after August 2013, in the event of change of control of the Company:

- All unvested rights that are subject only to a service condition will vest immediately on change of control.
- All unvested rights that are subject to a performance condition will be tested for satisfaction of the performance condition on two alternative bases, and to the extent that the performance condition is satisfied under those tests part or all of those rights will vest immediately on change of control.
- The Board has an overriding discretion to vest or increase vesting of unvested rights in the event of change of control.

Clawback

Since FY14 each offer of contingent rights to Executive KMP subject to satisfaction of a performance condition has included a term that, in the event that any measure of the Company's performance against a performance condition is subsequently discovered to have been misstated, the Board will have a right at its discretion to clawback out of any unvested performance rights subsequently held by that executive the number of rights (if any) that vested incorrectly in reliance on the misstated level of performance.

Employment agreements and termination entitlements

The employment agreement that the Company has entered into with Executive KMP have no fixed term of employment. The termination provisions applicable to those Executive KMP are shown below.

	Notice period		Payment in lieu of notice	
	CEO	Senior Executives[1]	CEO	Senior Executives[1]
Employer-initiated termination	6 months	2 months[1]	6 months	2 months[1]
Termination for serious misconduct	None	None	None	None
Employee-initiated termination	6 months	2 months	6 months	2 months

[1] David Spring will be entitled to an additional $155,000 if his employment is terminated by the Company within 12 months of his commencement date (except where the Company terminates for serious misconduct)

Link between performance and remuneration for CEO and Senior Executives

Short term incentives (STI)

Each year, Senex sets performance targets for STI for the CEO and Senior Executives to be achieved within the year. These short term performance targets are chosen to encourage outcomes and behaviours that support the safe operation and delivery of the base business while pursuing long-term growth in shareholder value. A ‘base’ target and a ‘stretch’ target are set for each performance target. Table 2 presents the targets used in FY15 to measure performance for the purposes of STI and the rationale for their selection.

Table 2: FY15 STI base target and stretch target levels for CEO and Senior Executives

Focus	STI	FY15 Base Target	FY15 Stretch Target	Rationale and commentary
Licence to Operate	Improvement in total recordable injury frequency rate (TRIFR[1])	Reduction in TRIFR[2] to 5.0	Further reduction in TRIFR[2] to 3.5	Safety is paramount in all Senex operations and is key to the Company's licence to operate.
	Process Safety	Zero loss of primary containment incidents	Zero loss of primary containment incidents	Senex strives to eliminate any unintended environmental damage
	Employee Engagement	Qualitative assessment showing an improvement in employee engagement	Qualitative assessment showing an improvement in employee engagement	Senex's focus on people as one of its key assets requires ongoing review of employee engagement. Qualitative assessment was carried out using personnel surveys
Production	Oil production	1.55 million barrels net to Senex	1.66 million barrels net to Senex	Production of oil is at the core of Senex's business and demonstrates the Company's value to investors
Reserves	Oil reserve replacement ratio	200% reserve replacement ratio[3]	300% reserve replacement ratio[3]	Increase in 2P reserves is a key outcome that is created by the Company's investment in exploration and appraisal activities.
Financial	Unit Operating Cost	Less than a stated A$ figure per produced barrel of oil equivalent	Less than a stated A$ figure per produced barrel of oil equivalent	Reducing costs of production is a tangible demonstration of operating efficiency.
	Return on average capital employed (ROACE)	A chosen % in line with industry expectations	A higher chosen % in line with industry expectations	Senex seeks to ensure capital is used effectively and efficiently. ROACE equals reported EBIT divided by debt plus equity.
	EBITDAX[4]	A stated A$ figure	A stated A$ figure	This is a measure of the Company's overall performance
	Net general and administrative costs	A stated A$ target, being less than FY14	A stated A$ target, being less than FY14	Minimisation of general and administrative costs is another way that the Company uses its resources efficiently

1 Recordable injuries are fatalities, lost time injuries, restricted work injuries and medical treatment injuries

2 TRIFR is calculated in accordance with calculated in accordance with the APPEA Incident Reporting Guidelines and is equal to recordable injuries per million man hours worked

3 Reserve replacement ratio means (2P reserves added in FY15) divided by (produced boe in FY15), where reserves added are all additions of 2P reserves of oil net to Senex in FY15 before production, acquisitions and divestments

4 Earnings before interest, tax, depreciation, amortisation, impairment and exploration expense. A reconciliation to NPAT has been provided on page 44.

If any performance condition is achieved at a level in between Base Target level and Stretch Target level, the STI award for that performance condition will be awarded pro rata. If any performance condition is achieved at a level less than the Base Target level, the STI award (if any) for that performance condition will be entirely at Board discretion. The proportion of STI offered for achievement of each performance target was weighted differently for the CEO and each Senior Executive, according to the extent of their overall responsibility for corporate performance and the responsibilities they carried and the contribution they were expected to make individually. The Board determined that there would be no award of STI for FY15 to the CEO or any Senior Executive.

FY15 STI Performance

The Board conducted performance evaluation of the CEO in FY15, and the CEO (in consultation with the human resources team and the Remuneration and Nominations Committee) conducted performance evaluations of each Senior Executive. The performance evaluation of each Senior Executive involved obtaining feedback from employees in the executive's business unit and the executive's peers as well as an assessment of the individual executive's performance against agreed measures, an examination of their effectiveness in their given role, identification of areas of potential improvement and assessment as to whether expectations of the CEO, shareholders and other stakeholders had been met by the individual.

In FY15, the Company recorded the following STI performance levels:

Focus	Target	FY15 Base Target	FY15 Outcome
Licence to Operate	Improvement in total recordable injury frequency rate (TRIFR)	Reduction in TRIFR to 5.0	Not achieved
	Process Safety	Zero loss of primary containment incidents	Achieved
	Employee Engagement	Qualitative assessment of improvement in employee engagement	Achieved
Production	Oil production	1.55 million barrels net to Senex	Not achieved
Reserves	Oil reserves replacement ratio	200% reserves replacement ratio	Not achieved
Financial	Unit Operating Cost	Less than a stated A$ figure per produced barrel of oil equivalent	Not achieved
	Return on average capital employed	A chosen % in line with industry expectations	Not achieved
	EBITDAX[1]	A stated A$ figure	Not achieved
	Net general and administrative costs	A stated A$ target, being less than FY14	Achieved

In view of the FY15 corporate performance outcomes described above, the Board determined that:

- there would be no award of STI for the CEO or any Senior Executive for FY15; and
- all FY15 STI Rights lapsed on 17 August 2015, the date of the Board's determination.

In addition to STI the Company offered a sign-on compensation with appropriate performance requirements detailed below, in lieu of bonuses foregone from a previous employer, to two Senior Executives in FY15:

[1] Earnings before interest, tax, depreciation, amortisation, impairment and exploration expense. A reconciliation to NPAT has been provided on page 44.

- The Company offered Mr Craig Stallan, who commenced as Chief Operating Officer on 31 July 2014, in addition to participation in FY15 STI, sign-on compensation of $50,000 in lieu of bonuses forgone from his previous employment. Earning of the sign-on compensation was conditional on achievement of certain immediate deliverables agreed with the CEO, to the reasonable satisfaction of the CEO, by 31 January 2015. The immediate deliverables related to evaluation and implementation of safety improvements in field operations, improved integration of systems and processes in the teams reporting to Mr Stallan, identification of opportunities for cost and efficiency improvement in production operations, and to Mr Stallan's role and responsibility as a member of the Executive Committee, his relationship with the board of directors and his profile and relationship with the investment market. The Company paid Mr Stallan the sign-on compensation in February 2015.

- The Company offered Mr David Spring, who commenced as Executive General Manager Exploration on 4 May 2015, in lieu of participation in FY 15 STI, and in lieu of bonuses forgone from his previous employment, sign-on compensation of up to $100,000 for achievement of certain immediate deliverables, agreed with the CEO, to the reasonable satisfaction of the CEO by 4 November 2015. The immediate deliverables relate to improvements in the membership structure and performance of the exploration team, exploration processes and near term exploration outcomes, and to Mr Spring's role and responsibility as a member of the Executive Committee, his relationship with the board of directors and his profile and relationship with the investment market.

Long term incentives (LTI)

Absolute total shareholder return (TSR) was chosen as the FY15 LTI measure as share price performance over the long term was considered to be the primary measure of the increase in the value of a shareholder's investment in Senex, and that achievement of long term shareholder value would align the interests of the CEO and Senior Executives with the interests of shareholders.

The LTI for the CEO and Senior Executives for FY15 was a grant of performance rights subject to a three year absolute TSR performance condition from 30 June 2014 to 30 June 2017 and a three year vesting condition. The vesting condition requires the executive to be an employee of the Group on 1 July 2017.

The potential remuneration uplift that the FY15 LTI offered to the Executive KMP at grant date was equal to:

- 60% of FY15 TFR for the CEO; and
- 70% of FY15 TFR for each Senior Executive.

The number of FY15 LTI Rights granted to the CEO and each Senior Executive was calculated by dividing the executive's maximum LTI by the participation price for FY15 LTI Rights, which was $0.721 per share (the 20 day VWAP of Senex shares traded on ASX up to the end of June 2014).

Table 3 LTI remuneration measures, targets and potential uplift offered to Senior Executives in FY15

LTI performance measure[1]	Threshold[2]	Target[3]	Stretch[3]
Senex compound annual growth rate in absolute TSR	≥10% pa	≥15% pa	≥ 20% pa
Absolute TSR over three year measurement period	≥33.1%	≥52.1%	≥72.8%
% of CEO LTI Rights to vest if hurdle achieved after 3 years	-	-	100%[4]
% of Senior Executive LTI Rights to vest if hurdle achieved after 3 years	~14%	50%	100%

1 Performance for the TSR condition will be measured by the increase in value of a Senex share over the LTI Performance Period principally by comparing the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2017 with the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2014.

2 Where TSR achieved is below Threshold level, vesting (if any) of FY 15 LTI Rights for Senior Executives will be at the Senex Board's discretion, and the Senior Executives will have no entitlement.

3 Where TSR achieved is between performance levels, vesting is pro rata.

4 Where TSR achieved is below Stretch level, vesting (if any) of FY15 LTI Rights for the CEO will be at the Senex Board's discretion, and the CEO will have no entitlement.

FY14 LTI

No LTI Rights granted in FY14 vested in FY15.

FY13 LTI

As LTI for FY13, the Company granted the CEO and Senior Executives unlisted contingent performance rights that were subject to a performance condition based on total shareholder return over the three years to 30 June 2015 and a vesting condition that required the executive to be an employee on 1 July 2015.

- 3,000,000 rights were issued to Mr Davies on 1 July 2012, with shareholder approval.
- 2,436,103 performance rights were issued to Senior Executives.

All FY13 LTI Rights lapsed on 1 July 2015 when the performance condition was not satisfied.

Overview of CEO remuneration

The Non-executive Directors directly engaged and received independent external advice on Mr Davies' remuneration package, which was benchmarked against the remuneration paid to CEOs of a group of ASX-listed companies identified as the most comparable peers of Senex in the oil and gas sector. This advice was received and considered by the Remuneration and Nomination Committee and the Board without management being present.

Overview of earnings

Fixed remuneration

What was the CEO's TFR?	The CEO's TFR was $850,000 in FY15 which has not increased since FY14.

Short term incentives	
What was the maximum STI that the CEO could achieve in FY15?	The maximum STI that the CEO could achieve in FY15 was a 100% uplift of his FY15 TFR, with 50% of any FY15 STI award (if any) to be paid in August 2015, and the other 50% to be paid on 1 July 2016 subject to the CEO still being a Senex employee on that date.
How much STI did the CEO receive for FY15 performance?	On the basis of its assessment of corporate performance in FY15 the Board determined that there would be no award of STI to the CEO for FY15.
How is overall performance assessed for STI purposes?	These are discussed on page 18 and table 2.
Long term incentives	
How much annual LTI was granted to the CEO in FY15?	Senex granted 707,351 contingent performance rights to the CEO as his LTI for FY15 (FY15 LTI Rights). These rights are the maximum LTI that the CEO can earn for FY15, representing at grant date an uplift of 60% of the CEO's FY15 TFR. The number of FY15 LTI Rights granted was calculated by dividing the maximum LTI that the Company offered the CEO for FY15 (60% of his FY15 TFR) by the participation price for FY15 LTI Rights, which was $0.721 per share (the 20 day VWAP of Senex shares traded on ASX up to 30 June 2014).
What are the applicable performance conditions?	These are discussed on pages 20 and 21 and table 3.
What proportion of prior year LTI grants vested in FY15?	All FY13 LTI Rights lapsed on 1 July 2015 when the performance test was not satisfied. No FY14 LTI Rights or FY15 LTI Rights vested in FY15.
Outlook	
Will the CEO's remuneration increase in FY16?	The Board proposes to offer the CEO no increase in TFR for FY16 and to change the amount and structure of the STI and LTI to be offered to him for FY16 so that: • the STI will offer a maximum uplift of 60% of FY16 TFR for the CEO, rather than the maximum uplift of 100% of FY15 TFR offered to the CEO. • the LTI will offer a maximum uplift of 50% of FY16 TFR for the CEO, rather than a maximum uplift of 60% of FY15 TFR offered to the CEO in FY15. The Board proposes these changes to better align the incentives to those offered for the comparable role in comparable companies, and for consistency with incentives offered to the CEO's direct reports.

What is the outlook for the CEO's remuneration beyond FY16?	The Board expects to review the CEO's remuneration annually in accordance with the key objectives of Senex's remuneration policy.

At risk remuneration - CEO

In FY15, 61.5% of the maximum potential remuneration offered to the CEO was at risk (the same as FY14), being subject to performance conditions (38.5% for short term performance, 23.0% for long term performance) and vesting conditions (19.3% vesting 1 July 2016, 23.0% vesting 1 July 2017).

This is a higher proportion of 'at risk' remuneration relative to the Senior Executives because the Board considers that the CEO has greater scope to personally influence the Company's performance.

Table 4: Relative weights of remuneration components for CEO[1]

	Fixed remuneration	Maximum potential STI	Maximum potential LTI valued at grant date
FY15	38.5%	38.5%	23.0%
FY14	38.5%	38.5%	23.0%
FY13	17.1%	9.3%	73.6%
FY12	47.0%	25.6%	27.4%

[1] These figures do not reflect the actual relative value derived by the CEO from each of the components, which is dependent on actual performance against targets for the 'at risk' components. The figures represent the maximum potential of each component.

Overview of Senior Executive remuneration

Fixed remuneration

What was the increase in fixed remuneration for Senior Executives in FY15?	As a result of the restructure of the Company's senior management team and the recruitment of three newly hired executives, as described in the Remuneration Snapshot on page 12, the average full time equivalent TFR of the six members of Executive KMP (not including the CEO) at the end of FY15 was 5.4% higher than the average full time equivalent TFR of the seven members of Executive KMP (not including the CEO) at the end of FY14.
How were remuneration increases determined?	There was no overall increase in TFR, STI or LTI for FY15 for the Senior Executives who served as KMP in FY14. The remuneration (comprising TFR, STI and LTI) offered to the three newly hired executives who served as KMP in FY15 was determined by the competitive market for executive talent at the time they were hired.

Short term incentives

What was the maximum STI	The FY15 STI offered each Senior Executive an uplift of up

that the Senior Executives could achieve in FY15?	to 70% of their FY15 TFR.
How were STI payments calculated?	For a Senior Executive to achieve their maximum STI for FY15 (a maximum 70% uplift of FY15 TFR), the Board had to determine that all corporate performance conditions for FY15 STI were achieved at stretch level.
How was performance assessed for STI purposes?	The performance measures for STI for the Senior Executives were the same as the performance measures for STI for the CEO in FY15.
How much STI did Senior Executives receive for FY15 performance?	On the basis of its assessment of corporate performance in FY15 the Board determined that there would be no award of STI to Senior Executives for FY15 and all FY15 STI Rights lapsed on 17 August 2015, the date of the Board's determination.
What proportion of prior year STI grants vested in FY15?	30% of FY12 Rights lapsed in FY13 due to the Board's determination in FY13 that only 70% of the applicable performance targets had been achieved. Of the remaining 70%, one third (23.3%) vested in FY13, another one third vested in FY14, and the remaining one third vested on 1 July 2014. The vesting condition applicable to those rights required the executive to be an employee of the Group on the vesting date. On the basis of the Board's determination of the corporate performance rating for FY14, 66.3% of the FY14 STI Rights held by the FY14 Senior Executives lapsed in August 2014. The remaining FY14 STI Rights were due to vest on 1 July 2015, subject to satisfaction of the vesting condition. 67.7% of the remaining FY14 STI Rights vested on 1 July 2015, and the others lapsed when the vesting condition was not satisfied.
Long term incentives	
How much annual LTI was granted in FY15?	The LTI for each Senior Executive was a grant of contingent performance rights (FY15 LTI Rights). The number of the FY15 LTI Rights granted was calculated by dividing the maximum LTI that the Company offered Senior Executives for FY15 (70% of their FY15 TFR) by the participation price for FY15 LTI Rights, which was $0.721 per shares (the 20 day VWAP of Senex shares traded on ASX up to the end of June 2014).
What proportion of prior year LTI grants vested in FY15?	The same performance test applied for FY13 LTI Rights, FY14 LTI Rights and FY15 LTI Rights. No FY14 LTI Rights or FY15 LTI Rights vested in FY15. All FY13 LTI Rights lapsed on 1 July 2015 when the performance test was not satisfied.
What are the applicable	These are discussed on pages 20 and 21 and table 3.

performance conditions?	
Outlook	
Will the Senior Executives' remuneration increase in FY16?	The Board proposes to change the amount and structure of the STI and LTI to be offered to the Executive KMP for FY16 so that: • the STI will offer a maximum uplift of 60% of FY16 TFR for the Executive KMP, rather than the maximum uplift of 70% of FY15 TFR offered to the Executive KMP in FY15. • the LTI will offer a maximum uplift of 50% of FY16 TFR for the Executive KMP, rather than a maximum uplift of 70% of FY15 TFR offered to Executive KMP in FY15. The Board proposes these changes to better align the incentives to those offered for comparable roles in comparable companies.
What is the outlook for the Senior Executives' remuneration beyond FY16?	The Board expects to review the Senior Executives' remuneration annually in accordance with the key objectives of Senex's remuneration policy for the remuneration of the Senior Executives.

At risk remuneration – Senior Executives

In FY15, 58.4% of the maximum potential remuneration offered to each Senior Executive was 'at risk' (compared to 58% in FY14), being subject to performance conditions (29.2% for short term performance, 29.2% for long term performance) and vesting conditions (14.6% vesting 1 July 2016, 29.2% vesting 1 July 2017).

Table 5: Relative weightings of remuneration components for Senior Executives[1]

	Fixed remuneration	Maximum potential STI	Maximum potential LTI valued at grant date
FY15	41.7%	29.2%	29.2%
FY14	42.0%	41.2%	16.8%
FY13	41.7%	29.2%	29.1%

[1] These figures do not reflect the actual relative value derived by the Senior Executives from each of the components, which is dependent on actual performance against targets for the 'at risk' components. The figures represent the maximum potential of each component.

Non-executive Director remuneration

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

Framework for Non-executive Director remuneration

The diagram below shows the key objectives of Senex's remuneration policy for Non-executive Directors and how these are implemented through the Company's remuneration framework.

Attract and retain talented and qualified Directors	Fee levels are set with regard to: • time commitment and workload; • the risk and responsibility attached to the role; • experience and expertise; and • market benchmarking.
Encourage independence and impartiality	• Fee levels do not vary according to Company performance or individual Director performance from year to year. • Market capitalisation is considered in setting the aggregate fee pool and in benchmarking Board and Committee fees.
Align Director and shareholder interests	• Senex encourages its Non-executive Directors to build a long term stake in the Company. • Non-executive Directors can acquire shares through acquisition on market during trading windows.

Maximum aggregate amount

The maximum aggregate annual remuneration of Non-executive Directors must not exceed $950,000, being the amount determined by Senex shareholders at the 2014 annual general meeting. The Directors agree the amount of remuneration for Non-executive Directors each year (which cannot exceed the maximum amount determined by shareholders) and the manner in which it is divided between Directors.

Each year, the committee reviews the amount of the maximum aggregate annual remuneration approved by shareholders and the manner in which it is apportioned amongst Directors. The Board's current practice is to apportion a higher fee to the Chairman than to the other Non-executive Directors. Each Non-executive Director receives an additional fee for each Board committee to which they are appointed, with a higher fee for the chair of each Board committee and a fee of about half that amount for each other member of the committee. The Board has not increased fees payable to Non-executive Directors since 1 July 2013.

Table 6: Annual fees for Non-executive Directors in FY15[1]

	Chair	**Member**
From 1 July 2014 to 30 June 2015:		
Board	$220,000 pa	$110,000 pa
Audit and Risk Committee	$15,000 pa	$7,500 pa
Remuneration and Nominations Committee	$5,000 pa	$2,500 pa

1 Fees are shown exclusive of superannuation contributions.

During the year the Board also established a temporary ad hoc committee of directors with broad responsibility for a strategic review project, including monitoring of and interface with management and external advisers engaged in that project. The Company did not pay any additional remuneration to the members of the ad hoc committee for their work on that committee in FY15.

Superannuation and retirement benefits

In addition to the fees set out above, the Company made superannuation contributions on behalf of Non-executive Directors at the statutory rate of superannuation contribution in FY15. Non-executive Directors are not entitled to retirement benefits (other than mandatory statutory entitlements).

Realised remuneration

The following table shows the remuneration actually realised in FY15 by the CEO and the Senior Executives who were KMP at 30 June 2015, and includes any STI received in respect of short term performance measures for FY15, and the value of any LTI from prior years that was actually received in FY15. This is additional and different to the disclosures required by the Corporations Act and Accounting Standards, particularly in relation to LTI. Total remuneration amounts determined in accordance with the requirements of the Corporations Act are set out in Tables 8 and 9 on pages 29 and 30.

As a general principle, the Accounting Standards require a value to be placed on LTI based probabilistic calculations at the time of grant. By contrast, this table values the LTI Rights on the basis of the closing price of Senex shares on the date of vesting for the quantity of rights that actually vest. In the case of options, a value is attributed only if the options vest and are exercised resulting in the issue of shares to the executive, calculated on the basis of the difference between the exercise price and the market price of Senex shares on the date of exercise of the options.

The Company believes that the additional information provided in Table 7 on page 28 is useful to investors as recognised by the Productivity Commission in its report on Executive Remuneration in Australia. The Commission noted that the usefulness of remuneration reports to investors was diminished by complexity and omissions and in particular recommended that the report should include reporting of pay actually realised by the executives named in the report.

Table 7: Realised remuneration (non-IFRS)

	Year	TFR[1] $	STI[2] $	LTI[3] $	Other[4] $	Total $
Ian R Davies	2015	850,000	-	196,765	25,855	1,072,620
	2014	850,000	201,875	-	23,671	1,075,546
Andrew J Price	2015	410,000	-	-	11,590	421,590
	2014	410,000	66,625	-	10,726	487,351
Julie A Whitcombe[5]	2015	269,683	-	117,484	10,979	398,146
	2014	206,845	41,003	196,482	5,346	449,676
Francis L Connolly	2015	395,000	-	108,251	10,979	514,230
	2014	395,000	64,188	162,572	10,693	632,453
Andrew J Crowley[6]	2015	37,680	-	-	2,846	40,526
	2014	420,000	68,250	-	11,293	499,543
Darren B Stevenson[7]	2015	32,153	-	-	915	33,068
	2014	395,000	64,188	-	11,293	470,481
Susan L Mallan[8]	2015	19,358	-	-	864	20,222
	2014	257,613	41,869	-	5,646	305,128
Gary J Proctor[9]	2015	134,798	-	-	134,840	269,638
	2014	395,000	64,188	-	11,293	470,481
Brett Smith[10]	2015	270,351	-	-	6,803	277,154
	2014	-	-	-	-	-
Craig Stallan[11]	2015	417,190	-	-	99,685	516,875
	2014	-	-	-	-	-
David Spring[12]	2015	78,108	-	-	18,286	96,394
	2014	-	-	-	-	-
	2015	**2,914,320**	**-**	**422,500**	**323,642**	**3,660,462**
Total	**2014**	**3,329,458**	**612,186**	**359,054**	**89,961**	**4,390,659**

1 TFR comprises base salary and superannuation. TFR is stated only for the period that the Executive was a member of KMP.
2 STI is the amount or value of rewards provided in respect of short term performance measures for FY15.
3 LTI is the pre-tax value of shares provided in FY15 in respect of LTI that vested or were exercised in FY15 and relate to FY11 and FY12 LTI rights granted to Mrs Julie Whitcombe and Mr Francis Connolly in prior years that vested in FY15 and FY12 LTI options granted to Mr Ian Davies in a prior year that were exercised in FY15. The value of the options is the difference between the share price on the date of exercise and the exercise price.
For the value of share based payments calculated in accordance with the Accounting Standards see page 31
4 Other comprises adhoc payments treated as remuneration such as a commencement bonus, termination payments, parking (including fringe benefit tax paid) and relocation costs.
5 Mrs Whitcombe commenced parental leave on 11 May 2015 and was remunerated on the following basis in FY 15.
0.8 FTE TFR for 6 months
0.6 FTE TFR for 5 months
0.4 FTE TFR for 1 month
6 Mr Crowley ceased being a KMP on 31 July 2014.
7 Mr Stevenson ceased being a KMP on 31 July 2014.
8 Mrs Mallan ceased being a KMP on 31 July 2014.
9 Mr Proctor ceased being a KMP on 31 October 2014.
10 Mr Smith became a KMP on 31 October 2014.
11 Mr Stallan became a KMP on 31 July 2014.
12 Mr Spring became a KMP on 4 May 2015.

Detailed remuneration information

Summarised details of the remuneration for each of the CEO, Non-executive Directors and Senior Executives in FY14 and FY15 as required under the Corporations Act are provided below.

Table 8**:** CEO and Non-executive Directors' FY14 and FY15 remuneration details

		Short-term				Post employment				% of total renumeration at risk subject to:	
Directors	Year	Salary & directors fees $	Bonus $	Other $	Non-monetary benefits* $	Superannuation $	Termination $	Share-based payment[1] $	Total $	Performance %	Options %
Denis F Patten	2015	195,625	-	-	11,319	18,584	-	-	225,528	-	-
	2014	220,000	-	-	6,565	17,917	-	-	244,482	-	-
Ian R Davies	2015	831,217	-	-	25,855	18,783	-	710,080	1,585,935	45%	-
	2014	832,225	201,875	-	23,671	17,775	-	529,469	1,605,015	46%	-
Ralph H Craven	2015	127,500	-	-	9,112	12,113	-	-	148,725	-	-
	2014	127,500	-	-	6,565	11,793	-	-	145,858	-	-
Timothy BI Crommelin	2015	120,000	-	-	9,112	11,400	-	-	140,512	-	-
	2014	120,000	-	-	6,565	11,099	-	-	137,664	-	-
Debra L Goodin	2015	120,000	-	-	9,112	11,400	-	-	140,512	-	-
	2014	11,806	-	-	6,565	1,092	-	-	19,463	-	-
Benedict M McKeown[2]	2015	-	-	-	9,112	-	-	-	9,112	-	-
	2014	-	-	-	6,565	-	-	-	6,565	-	-
Yanina A Barila[2]	2015	-	-	-	9,112	-	-	-	9,112	-	-
	2014	-	-	-	6,565	-	-	-	6,565	-	-
Trevor Bourne	2015	98,333	-	-	2,821	9,342	-	-	110,496	-	-
	2014	-	-	-	-	-	-	-	-	-	-
Subtotal Directors	**2015**	**1,492,675**	-	-	**85,555**	**81,622**	-	**710,080**	**2,369,932**	-	-
	2014	**1,311,531**	**201,875**	-	**63,061**	**59,677**	-	**529,469**	**2,165,613**		

1 Share based payments comprise equity-settled share options and performance rights. These amounts were calculated in accordance with AASB 2 - Share based payment. Share options were valued using the Black-Scholes option pricing model and performance rights are calculated using the Monte-Carlo valuation model. Although a value is ascribed and included in the total key management personnel compensation, it should be noted this amount was not received in cash.
2 $122,906 (2014: $122,906) was paid to Sentient Asset Management Australia Pty Ltd for the provision of Directors' services.
* Amounts disclosed in non-monetary benefits include car parking, motor vehicle expenses and insurance premiums paid by the Group in respect of Directors' and officers' liability insurance contracts. The insurance premiums are allocated based on a pro-rata portion of the year for which each individual was employed.

Table 9: Senior Executives' FY14 and FY15 remuneration details

		Short-term				Post employment				% of total renumeration at risk subject to:	
Executives	Year	Salary & directors fees $	Bonus $	Other $	Non-monetary benefits* $	Superannuation $	Termination $	Share-based payment[1] $	Total $	Performance %	Options %
Andrew J Price	2015	391,217	-	-	11,590	18,783	-	14,445	436,035	3%	-
	2014	392,225	66,625	-	10,726	17,775	-	113,218	600,569	30%	-
Julie A Whitcombe [2]	2015	252,048	-	-	10,979	17,635	-	86,779	367,441	24%	-
	2014	193,483	41,003	-	5,346	13,362	-	166,444	419,638	49%	-
Francis L Connolly	2015	376,217	-	-	10,979	18,783	-	111,001	516,980	21%	-
	2014	377,225	64,188	-	10,693	17,775	-	201,865	671,746	40%	-
Andrew J Crowley[3]	2015	34,580	-	-	2,846	3,100	-	(99,023)	(58,497)	**	-
	2014	402,225	68,250	-	11,293	17,775	-	104,082	603,625	29%	-
Darren B Stevenson[4]	2015	30,588	-	-	915	1,565	-	5,848	38,916	15%	-
	2014	377,225	64,188	-	11,293	17,775	-	104,095	574,576	29%	-
Susan L Mallan[5]	2015	18,184	-	-	864	1,174	-	(8,225)	11,997	**	-
	2014	242,098	41,869	-	5,646	15,515	-	85,762	390,890	33%	-
Gary J Proctor[6]	2015	125,406	-	-	4,819	9,392	147,013	(101,400)	185,230	**	-
	2014	377,225	64,188	-	11,293	17,775	-	114,630	585,111	31%	-
Brett Smith[7]	2015	256,263	-	-	6,803	14,088	-	16,088	293,242	-	-
	2014	-	-	-	-	-	-	-	-	-	-
Craig Stallan[8]	2015	398,407	-	50,000	49,685	18,783	-	25,062	541,937	14%	-
	2014	-	-	-	-	-	-	-	-	-	-
David Spring[9]	2015	73,411	-	33,333	18,286	4,697	-	1,269	130,996	26%	-
	2014	-	-	-	-	-	-	-	-	-	-
Subtotal Executives	**2015**	**1,956,321**	**-**	**83,333**	**117,766**	**108,000**	**147,013**	**51,844**	**2,464,277**		
	2014	**2,361,707**	**410,311**	**-**	**66,290**	**117,751**	**-**	**890,096**	**3,846,155**		
Total - Directors	**2015**	**3,448,996**	**-**	**83,333**	**203,321**	**189,622**	**147,013**	**761,924**	**4,834,209**		
and Executives	**2014**	**3,673,238**	**612,186**	**-**	**129,351**	**177,428**	**-**	**1,419,565**	**6,011,768**		

1 Share based payments comprise equity-settled share options and performance rights. These amounts were calculated in accordance with AASB 2 - Share based payment. Share options were valued using the Black-Scholes option pricing model and performance rights are calculated using the Monte-Carlo valuation model. Although a value is ascribed and included in the total key management personnel compensation, it should be noted this amount was not received in cash. These include negative amounts for rights forfeited during the year.

2 Mrs Whitcombe commenced parental leave on 11 May 2015 and was remunerated on the following basis in FY 15.
0.8 FTE TFR for 6 months
0.6 FTE TFR for 5 months
0.4 FTE TFR for 1 month

3 Mr Crowley ceased being a KMP on 31 July 2014.

4 Mr Stevenson ceased being a KMP on 31 July 2014.

5 Mrs Mallan ceased being a KMP on 31 July 2014.

6 Mr Proctor ceased being a KMP on 31 October 2014.

7 Mr Smith became a KMP on 31 October 2014.

8 Mr Stallan became a KMP on 31 July 2014.

9 Mr Spring became a KMP on 4 May 2015.

* Amounts disclosed in non-monetary benefits include car parking, motor vehicle expenses and insurance premiums paid by the Group in respect of Directors' and officers' liability insurance contracts. The insurance premiums are allocated based on a pro-rata portion of the year for which each individual was employed.

** Percentage not disclosed as the total amount of STI and/or LTI remuneration expense was negative for the relevant period.

Contingent performance rights and outcomes for KMP

The Company offers unlisted options or contingent performance rights to KMP as part of their incentive remuneration, to provide them with additional incentive to develop the Group and create value for shareholders. The unlisted contingent performance rights form part of their remuneration packages. Details of the performance related remuneration for KMP, excluding options, are set out below.

KMP Performance Related Remuneration [10] [11]

	FY15 STI Rights granted[1]	FY15 STI Rights lapsed[2] [3]	FY15 LTI Rights granted[4]	Value of all Rights granted in FY15 as at grant date[5]	FY14 STI Rights that vested 1/7/15[6]	FY14 STI Rights that lapsed	FY14 LTI Rights on issue[7]	FY14 LTI Rights lapsed	FY13 LTI Rights lapsed[8]	FY12 Rights vested (and value)[13]	FY12 options exercised[14]
Current Executive KMP[0]											
Ian R Davies	-[9]	-	707,351	$106,103	371,094	410,156	937,500	-	3,000,000	-	667,000 ($196,765)[12]
David E Spring	-	-	72,510	$5,076[5A]	-	-	-	-	-	-	-
Craig J Stallan	201,090	201,090	402,181	$100,545	-	-	-	-	-	-	-
Andrew J Price	199,028	199,028	398,058	$99,515	122,472	246,829	301,471	-	284,643	-	-
Brett Smith	129,234	129,234	258,465	$64,616	-	-	-	-	-	-	-
Francis L Connolly	191,748	191,748	383,495	$95,874	117,992	237,798	290,441	-	310,520	157,570 ($108,251)	-
Julie A Whitcombe	131,029	131,029	262,055	$65,514	75,372	114,025	154,610	-	266,160	171,010 ($117,484)	-
Totals	852,129	852,129	2,484,115	$537,243	686,930	1,008,808	1,684,022	-	3,861,323	328,580 ($225,735)	667,000 ($196,765)
Former Executive KMP											
Susan Mallan	-	-	-	-	76,965	-	189,451	-	332,700	-	-
Darren Stevenson	-	-	-	-	117,992	-	290,441	-	221,800	-	-
Andrew J Crowley	-	-	-	-	-	-	308,824	308,824	-	-	-
Gary Proctor	-	-	-	-	-	-	290,441	290,441	332,700	-	-

Notes:

1 No contingent performance rights were granted to Non-executive directors in either of FY14 or FY15.

2 As part of STI for FY15 (discussed in more detail on pages 17 and 18), the Company granted 852,129 unlisted contingent performance rights (FY15 STI Rights) to Senior Executives. The number of the FY15 STI Rights granted was calculated by dividing 50% of the maximum STI that the Company offered each Senior Executive for FY15 by the participation price for FY15 STI Rights, which was $0.721 per share (the 20 day VWAP of Senex shares traded on ASX to the end of June 2014). The Senior Executives FY15 STI Rights were issued on 19/12/2014 and 8/5/2015. The CEO's FY15 STI Rights were issued on 19/12/2014 with shareholder approval.

3 On the basis of the Board's assessment of corporate performance for FY15, all Senior Executives' FY15 STI Rights lapsed on 17 August 2015.

4 As LTI for FY15 (discussed in more detail on pages 20 and 21), the Company granted 2,484,115 unlisted contingent performance rights (FY15 LTI Rights) to Executive KMP. The number of FY15 LTI Rights granted was calculated by dividing the maximum LTI that the Company offered KMP for FY15 by the participation price for FY15 LTI Rights, which was $0.721 per share (the 20 day VWAP of Senex shares traded on ASX up to the end of June 2014). The FY15 LTI Rights are subject to a performance condition based on total shareholder return over three years to 30 June 2017 and a vesting condition that requires that the KMP be an employee on 1 July 2017. The Senior Executives FY15 LTI Rights were issued on 19/12/2014 and 8/5/2015. The CEO's FY15 LTI Rights were issued on 19/12/2014 with shareholder approval.

5 Based on a fair value of $0.56 per FY15 STI Right and $0.25 per FY15 LTI Right on the date of grant for Senior Executives and $0.15 per FY15 LTI Right for the CEO.

5A Based on a fair value of $0.07 per FY15 LTI Right for Mr Spring owing to his later commencement date.

6 Details of FY14 STI Rights that vested on 1/7/2015 are set out on page 31.

7 No FY14 LTI Rights vested during FY15. A Senior Executive's rights lapse if they cease to be an employee of the group before vesting. Unvested FY14 LTI Rights will immediately vest to the extent that the performance test is satisfied in the event of change of control of the Company.

8 All FY13 LTI Rights lapsed on 1/7/2015 when the performance test was not satisfied. The CEO's FY13 LTI Rights were issued on 30/11/2012 with shareholder approval.

9 The FY15 STI offered to the CEO did not include any FY15 STI Rights (or any other equity based incentive).

10 No options were granted in FY15. No options were granted as part of KMP remuneration in FY12, FY13, FY 14 or FY15, other than options granted to the CEO in FY12.

11 No partly paid shares were issued to KMP in FY14 or FY15.

12 The CEO exercised 667,000 options on 1 July 2014. The Company cancelled 667,000 options for no consideration on 30 June 2015.

13 Value based on Senex's share price on the vesting date.

14 The value of vested options was determined based on the intrinsic value of the options at the date of vesting, being the difference between the share price on that date and the exercise price payable by the KMP.

FY13 LTI Outcomes

As LTI for FY13, the Company granted 3,000,000 unlisted contingent performance rights (FY13 LTI Rights) to the CEO on 1 July 2012, subject to a performance condition based on total shareholder return over the three years to 30 June 2015 and a vesting condition that requires the CEO to be an employee on 1 July 2015. The FY13 LTI Rights were issued on 30 November 2012 with shareholder approval.

The Company also granted 2,436,103 performance rights to Senior Executives subject to a similar three year performance condition and three year vesting condition.

All FY13 LTI Rights lapsed on 1 July 2015 when the performance test was not satisfied.

Table 10: Total Shareholder Return for FY13 to FY15

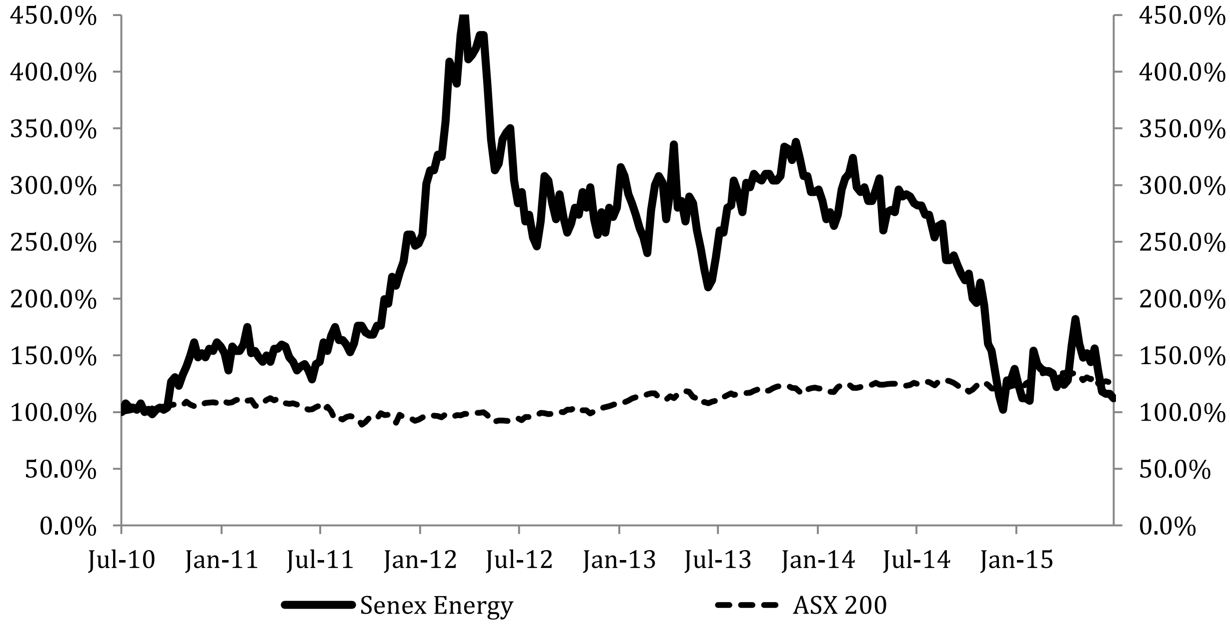

Table 11: FY13 LTI Rights granted to KMP

Holder	Date of grant	FY13 LTI Rights granted	FY13 LTI Rights lapsed	Date FY13 LTI Rights lapsed
Ian R Davies	1 July 2012	3,000,000	3,000,000	1 July 2015
Andrew J Price	1 September 2012	284,643	284,643	1 July 2015
Julie A Whitcombe	1 July 2012	266,160	266,160	1 July 2015
Francis L Connolly	1 July 2012	310,520	310,520	1 July 2015
Andrew J Crowley	1 January 2013	166,350	166,350	31 January 2015
Darren B Stevenson	1 November 2012	221,800	221,800	1 July 2015
Susan L Mallan	1 July 2012	332,700	332,700	1 July 2015
Gary J Proctor	1 July 2012	332,700	332,700	1 December 2014
Steven G Scott	1 July 2012	354,880	354,880	1 July 2015
Timothy J Wyatt	1 July 2012	166,350	166,350	19 January 2015
Total		**5,436,103**	**5,436,103**	

Option holdings of KMP

FY12 options issued to the CEO

As LTI for FY12, the Company granted 2,000,000 unlisted options to Mr Davies on 1 July 2011 (FY12 options), exercisable at $0.40 each, in three tranches:

- 667,000 options vesting 23 November 2011, expiring 1 July 2014 which were exercised by Mr Davies on 1 July 2014;
- 667,000 options vesting 1 July 2012, expiring 1 July 2015 which were cancelled for no consideration on 30 June 2015; and
- 666,000 options vesting 1 July 2013, expiring 1 July 2016.

The FY12 options were issued on 23 December 2011, with shareholder approval.

FY11 options issued to the CEO

As LTI for FY11, the Company granted 4,000,000 unlisted options to Mr Davies on commencement of employment (FY11 options) to compensate for loss of contingent bonus payments of equity foregone on leaving his former employer. The FY11 options are exercisable at $0.255 each, in four tranches:

- 1,200,000 options vesting 9 September 2010, expiring 9 September 2015;
- 800,000 options vesting 19 July 2011, expiring 19 July 2016;
- 1,000,000 options vesting 19 July 2012, expiring 19 July 2017; and
- 1,000,000 options vesting 19 July 2013, expiring 19 July 2018.

The FY11 options were issued on 9 September 2010, with shareholder approval.

Unvested contingent performance rights held by Mr Davies will immediately vest to the extent that the performance test is satisfied in the event of change of control of the Company.

Aggregate option holdings of directors and KMP

No options in the Company were held during the financial year by any Director or Senior Executive of the Company, including their personally related entities, other than as follows:

- Mr Davies held 6,000,000 options on 1 July 2014, 667,000 of which were exercised on 1 July 2014 and 667,000 of which were cancelled on 30 June 2015 for no consideration, leaving Mr Davies holding 4,666,000 vested options as at 30 June 2015.

Further information on options held in the Company are in note 31 to the financial statements.

There were no vested and un-exercisable options at 30 June 2015.

Total rights and share holdings of KMP in FY15 and FY14

The following information aggregates all contingent performance rights held by KMP during the past two financial years.

Table 12: Performance rights held by KMP in FY15 and FY14

Number of rights	Year	Balance at start of FY	Granted as compensation	Vested and issued	Lapsed or expired	Net change other	Balance at end of FY
Directors							
Trevor Bourne	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Ian R Davies	2015	4,718,750	707,351	-	(410,156)	-	5,015,945
	2014	3,000,000	1,718,750	-	-	-	4,718,750
Ralph H Craven	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Timothy BI Crommelin	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Debra L Goodin	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Benedict M McKeown	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Denis F Patten	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Yanina A Barila	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-
Executives							
Andrew J Price	2015	955,415	597,086	-	(246,829)	-	1,305,672
	2014	284,643	670,772	-	-	-	955,415
Brett Smith[1]	2015	-	387,699	-	-	-	387,699
	2014	-	-	-	-	-	-
Craig J Stallan[2]	2015	-	603,271	-	-	-	603,271
	2014	-	-	-	-	-	-
David E Spring[3]	2015	-	72,510	-	-	-	72,510
	2014	-	-	-	-	-	-
Francis L Connolly	2015	1,114,320	575,243	(157,570)	(237,798)	-	1,294,195
	2014	692,326	646,231	(224,237)	-	-	1,114,320
Julie A Whitcombe	2015	781,177	393,084	(171,010)	(114,025)	-	889,226
	2014	708,180	344,007	(271,010)	-	-	781,177
Andrew J Crowley[4]	2015	853,483	-	-	-	(853,483)	-
	2014	166,350	687,133	-	-	-	853,483
Darren B Stevenson[5]	2015	868,031	-	-	-	(868,031)	-
	2014	221,800	646,231	-	-	-	868,031
Susan L Mallan[6]	2015	754,229	-	-	-	(754,229)	-
	2014	332,700	421,529	-	-	-	754,229
Gary J Proctor[7]	2015	978,931	-	-	-	(978,931)	-
	2014	332,700	646,231	-	-	-	978,931
Total	**2015**	**11,024,336**	**3,336,244**	**(328,580)**	**(1,008,808)**	**(3,454,674)**	**9,568,518**
	2014	**5,738,699**	**5,780,884**	**(495,247)**	**-**	**-**	**11,024,336**

1 Mr Smith commenced as KMP on 31 October 2014.
2 Mr Stallan commenced as KMP on 31 July 2014.
3 Mr Spring commenced as KMP on 4 May 2015.
4 Mr Crowley ceased as KMP on 31 July 2014.
5 Mr Stevenson ceased as KMP on 31 July 2014.
6 Ms Mallan ceased as KMP on 31 July 2014.
7 Mr Proctor ceased as KMP on 31 October 2014.

The ‘net change other’ column includes movement for other allocations of performance rights and movement due to becoming or ceasing to be key management personnel.

The balance of performance rights at 30 June 2015 had not vested.

Shareholdings of key management personnel

The Board encourages Non-executive Directors to hold shares in the Company (purchased by Directors on market). It is considered good governance for a Director to have a stake in the company in which they serve as a Board member.

Table 13: Ordinary fully paid shares held by KMP in FY15 and FY14

Number of ordinary fully paid shares	Year	Balance at start of FY	Granted as compensation	Options exercised	Net change other*	Balance at end of FY
Directors						
Trevor Bourne	2015	-	-	-	105,000	105,000
	2014	-	-	-	-	-
Ian R Davies	2015	1,163,953	-	667,000	277,000	2,107,953
	2014	1,973,953	-	-	(810,000)	1,163,953
Ralph H Craven	2015	200,000	-	-	50,000	250,000
	2014	160,000	-	-	40,000	200,000
Timothy BI Crommelin	2015	3,546,812	-	-	180,000	3,726,812
	2014	3,546,812	-	-	-	3,546,812
Debra L Goodin	2015	-	-	-	41,839	41,839
	2014	-	-	-	-	-
Benedict M McKeown	2015	-	-	-	-	-
	2014	-	-	-	-	-
Denis F Patten	2015	1,819,616	-	-	180,384	2,000,000
	2014	1,819,616	-	-	-	1,819,616
Yanina A Barila	2015	-	-	-	-	-
	2014					
Executives						
Andrew J Price	2015	22,000	-	-	130,000	152,000
	2014	22,000	-	-	-	22,000
Brett Smith	2015	-	-	-	-	-
	2014	-	-	-	-	-
Craig J Stallan	2015	-	-	-	-	-
	2014	-	-	-	-	-
David E Spring	2015	-	-	-	-	-
	2014	-	-	-	-	-
Francis L Connolly	2015	1,069,984	157,570	-	-	1,227,554
	2014	845,747	224,237	-	-	1,069,984
Julie A Whitcombe	2015	882,406	171,010	-	540,000	1,593,416
	2014	611,396	271,010	-	-	882,406
Andrew J Crowley	2015	83,000	-	-	(83,000)	-
	2014	83,000	-	-	-	83,000
Darren B Stevenson	2015	13,876	-	-	(13,876)	-
	2014	-	13,876	-	-	13,876
Susan L Mallan	2015	146,574	-	-	(146,574)	-
	2014	146,574	-	-	-	146,574
Gary J Proctor	2015	16,333	-	-	(16,333)	-
	2014	16,333	-	-	-	16,333
Total	**2015**	**8,964,554**	**328,580**	**667,000**	**1,244,440**	**11,204,574**
	2014	**9,225,431**	**509,123**	**-**	**(770,000)**	**8,964,554**

*The net change other column includes movement for other acquisitions or disposals of shares and movement due to becoming or ceasing to be key management personnel during the year.

Senex Employee Incentive Plan

The Senex Employee Incentive Plan (EIP) is designed to help achieve the remuneration policy goals by:

- focusing Senex people on performance outcomes; and
- rewarding Senex people for creating superior value for shareholders.

Every permanent salaried employee of Senex (other than a member of KMP) who completed employment probation in FY15 was eligible to participate in the EIP for FY15. Under the EIP, the Board sets and communicates to all staff corporate targets for each financial year, and at the end of the financial year, the Board determines the extent to which those targets have been met.

The Board determines the corporate performance rating for the financial year as a percentage (0-100%). The rating is a factor in determining the maximum proportion of performance rights that Senex can offer to eligible employees for that financial year.

If the Board determines that Senex has achieved a corporate performance rating below 50%, the Company will not offer any eligible employee participation in the EIP for that financial year.

Each eligible employee's individual performance rating is determined in accordance with the documented Senex employee performance review process, and an employee's participation multiple ranges from 0% to 30% based on that rating.

The Board set, and management disclosed to all Senex staff, the FY15 EIP corporate performance targets, which were the same as the base level targets for the FY15 STI offered to the CEO and Senior Executives as set out on page 18.

The Board determined that the corporate performance rating of the Company for FY15 was less than 50%, and accordingly there will be no offer of performance rights under the EIP for FY15.

Signed in accordance with a resolution of the Directors.

Trevor Bourne
Chairman

Ian R Davies
Managing Director

Brisbane, Queensland
24 August 2015

Auditor's Independence Declaration

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

In relation to our audit of the financial report of Senex Energy Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Andrew Carrick
Partner
24 August 2015

2. Operating and Financial Review

2.1. Operating Highlights

Senex enters FY16 in a good financial position, after solid oil production in FY15, record oil and gas proved and probable reserves growth, and a step change in the development of a material gas business.

Senex was an early mover responding to the lower oil price environment. The Company acted rapidly and prudently, reducing capital expenditure and operating costs, securing an undrawn unsecured debt facility of $80 million, and putting in place an oil hedging program for FY16[1]. Senex has cash-flow from operations, no drawn debt and cash of $49 million at 30 June 2015.

Key milestones for the reporting period were:

- **Solid production** from Cooper Basin fields of 1.39 mmboe, including 1.35 mmbbls of oil, maintaining healthy margins from oil sales.

- **First Namur oil exploration success** for Senex on the western flank of the Cooper Basin, with the discovery of the Martlet oil field and follow up drilling success on Martlet North-1. Martlet-1 commenced production in the first half of FY15, and Martlet North-1 will be connected in the first half of FY16.

- **Material increase in gas reserves** following the completion of an asset swap with the QGC Joint Venture[2] of coal seam gas permits in Queensland's Surat Basin. The new permits form the basis of Senex's proposed gas field development, the Western Surat Gas Project. Early planning and appraisal activities commenced in the second half of FY15 with a target of first gas production by the end of 2017.

- **Significant progress in unconventional gas exploration** in the Cooper Basin, initiating the $105 million stage one work program with Origin Energy. Seismic surveys were completed with drilling to commence in FY16. Senex is the operator and is free carried for its share of stage one.

- **First gas sales** in the Cooper Basin. Gas and gas liquids were sold from the Hornet field (Senex 100%) to the SACB JV under a gas sales agreement. Additionally, strong production testing results were achieved and gas reserves were booked at the Vanessa gas field, which will be connected during FY16.

- **Sharpened focus** on portfolio management across exploration, appraisal and development of the Company's extensive oil and gas portfolio. At 30 June 2015, Senex had interests in over 68,000 square kilometres of acreage across the Cooper and Surat Basins with majority operatorship and tenure security.

[1] Hedging program guarantees an average Brent crude oil floor price of A$75 per barrel, assuming an AUD/USD exchange rate of 0.75.
[2] QGC Pty Ltd (QGC), Tokyo Gas (TG) and China National Offshore Oil Company (CNOOC).

Key results for the reporting period were:

- **Net production** of 1.39 million barrels of oil equivalent (mmboe), in line with revised FY15 guidance of between 1.36 and 1.41 mmboe, and up 1% on the prior year. This result included approximately 0.04 mmboe of gas and gas liquids.

- **Significant growth in 2P oil and gas reserves**, increasing by 137% to 94.6 mmboe at 30 June 2015. This comprises 83.3 mmboe of gas reserves and 11.3 million barrels of oil (mmbbls) reserves. 1P reserves decreased to 4.3 mmboe (FY14: 5.5 mmboe) and 3P reserves increased to 131.1 mmboe (FY14: 81.4 mmboe).

- **Sales revenue** of $115.9 million, down 32% on the prior year, primarily due to the material fall in the oil price. An average oil price of A$88 per barrel was realised for the full year, down from A$127 per barrel in FY14. Sales volumes of 1.32 mmboe were recorded, down from 1.35 mmboe in FY14, including approximately 0.02 mmboe of gas and gas liquids.

- **Underlying profit**[1] of $5.6 million. The Company posted a statutory loss after tax[2] of ($80.6 million), down from a statutory profit of $37.9 million. The result included a non-cash impairment charge of $97.0 million before tax, primarily recognised against Senex's non-producing exploration assets in the Cooper Basin.

- **Capital expenditure** of $82.2 million, in line with revised FY15 guidance of between $80 million and $85 million. Senex reduced its capital work program for FY15 by over 25% against original FY15 guidance, in response to lower sales revenues (FY14 capital expenditure: $151.4 million).

- **Strong financial position** with $129 million of liquidity and all work programs fully funded. During the second half of FY15 an unsecured corporate debt facility of $80 million was established combined with cash reserves at 30 June 2015 of $49 million.

- **Improved group safety performance** with a total recordable injury frequency rate (TRIFR) of 6.24 as at 30 June 2015 (FY14: 6.46).

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[1] Underlying profit can be reconciled to statutory net profit after tax (NPAT) as follows:

	FY15 $ million	FY14 $ million
Statutory net profit (loss) after tax	**(80.6)**	**37.9**
Add/(less):		
Impairment of exploration assets and in-field consumables	62.2	-
Impairment of oil properties	34.8	-
One off transaction costs	-	4.1
Gain on sales of assets	-	(1.9)
Tax (benefit)/expense*	(10.7)	4.6
Underlying net profit (loss) after tax	**5.6**	**44.7**

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

* This amount is the reversal of the income tax expense booked at 30 June 2014. As a result of impairment during FY15, a net deferred tax asset position exists at 30 June 2015 and Senex recognises carry forward tax losses to the extent of total deferred tax liabilities.

[2] Net Profit / (Loss) After Tax is equivalent to 'profit/(loss) after tax' per the audited consolidated statement of comprehensive income on page 69 of this report.

Company Strategy

As a growth-focused oil and gas exploration and production company, the Senex strategy is built around an extensive oil and gas portfolio with diversification pursued by product, geography and maturity. Senex is an onshore explorer and producer of crude oil, with a large portfolio of gas acreage under exploration, appraisal and development. The Company is focused on two proven energy provinces, the Cooper-Eromanga and Surat Basins, and is committed to building a sustainable, material business across the oil and gas upstream value chain. Despite a lower oil price environment in the last 12 months, Senex achieved a step change in the delivery of this strategy, particularly with the significant addition of 2P gas reserves in the Surat Basin.

The market for oil and gas has robust underlying economics. Australia remains an attractive investment destination, with political stability and abundant resources to be commercialised with the benefit of learnings from mature basins around the world. In relation to these markets:

- **Oil** - the Cooper Basin is underexplored by international standards. A large remaining resource base with existing infrastructure options incentivises exploration activity and enables high-margin production, even in a lower oil price environment. While the lower oil price environment looks sustained in the short term, the longer term outlook remains positive.

- **Gas** – the Cooper and Surat Basins offer significant undeveloped gas reserves and resources. Australia's East Coast gas market is experiencing unprecedented demand growth fuelled by the start-up of large-scale Liquefied Natural Gas plants in Queensland. A compelling market opportunity exists for well-located, material gas reserves with a robust commercialisation strategy.

Looking ahead, Senex will pursue a disciplined approach to capital allocation whilst retaining growth options. This will involve continued delivery of its long-held strategy to deliver a material gas business and continue to grow its high-margin oil business. The Company is pursuing a self-funding, reduced work program in the Cooper Basin focused on oil production, in parallel with prioritising the development of its Western Surat Gas Project in Queensland, taking advantage of the market opportunity on Australia's east coast. The Company's strategic priorities are described below:

	Cooper Basin		**Surat Basin**
	Oil	Gas	Gas
Strategic rationale	High margin core business with scalability and material upside potential.	Diversification of revenue stream and material scale, medium to long term growth enabler.	Geographic and product diversification and strong near term market opportunity.
Maturity of Senex assets	Exploration, appraisal, development and production	Exploration and appraisal	Exploration, appraisal and development
Near term objectives	Explore and monetise oil opportunities within extensive acreage portfolio.	Target material gas resources within an extensive exploration portfolio in the long term, and commercialise appraisal opportunities.	Commercialise material 2P reserves and bring coal seam gas assets into production.
Forward plan	• Evaluation of exploration opportunities, focusing on prospects in the high potential Namur, McKinlay and Birkhead horizons • Regional modelling and evaluation	• Execute stage one work program for Origin Energy joint venture, initial wells drilled • Hornet field production and evaluation ongoing • Regional modelling and evaluation • Evaluation of gas leads and prospects	• Progress key planning and appraisal activities for the Western Surat Gas Project • Commence pilot production testing • Work towards Final Investment Decision • Evaluate potential to extend the Project through adjacent Senex permits in the longer term

Strategic roadmap

The following table provides a roadmap for success in pursuit of the Company's strategic objectives to 2018 and beyond:

	FY10	**FY14**	**FY15**	**FY18+**
Average Brent oil price per barrel	US$75	US$109	US$74	Price recovery expected
Average Senex realised oil price per barrel	A$74	A$127	A$88	
What is Senex?	Oil explorer with coal seam gas assets	Oil producer and gas explorer	Oil and gas explorer and producer	Oil and gas explorer and producer
What is Senex's focus?	Achieving a robust production base	Delivering year on year production growth	Oil and gas production from Cooper Basin portfolio. Developing a material gas business in the Surat Basin. Building reserves across portfolio	Building a sustainable, material business across the oil and gas upstream value chain Building reserves across portfolio
Where is Senex?	Across Australia and internationally	Focused on the South Australian Cooper-Eromanga Basin	Continued development of the Cooper-Eromanga Basin. Material growth project secured in the Surat Basin.	• Cooper-Eromanga Basin • Surat Basin • Active new ventures strategy to further diversify and strengthen the business
How is Senex funded?	Regular small capital raisings	Operating cash flows, supported by a clean balance sheet	Operating cash flows supported by undrawn debt facility and strategic partnering.	• Operating cash flows supported by debt facility • Strategic partnering • Disciplined capital management • Project financing where required
How is success measured?	Well by well, barrel by barrel	Annual production and reserves targets	Value driven growth in reserves and sustainable oil and gas production.	• 2P reserves growth • Production growth • Sustainable oil and gas production • *Dependent on capital investment*

Financial Review

Key Metrics	**Full Year FY15**	**Full Year FY14**	***Year on Year change***
Net sales volumes (mmboe)	**1.32**	1.35	*(2%)*
Oil	1.30	1.35	*(4%)*
Gas and gas liquids	0.02	-	*N/A*
Average realised oil price (A$ per barrel)	**88**	127	*(31%)*
Sales revenue ($ million)	**115.9**	170.9	*(32%)*
Underlying Profit[1] ($ million)	**5.6**	44.7	*(87%)*
Statutory Profit / (Loss) After Tax[2] ($ million)	**(80.6)**	37.9	*(313%)*
Cash ($ million)	**49.0**	76.6	*(36%)*

Senex enters the 2016 financial year in a healthy financial position. At 30 June 2015, the Company held cash reserves of $49 million, with further liquidity through an $80 million undrawn corporate debt facility. The multi-currency debt facility was established in April 2015 and provides added financial flexibility. Senex secured attractive terms and pricing for the facility which has a three year term and appropriate and non-restrictive covenants.

Revenue

In line with the decline in Brent oil prices, sales revenue decreased by 32% to $115.9 million, down from $170.9 million in FY14. This was reflected in a lower average realised oil price of A$88 per barrel against the previous year's average of A$127 per barrel. The impact of the lower oil price was partially offset by a weakened Australian dollar. During the year Senex achieved its first gas sales from the Hornet field in the Cooper Basin, which provided approximately 0.02 mmboe of gas sales to the Group.

Oil hedges

During the year, Senex put in place hedges to protect the Company's oil sales revenues. The hedges secured a floor price for oil sales from January 2015 to June 2015 and were put in place through a combination of put and call options, with an average floor price of A$68 per barrel. This protected Senex against a continued decline in oil price in January 2015, when the Brent crude oil price averaged A$62/bbl for the month. As a result of having these hedges in place, Senex realised an overall net benefit of $0.2 million for FY15. With continued oil price volatility, Senex put in place additional commodity hedges for the 2016 financial year. The effect of this is to guarantee a Brent crude oil floor price over the 12 month period of approximately A$75/barrel[3] for a hedged volume of 1 mmbbls of oil.

[1] Underlying profit is reconciled on page 40 of this full year report.
[2] Net Profit / (Loss) After Tax is equivalent to 'profit/(loss) after tax' per the audited consolidated statement of comprehensive income on page 69 of this full year report.
[3] Hedging program guarantees an average Brent crude oil floor price of A$75 per barrel, assuming an AUD/USD exchange rate of 0.75.

Sales volumes

Net sales volumes to Senex were 1.32 mmboe for the period, approximately 0.02 mmboe of which was gas and gas liquids. Oil sales volumes of 1.30 mmbbls decreased by 4% on the previous year oil sales of 1.35 mmbbls.

Cost of sales

Excluding royalties, the cost of sales per barrel of oil increased from $31.08 to $32.45 in FY15. This reflects an annual increase in ex-field processing, handling and transportation charges and mix of production from various operating hubs within the Cooper Basin. Including royalties, the cost of sales per barrel of oil decreased from $41.43 to $40.64 per barrel, as lower sale prices resulted in lower royalties payable.

Gross profit

The Company produced a gross profit of $38.7 million compared with $89.1 million in FY14. The average operating cash margin remained healthy at $47 per barrel, despite the significant decline in oil prices.

General and administrative expenses

Total general and administrative expenses decreased to $9.7 million from $25.5 million in the prior year, a reduction of $15.8 million. These savings were made in response to the lower oil price environment, by reducing head count and corporate expenses, as well as increasing recoveries of these costs. The total reduction was assisted by foreign exchange gains of $6.8 million.

EBITDAX

Earnings before interest, tax, depreciation, amortisation, impairment and exploration expense (EBITDAX[1]) decreased to $49.5 million, compared to $91.1 million in the prior year. This was primarily due to the decrease in oil prices during FY15.

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[1] EBITDAX (earnings before interest, tax, depreciation, amortisation, impairment and exploration expense) can be reconciled to the audited financial report as follows:

	FY15 $ million	FY14 $ million
Statutory net profit (loss) after tax	**(80.6)**	**37.9**
Add/(less):		
Net interest	0.7	(1.7)
Tax	(10.7)	10.7
Amortisation & depreciation	24.7	27.4
Impairment	97.0	-
EBITDA	**31.1**	**74.3**
Add/(less):		
Oil and gas exploration expense	18.4	16.8
EBITDAX	**49.5**	**91.1**

Net profit

Net loss after tax[1] was $80.6 million, down from a net profit after tax of $37.9 million in the previous year. This result was impacted by a non-cash impairment charge of $97.0 million. The charges were primarily recognised against Senex's non-producing exploration assets in the Cooper Basin, and do not affect the Company's operating outlook or plans. The effective tax rate for FY15 was 11.7% as a result of not recognising certain deferred tax assets.

Underlying profit[2] was $5.6 million. Included in underlying profit is an $18.4 million exploration expense, which was recognised in accordance with Senex's 'successful efforts' accounting policy, in line with the Company's approach to do so where there is potential for expenditure to be recovered through successful development and exploitation.

Capital expenditure

	Full Year FY15	**Full Year FY14**	***Year on Year change***
Exploration and appraisal	56.8	74.0	*(23%)*
Development, plant and equipment	25.4	77.4	*(67%)*
Total	**82.2**	**151.4**	***(46%)***

Senex's full year capital expenditure was $82.2 million, which was within the revised guidance range of $80 million to $85 million. Capital spend was reduced during the year in response to a lower oil price environment with a focus on disciplined capital allocation to continue progressing Senex's portfolio of growth projects.

Senex invested $56.8 million in exploration and appraisal and $25.4 million in oil and gas properties, facilities and plant and equipment during the year. The majority of this spend was in the Cooper Basin. This included the drilling of 13 oil wells, commissioning of gas production facilities and 3D seismic acquisition and processing. In the Surat Basin, Senex invested in early planning activities for its proposed coal seam gas development, the Western Surat Gas Project, which involved concept engineering studies, landholder and stakeholder engagement, and initiation of the environmental impact assessment process.

In May 2015, Senex completed the acquisition of Orca Energy Limited's 20% share of selected Cooper Basin interests for approximately $2 million.

[1] Net Profit / (Loss) After Tax is equivalent to 'profit/(loss) after tax' per the audited consolidated statement of comprehensive income on page 69 of the Financial Statements.
[2] Underlying profit is reconciled on page 40 of this full year report.

Production

Production	Full Year FY15	Full Year FY14	*Year on Year change*	Full Year FY13
Net production (mmboe)	**1.39**	1.38	*1%*	1.25
Oil	**1.35**	1.38	*(2%)*	1.25
Gas and gas liquids	**0.04**	-	*N/A*	-

Senex delivered a steady net production result of 1.39 mmboe, up 1% on the previous year. New well connections during the last quarter of 2014 financial year supported a record first half production result of 0.74 mmboe.

The full year result was in line with revised production guidance provided by Senex in April 2015 and below the original target of more than 1.4 mmboe. During the year, the Company materially reduced capital expenditure in response to lower revenues expected from a declining oil price. The scaled down capital program impacted production in FY15 as a result of fewer wells drilled, as well as deferring completion of new discoveries and selected production-enhancing activities in the second half.

All production was derived from the Company's operations in the Cooper Basin in South Australia.

Net oil production was 1.35 million barrels of oil (mbbls), 2% lower than prior year production of 1.38 mmbbls.

One new well was connected during the reporting period, the Martlet-1 exploration well, commissioned in December 2014. Since commissioning, the well has performed in line with expectations. The impact of the contribution from Martlet-1 was approximately matched by natural field decline and certain operational downtime events. The Growler, Snatcher and Spitfire oil fields continued to perform to, or outperform expectations during the period.

Net gas and gas liquids production was 0.04 mmboe, compared to nil gas production reported in the prior year.

Senex continued appraisal of the Hornet gas field through extended production testing, during which the field produced approximately 0.02 mmboe of gas and gas liquids. All product was sold to the SACB JV. At the Worrior oil field, Worrior-8 produces both oil and gas, and gas was flared as part of an extended production test which contributed the balance of production reported.

Exploration, Appraisal and Development

Oil

During the period Senex discovered the Martlet and Martlet North oil fields, the first Senex discoveries in the Namur Sandstone on the western flank of the South Australia Cooper Basin. Senex and its joint venture partners drilled thirteen wells in the Cooper Basin during the year, adjusted down from the original program of 26 wells in response to the lower oil price environment. Six of the wells drilled were cased and suspended. Senex recorded approximately 800km^2 of new 3D seismic surveys on schedule and on budget, and continued processing and interpretation of previous surveys across the western, northern and southern flanks of the Cooper Basin.

A summary of the Company's **drilling results** for the 2015 financial year is provided below:

Drilling Campaign	Well type	Wells drilled	Wells cased and suspended	Cased and suspended wells
Western flank	Exploration	4	2	Martlet-1, Martlet North-1
	Appraisal	1	1	Growler-14
Northern flank	Exploration	6	1	Akela-1
Dunoon Ridge	Exploration	2	2	Dunoon-3, Morris-1
Total		**13**	**6**	

Western flank, Cooper Basin

Continuing previous exploration and production success for Senex, the western flank of the Cooper Basin was a key target area for activity during the year.

The **Martlet-1** exploration well (Senex 60% and operator) was drilled in September 2014 and intersected 6 metres of net pay in the Namur Sandstone. The well was commissioned in December 2014 and has performed in line with expectations. The **Martlet North-1** well (Senex 60% and operator) was drilled in January 2015 and encountered 3.2 metres of net vertical pay in the Namur Sandstone, on a separate structure to Martlet-1. The well was cased and suspended and the joint venture will complete the well in the first quarter of 2016.

Data acquisition from the **Jasmine 3D** seismic program (Senex 57% and operator) was completed in the June quarter and spans 310 km^2. The survey area targets the western area of Petroleum Exploration License (PEL) 182, over an area with minimal prior exploration. The joint venture expects to complete processing and interpretation of the survey data in the first half of FY16.

At the **Spitfire** field (Senex 60% and operator) a number of wells were connected in the last quarter of FY14, supporting a strong production result at the field. The joint venture has focused on development activities to extend the field beyond known limits during FY15. This involved AVO and inversion processing and further interpretation of the merged **Aquillus and Mollichuta 3D** seismic surveys. New drilling targets generated out of this process will form the basis of western flank drilling to be undertaken by the joint venture at the field in FY16.

Western flank, Cooper Basin (continued)

At the **Growler** field (Senex 60% and operator), key activities were undertaken by the joint venture to evaluate a water flood project, representing the first phase of secondary recovery at the field. This included the drilling of the Growler-14 appraisal well, for which the result was on prognosis, and planning for a shut in test of Growler-6 in FY16. Production data from both activities will inform further field development plans for the water flood project. The **Growler-14** appraisal well was cased and suspended as a future oil producer and the joint venture will complete the well in the first quarter of FY16.

Northern permits, Cooper Basin

Senex completed a strategic drilling campaign during the year on its northern permits, a largely under explored area of the Cooper Basin. The six targets were identified from the **Cordillo 3D** and **Dundinna 3D** seismic surveys completed in 2014. **Akela-1** (Senex 60% and operator) encountered the best oil shows in the Birkhead Formation and was cased and suspended for future evaluation. While the campaign did not result in commercially exploitable reserves, it has provided valuable technical data to inform further assessment of the stratigraphic potential of this region. In line with the typical regional exploration model adopted by Senex, this data will be reassessed with the objective of identifying stratigraphic traps with favourable reservoir qualities and large reserves potential. The joint ventures expect to complete the assessments during the first half of FY16, involving AVO and inversion work of the Dundinna survey combined with drilling results.

Southern permits, Cooper Basin

A lower-risk near-field exploration campaign was completed in the second half in the southern Cooper Basin. The two wells drilled on the Dunoon Ridge, **Dunoon-3** and **Morris-1** (both Senex 100% and operator), were cased and suspended as future Murta oil producers.

East of Moomba, the **Wilpinnie 3D** seismic survey (Senex 100%) was recorded in the first half and interpretation will be completed in FY16. The Wilpinnie survey spans 140 km^2 and targets Namur oil prospects and secondary gas prospects in the Patchawarra Formation.

At the **Worrior** oil field (Senex 70% and operator) an extended production test of Worrior-8 commenced in late December 2014 and continued during the second half. Worrior-8 produces both oil and gas, and delivered solid oil production during the period. Analysis of production test data has enhanced understanding of the extent, connectivity and gas content in the Patchawarra Formation at the field. The field does not currently support a separate gas commercialisation project although follow up drilling may be undertaken in the future.

Gas

Senex has made significant progress in the development of a material gas business. This included growth in 2P reserves in the Surat Basin and initiation of a proposed coal seam gas field development; commencement of a fully funded work program with Origin Energy to explore unconventional gas in the Cooper Basin; and further appraisal of the Hornet and Vanessa gas fields, with first gas sales achieved at the Hornet field.

Surat Basin coal seam gas

During the year, Senex completed a gas asset swap with the QGC JV[1] in the Surat Basin for zero cash consideration. The transaction[2] provided Senex with a net increase of 56.5 mmboe of 2P coal seam gas reserves at 30 June 2015. The new acreage is adjacent to the Company's existing western Surat Basin permits ATP 771 and ATP 593 (Senex 45% operated interest), and lifted Senex's total Surat Basin acreage to over 2,000 km^2. The combined acreage position gives Senex the scale to build a material Surat Gas business adjacent to existing infrastructure and well positioned to leverage the growth in gas demand on Australia's east coast.

During the second half, Senex commenced early appraisal and planning activities to define the project and commercialise the resource. The Western Surat Gas Project area involves approximately 990 km^2 of Senex permits (ATPs 767, 795 and part of ATP 889 – Senex 100% and operator), and there is potential to build in the existing western Surat Basin permits into future extensions of the project. The Company is working through a range of regulatory approvals and securing commercial arrangements to reach a Final Investment Decision (FID). Senex is targeting first gas production by 2017, with full scale field development following FID and a target plateau production rate of approximately 35 to 50 terajoules per day.

Key activities undertaken for the project during FY15 included:

- Completion of an initial Concept Select engineering study on surface facilities;
- Initiation of the environmental approvals application process;
- Baseline assessments including water bore monitoring; and
- Stakeholder and community engagement, including land access and establishing a small local office in Roma.

In the year ahead, Senex has prioritised capital allocation to this project as it moves towards FID. Key activities during FY16 include:

- Enter into Front End Engineering Design for surface facilities;
- Pilot production wells to be commissioned and commence testing;
- Progress environmental approvals applications; and
- Continue landholder and stakeholder engagement activities.

[1] QGC Pty Limited (QGC), Tokyo Gas (TG) and China National Offshore Oil Company (CNOOC).
[2] Refer to note 19 in the Financial Statements for further details on this transaction.

Cooper Basin gas

During the period, Senex continued to move its key gas assets in the Cooper Basin along the maturity curve.

Unconventional Gas Joint Ventures with Origin Energy

With its joint venture partners Origin Energy and Planet Gas, Senex advanced stage one of the $105 million work program to explore for unconventional gas. This is a material exploration project with multi-Tcf resource potential for which Senex is the operator, and is free-carried for its share of expenditure in stage one.

The initial exploration program targets Permian tight gas and basin centred gas plays across two Cooper Basin areas. In the southern area, the joint venture is pursuing stratigraphic extensions to existing discoveries in the Allunga Trough. In the northern area, the joint venture is targeting potential basin centred gas sweet spots down dip of proven hydrocarbon accumulations in the Patchawarra Trough.

Four wells are planned to be drilled in the 2016 financial year. During the second half of FY15, data acquisition was completed for over 300 km^2 of 3D seismic surveys recorded in the northern and southern areas. In the south, processing of the Bauhaus survey was completed with two drilling locations agreed and expected to be spudded in the first half of FY16. In the north area, processing of the Jonathan and Mudrangie surveys commenced in the June quarter, with drilling of two wells expected in the second half of FY16.

The farm-in transactions were completed in June 2014 and the total value of the two-stage work program is up to $252 million.

Vanessa gas field (Senex 57% and operator)

Vanessa-1ST is a conventional gas discovery in the northern Cooper Basin, drilled in 2007. Vanessa-1 was ‘side tracked’ as the well encountered downhole equipment issues after the target zones were intersected (the Toolachee and Epsilon Formations). A number of conventional gas fields have demonstrated strong production in the surrounding permits and transmission infrastructure is within close proximity.

Senex and its joint venture partner targeted the high potential and strategically located field for further evaluation in FY15, through a production test on the Vanessa-1ST well. In December 2014, Senex reported strong results from the 50-hour production test where gas flowed unstimulated at an average rate of 5.0 mmscf/d from the target formations, and condensate was produced at an average rate of 15 barrels per mmscf/d. Following the Company’s annual reserves and resources evaluation, Senex has booked initial 2P reserves at the Vanessa field.

The joint venture has agreed on a work program and budget to bring the Vanessa-1ST well online. Discussions have progressed with the downstream transmission infrastructure operator, with the likely tie in point agreed, and the timing of connection to be aligned to the availability of downstream infrastructure.

Cooper Basin gas (continued)

Hornet gas field (Senex 100% and operator)

During the period Senex connected the Hornet-1 and Kingston Rule-1 wells and commenced extended production testing and appraisal of the Hornet gas field. The field produced approximately 0.02 mmboe during the period and the product was sold to the SACB JV, under a gas sales agreement with no risk of penalties for non-delivery.

Following strong initial flow rates during the extended production test of the Hornet-1 well, a stabilised flow rate could not be achieved during the second half of FY15. This was due to liquid loading in the well bore, a characteristic typical of the Patchawarra Formation in the Cooper Basin. The Kingston Rule-1 well commenced production testing in March with gas flowing to surface unassisted from an off-structure stratigraphic trap.

As a complex tight gas reservoir, irregular production is within the range of expected outcomes of the extended production test as the understanding of the Hornet field is developed, however performance to date has been at the lower end of expectations. Senex is continuing to evaluate the Hornet field during FY16. Stabilised production data from both wells, along with geological and geophysical analysis, is required to inform Senex's understanding of the resource and future development plan.

3. Board of Directors

Trevor Bourne

Chairman, Independent Non-executive Director

BSc (Mech Eng), MBA, FAICD

Trevor joined the Senex Board in December 2014 and was appointed Chairman in March 2015. He is an experienced Non-executive Director, having served on public and private company boards in Australia and Asia for over 15 years. Trevor is currently a director of Caltex Australia, where he is Chairman of the OH&S Committee and a member of the Audit and Remuneration Committees, and is a director of Sydney Water where he is Chair of the Safety Committee. Trevor was a founding director of Origin Energy for 12 years, following the demerger from Boral. At Origin he chaired the Remuneration Committee and was a member of the Audit and Safety Committees. Trevor's executive career included 15 years at BHP, eight years with the then Orica subsidiary Incitec, and 15 years with Brambles - the last six of which as Managing Director of Australasia.

Other Australian Listed Company Directorships in the last 3 years: Caltex Australia (ASX:CTX) – current; Origin Energy (ASX:ORG) – resigned 2012.

Ian R Davies

Managing Director and Chief Executive Officer

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

Ian was appointed as Managing Director in June 2010. He has a proven track record in delivering rapid business growth and a deep knowledge of the commercial imperatives underpinning successful companies. Ian joined Senex from QGC - a BG Group business, where he had been a key member of the senior management team since joining as Chief Financial Officer in 2007. Previously, Ian was an investment banker in Melbourne with Austock Corporate Finance and in London with Barclays Capital. He commenced his career in the Energy and Mining Division of PricewaterhouseCoopers (pwc) in Brisbane. In October 2013, Ian was named Business Person of the Year at the Brisbane Lord Mayor’s Business Awards.

Other Australian Listed Company Directorships in the last 3 years: None

Denis F Patten

Independent Non-executive Director

Denis was Chairman of Senex from March 2008 to March 2015. His career in the energy and resources industry spans more than 40 years and has included major resource developments in Australia and internationally. He has three decades of experience in oil and gas exploration, development and production and was a founding director of Queensland Gas Company Limited, retiring from the Board in 2007. Denis has held senior executive positions with ASEA Australia, CMPS & F Pty Ltd, PT CMP Indonesia and a number of major Australian onshore oil and gas drilling companies. Denis was a Non-executive Director of Orca Energy Limited from March 2012 until June 2013. He chairs the Senex remuneration and nominations committee and is a member of the audit and risk committee.

Other Australian Listed Company Directorships in the last 3 years: Orca Energy (ASX:OGY) – resigned 2013.

Ralph H Craven

Independent Non-executive Director

BE PhD FIEAust FIPENZ FAICD

Ralph joined the Senex Board in September 2011. He is an energy sector specialist with respected credentials in energy and resources. Before becoming a professional director in 2007, Ralph held senior executive positions with energy companies in Australia and New Zealand. He was formerly Chief Executive Officer of Transpower New Zealand Ltd, Executive Director with NRG Asia-Pacific and General Manager with Shell Coal Pty Ltd. Ralph is a Non-executive Director of a number of listed and unlisted companies including AusNet Services Ltd, Genex Power Ltd, and Windlab Ltd. His previous roles include Chairman and Non-executive Director of Invion Ltd, Ergon Energy Corporation Limited and Tully Sugar Limited and Deputy Chairman of coal seam gas company Arrow Energy Limited. Dr Craven is also a non-executive director on the Council Board of the International Electrotechnical Commission. Ralph chairs the Senex audit and risk committee and is a member of the remuneration and nominations committee.

Other Australian Listed Company Directorships in the last 3 years: AusNet Services (ASX: AST) – current; Genex Power Ltd (ASX:GNX) - current; Invion (ASX: IVX) – resigned 2015; Mitchell Services (ASX: MSV) – resigned 2014; Rio Tinto Pacific Aluminium (ASX:RIO) – board disbanded 2013.

Board of Directors

Timothy BI Crommelin

Non-executive Director

Bcom, ASIA, FAICD

Tim joined the Senex Board in October 2012. He has over 40 years of experience in stockbroking, corporate finance, risk management and mergers and acquisitions. He is Executive Chairman of Morgans Financial Limited, Non-executive Chairman of ASX listed AP Eagers Limited and previously served as Deputy Chairman of CS Energy Limited and Queensland Gas Company Limited. His other directorships include Australian Cancer Research Foundation and Abney Limited. Tim is a member of The University of Queensland's Governing Senate. He is a member of the Senex audit and risk committee and the remuneration and nominations committee.

Other Australian Listed Company Directorships in the last 3 years: AP Eagers (ASX:APE) – current.

Debra L Goodin

Independent Non-executive Director

BEcon, FCA, MAICD

Debbie joined the Senex Board in May 2014. Debbie is an experienced company director and audit committee chair. She is currently a Non-executive Director of Ooh! Media Limited, Adelaide based Beyond Bank Australia and Victorian government owned City West Water and a member of the Finance Committee for Melbourne's Royal Women's Hospital. Debbie has more than 20 years' senior management experience with professional services firms, government authorities and ASX listed companies across a broad range of industries and service areas. Her executive experience in finance, operations, corporate strategy and mergers and acquisitions included service as Chief Operating Officer for an Australian and New Zealand subsidiary of Downer EDI Limited, and as Acting Chief Financial Officer and Head of Mergers and Acquisitions, and then Global Head of Operations, at Coffey International Limited where she led geosciences, project management and international development businesses. Debbie is a member of the Senex audit and risk committee and the remuneration and nominations committee.

Other Australian Listed Company Directorships in the last 3 years: Ooh! Media (ASX:OML) – current.

Benedict M McKeown

Non-executive Director

BEng, MBA, CENG, CDIR, MEI, MIMMM, MIOD

Ben joined the Senex Board in December 2008. He is a Chartered Engineer with more than 25 years' experience in the petroleum and mining sectors, including technical and commercial roles with BP and Total. During the past 15 years, Ben has been involved in private equity investments primarily in the energy and mining sectors. He is currently a partner with The Sentient Group, an independent private equity investment firm specialising in the global resources industry, whose funds are shareholders in Senex. Ben serves on a number of Boards in the natural resources sector and is currently Chairman of Jordan Energy and Mining Ltd. He was previously Chairman of Ferrous Resources Ltd and Chairman of Rincon Lithium Ltd. He is a Chartered Director through the UK Institute of Directors. Ben is a member of the Senex remuneration and nominations committee.

Other Australian Listed Company Directorships in the last 3 years: None.

Yanina A Barilá

Alternate Non-executive Director

BAcc, Mfin

Yanina was appointed as an Alternate Director for Ben McKeown in March 2011 and subsequently also appointed as an Alternate Director for Tim Crommelin in July 2014. She is an investment manager with The Sentient Group and brings international experience in the review and evaluation of mining and energy projects. Yanina's areas of expertise include financial modelling and equity research. Before joining Sentient in 2009, she was based in Buenos Aires and previously worked with Irevna, a subsidiary of Standard and Poor's, Thomson-Reuters, and Ernst & Young. Yanina is also an alternate director of ASX-listed Silver City Minerals as well as a director of TSX.V-listed Tinka Resources. During the financial year, she was a director of TSX.V-listed Darwin Resources. Yanina is an alternate member of both the Senex remuneration and nominations committee and the audit and risk committee.

Other Australian Listed Company Directorships in the last 3 years: Silver City Minerals (ASX:SCI) – current.

4. Executive Committee

Ian R Davies

Managing Director and Chief Executive Officer

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

Ian was appointed as Managing Director in June 2010. He has a proven track record in delivering rapid business growth and a deep knowledge of the commercial imperatives underpinning successful companies. Ian joined Senex from QGC - a BG Group business, where he had been a key member of the senior management team since joining as Chief Financial Officer in 2007. Previously, Ian was an investment banker in Melbourne with Austock Corporate Finance and in London with Barclays Capital. He commenced his career in the Energy and Mining Division of PricewaterhouseCoopers (pwc) in Brisbane. In October 2013, Ian was named Business Person of the Year at the Brisbane Lord Mayor’s Business Awards. Ian holds a Bachelor of Business in Accounting from the Queensland University of Technology and is a Chartered Accountant.

Francis L Connolly

Secretary and Legal Counsel

BA, LLB (Hons), Grad Dip Applied Finance & Investment

Frank joined Senex in January 2011 from the Australian Securities and Investments Commission (ASIC) where he was a Senior Manager in the Emerging, Mining and Resources team. Frank is responsible for planning, coordinating and advising the Board and Executive Committee on governance, risk management and legislative matters across Senex. Over a career spanning 30 years, Frank has held a number of senior executive roles and brings extensive knowledge in the areas of company law, corporate governance, investment banking and corporate finance. Previous roles include Chief Financial Officer and Head of Corporate Finance for Viento Group, Director of Corporate Finance for Ord Minnett and Partner of national law firm Corrs Chambers Westgarth. Frank was a non-executive director, and chaired the Audit Committee, of ASX listed coal seam gas pioneer Queensland Gas Company Ltd from its initial public offering in July 2000 until completion of the takeover by BG Group plc in April 2009. He holds a Bachelor of Arts and Bachelor of Laws with Honours from the University of Queensland.

Andrew J Price

Chief Financial Officer

BCom, HDipAcc, CA, CA (SA)

Andrew joined Senex as Chief Financial Officer in September 2012. In this role, he is responsible for overseeing the company’s financial position promoting financial and economic discipline and building strong commercial relationships. Andrew has a wealth of experience in the energy and resources sectors, and was previously Business Development Manager for Anglo American plc, responsible for global growth. Before joining Anglo American, Andrew spent almost 10 years with pwc in its Transaction Advisory and Project Advisory businesses. He is a Chartered Accountant and holds a Bachelor of Commerce from Rhodes University.

Note: Senex announced the appointment of Graham Yerbury on 29 July 2015 to the role of Chief Financial Officer, following the resignation of Andrew Price. Andrew’s employment with Senex ceased on 5 August 2015. Graham will commence with Senex in October 2015.

David Spring

Executive General Manager Exploration

BSc (Geology)

David joined Senex in May 2015 and is responsible for delivering the company’s exploration strategy. David is an experienced geologist and geophysicist with over 30 years of experience in oil and gas, including senior leadership roles in Australia, North America, Europe and the Middle East. He began his career as a geophysicist at Esso Australia, gaining experience in the Cooper Basin, before spending over a decade at BHP Billiton Petroleum in Australia and overseas. David spent four years at Maersk Oil and just before joining Senex, he was accountable for leading a global exploration portfolio for Mubadala Petroleum, the sovereign exploration and production company in the United Arab Emirates. David holds a Bachelor of Geophysics from the University of Sydney.

Craig Stallan

Chief Operating Officer

BEng (Hons) Electrical and Electronic

Craig joined Senex in July 2014 as Chief Operating Officer. In this role, Craig is responsible for Senex's operations in South Australia's Cooper-Eromanga Basin, including maximising the recovery of discovered oil, driving operational excellence and efficiency and building a gas operating capability. Craig has extensive senior executive experience in Australia's oil and gas industry. Before joining Senex, Craig was with Santos Limited (ASX:STO) for eight years and fulfilled a number of key downstream technical and upstream management roles. Most recently, he was General Manager Upstream South Australia, responsible for the company's upstream assets in the Cooper-Eromanga Basin. Craig holds a Bachelor of Engineering with Honours from Adelaide University.

Brett Smith

Executive General Manager Safety, People and Systems

BEng (Mechanical), Grad Dip Management

Brett joined Senex in October 2014. He has executive responsibility for the Western Surat Gas Project as well as corporate services including human resources, environmental approvals, safety and systems. Brett brings a wealth of operating and development experience in the Surat Basin having most recently served as Vice President Sustainability at QGC – a BG Group business. In this role at QGC, Brett was accountable for upstream stakeholder relationships related to the Queensland Curtis LNG Project (QCLNG). Brett led the development of social risk management strategies and high performing teams in the field and office. For nearly a decade to 2008, Brett held senior roles including Chief Operating Officer at Stanwell Corporation, Queensland's largest electricity generator. Brett holds a Bachelor of Engineering from the University of Southern Queensland.

Julie A Whitcombe

Executive General Manager Strategic Planning

*BEng (Mining) (First Class Hons), MBA,
CA (Distinction)*

Julie joined Senex in late 2010 and held a number of senior executive roles in the company before assuming her current role in August 2014. As Executive General Manager Strategic Planning, Julie is responsible for optimising the asset portfolio and longer term planning, driving capital allocation discipline and managing stakeholder communications. Her dual qualifications in Mining Engineering and Accounting give her unique insights into the operational requirements of a resource development company. Julie has broad experience in finance and corporate advisory in the resources sector, having spent seven years with pwc in its Transactions team in Brisbane and in Aberdeen, Scotland. During her time with pwc, Julie worked across a wide range of high profile transactions in the oil, gas and coal industries, for clients including QGC, Santos and Rio Tinto. Prior to joining pwc, she worked as a management consultant for AT Kearney. Julie holds a Master of Business Administration, a Bachelor of Mining Engineering with First Class Honours from the University of Queensland, and is a Chartered Accountant.

Julie commenced parental leave in May 2015.

5. Corporate Governance Statement

The Board of the Company is committed to ensuring that good corporate governance underpins the manner in which the business is operated so as to create shareholder value and meet stakeholder expectations.

The Company's corporate governance practices and policies have been modelled on the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition) (ASX Guidelines). Senex complies with Recommendations within all eight Principles.

The following corporate governance policies were in place during FY15:

- Code of conduct
- Conflicts of interest policy
- Diversity policy
- Disclosure and communications policy
- Privacy policy
- Risk management policy
- Remuneration policy
- Securities trading policy
- Whistleblower policy

This Corporate Governance Statement should be read in conjunction with the Directors' Report on pages 5 to 11 and the Remuneration Report on pages 12 to 37.

Principle 1 – Lay solid foundations for management and oversight

Board responsibilities

To ensure that the Board is well equipped to discharge its responsibilities, it has adopted a formal charter. The charter defines the functions reserved for the Board and those delegated to management to facilitate accountability to the Company and its shareholders. A copy of the Board charter is available on the Company's website in the corporate governance section.

The Board has established two standing committees - the audit and risk committee and the remuneration and nominations committee. The composition, structure, purpose and responsibilities of those committees are described in more detail below. The Board may also delegate specific functions to ad-hoc committees from time to time on an 'as needs' basis. The Board charter contains a procedure for the Directors to obtain independent professional advice at the expense of the Company.

Management performance

At the time of joining the Company, Directors and Senior Executives are provided with letters of appointment, together with key Company documents and information setting out their terms of office, duties, rights and responsibilities, and entitlements on termination.

The Company undertakes an annual performance evaluation process for all Senior Executives and did so in FY15. The remuneration report on pages 12 to 37 sets out details of the FY15 annual performance evaluation process undertaken by the Company for Senior Executives.

The Company Secretary works closely with the Chairman of the Board to ensure the proper and efficient functioning of the Board and its various sub-committees.

Principle 2 – Structure the Board to add value

Composition of the Board

The composition and operation of the Board is determined in accordance with the following principles and guidelines:

- The Board, advised by the remuneration and nominations committee, determines the size and composition of the Board and each Board committee, subject to the terms of the Constitution.
- The directors should bring appropriate qualifications and experience to the Board in order to contribute to business needs and the Company's overall strategy.
- The Board should comprise a majority of independent non-executive directors.
- The chairperson must be an independent non-executive director.
- The Board and each Board committee should meet regularly in a pre-arranged cycle and follow agreed meeting guidelines to ensure all directors are made aware of all agenda items and are provided with all necessary information to enable them to participate in informed discussion.

As part of the Company's ongoing review of its Board composition and following appropriate background investigation, in December 2014 Mr Trevor Bourne was appointed to the Board and in March 2015 was appointed Chairman of the Board. Mr Bourne brings extensive experience both as a senior executive and a non-executive director. As well as establishing a majority of independent directors on the Board, Mr Bourne brings with him a renewed focus on corporate governance.

The Directors in office at the date of this statement are:

Name	**Position**
Trevor Bourne	Chairman, Independent Non-executive Director (appointed on 1 December 2014)
Ian R Davies	Managing Director and Chief Executive Officer
Ralph H Craven	Independent Non-executive Director
Timothy BI Crommelin	Non-executive Director
Debra L Goodin	Independent Non-executive Director
Benedict M McKeown	Non-executive Director
Denis F Patten	Independent Non-executive Director
Yanina A Barila	Alternate Director appointed by Mr McKeown and by Mr Crommelin

Further information regarding Board committee meetings and the level of attendance by committee members for FY15 is set out in the Directors' report at page 10.

Independence

The appointment of Mr Bourne on 1 December 2014 ensured the Company complied with recommendation 2.1 of the ASX Guidelines during much of FY15. A majority of the Non-executive Directors were considered to be independent throughout FY15.

The independent Directors at the date of this report are Mr Bourne (Chairman), Dr Craven, Ms Goodin and Mr Patten. The roles of Chairman and Managing Director are exercised by different individuals.

Mr Davies is the Managing Director and Chief Executive Officer. Mr McKeown is a Partner with The Sentient Group which is a substantial shareholder in the Company. Mr Crommelin is the Executive Chairman of Morgans Financial Limited (Morgans), a material professional advisor to the Company. As a result of these relationships, these three Directors are not considered to be independent.

Details of each Director's skills, experience and expertise relevant to the position of Director are detailed on pages 52 to 53.

Remuneration and nominations committee

The Board has a remuneration and nominations committee, which has three primary functions:

- support and advise the Board on remuneration and remuneration-related matters;
- make decisions on remuneration or remuneration-related matters under delegated authority to align the interest of employees and shareholders; and
- examine the selection and appointment practices of the Company in relation to the Board and Senior Executives and advise the Board regarding these matters.

The remuneration and nominations committee has a charter which sets out its roles and responsibilities, composition and structure and can be found on the Company's website in the Corporate Governance section.

Director performance review and evaluation

It is the policy of the Board to ensure that the directors are equipped with the knowledge and information they need to discharge their responsibilities effectively. Performance of Directors is continually monitored by the Chairman of the Board. The composition of skills and experience of the Board is shown in the table below.

Skills and experience	**Senex Board representation** out of 8 Directors (including Managing Director and CEO)
Industry experience: Experience in the resources and energy sector, with an upstream explorer / producer or service provider.	6
Financial expertise: Senior executive experience in financial accounting and reporting; qualification in accounting or finance.	8
Strategy: Prior experience in setting and delivering company strategy.	8
Risk management: Prior experience in risk management and internal controls.	8
Directorships: Tenures as a non-Executive Director or member of governance bodies outside Senex.	7
Health, safety and sustainability: Experience in oversight of health, safety, environmental and sustainability issues in an organisation.	5

The Board, through the remuneration and nominations committee, will review the performance of each Director who is retiring by rotation under the Constitution and seeking re-election. The results of this review will form the basis of the Board's recommendation to shareholders on the proposal for re-election of the Director. The Board has not formally documented the results of performance evaluations to date. A Director whose performance is unsatisfactory may be asked to retire.

Principle 3 – Promote ethical and responsible decision-making

Code of conduct

The Company has a code of conduct that sets out standards of behaviour expected of its Directors, employees, and contractors. The code of conduct is available on the Company website in the Corporate Governance section.

Diversity

The Company has a diversity policy which aims to create a workplace culture that attracts and retains well-qualified, diverse and motivated people. The sustainable development section of this annual report contains a breakdown of the number of men and women employed by the Company and their relative seniority. A copy of the Company's diversity policy is available on the Company's website in the Corporate Governance section.

Securities dealings and disclosures

The Company has a securities trading policy that regulates dealing in its securities by directors, executives and employees (personnel) and their associates. The Board restricts personnel from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security price. Personnel are required to ensure that their associates comply with the same restrictions under the policy.

The policy prohibits personnel from dealing in any securities, not just the Company's securities, if they are in possession of price sensitive information not available to the market. *The Corporations Act 2001* (Corporations Act) also prohibits the purchase or sale of securities whilst a person is in possession of inside information.

In addition to the overriding prohibition on dealing when a person is in possession of inside information, personnel and their associated parties are prohibited from dealing in the Company's securities during certain blackout periods determined and advised to personnel by the Company Secretary, Chief Executive Officer or Chairman of the Board, as follows:

- the period, typically 14 days, prior to, and the day of release by the ASX of the Company's annual and half yearly reports;
- the period prior to release by the ASX of a significant announcement by the Company; and
- such other times as the Company Secretary, Chief Executive Officer or Chairman determines and advises.

The policy also prohibits short term trading. A copy of the securities trading policy is available on the Company's website in the Corporate Governance section.

As required by ASX Listing Rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

Certain personnel, including all directors, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and other executives reporting directly to the Chief Executive Officer are designated personnel under the policy, and are subject to additional restrictions. Designated personnel are required to obtain approval from the Company Secretary, Chief Executive Officer or Chairman before any dealing in Senex securities and to notify the Company Secretary of any completed dealing.

Handling Conflicts of Interest

Wherever the Company considers a proposal to enter into a transaction with a business connected with one of the Company's directors or other key management personnel (a related party transaction), the Company implements policies and procedures to ensure the probity of conduct and management of any potential conflict of interest that may arise. A copy of the conflicts of interest policy is available on the Company's website in the Corporate Governance section.

The Board has determined that a director or executive who has an interest in Senex shares is not, solely on the basis of that interest, in a position where their obligations to the company conflict with their personal interest, because their interest aligns with the interests of the Company's shareholders as a whole.

The directors need to be mindful of their obligations to identify, disclose, monitor and manage any conflict of interest. A director who has a material personal interest in a matter being considered at a directors' meeting must not be present while the matter is being considered at the meeting or vote on the matter unless the rest of the board have passed a consent resolution.

The board and management consider certain matters before entering into a related party transaction:

- the nature and extent of the interest disclosed and its relation to the affairs of the company; and
- the expertise and experience of the director concerned and the likely impact of excluding them from consideration of all aspects of a transaction, as opposed to merely excluding them from consideration of entering into the related party transaction.

Mr Crommelin, a non-executive director of the Company, is Executive Chairman of Morgans, and has given standing notice of a potential conflict of interest in any interaction or dealing between the Company and Morgans. From time to time, the Company may engage Morgans to provide corporate advisory services for a potential corporate transaction.

Morgans has been a consistent long term follower and supporter of the Company since 2009 (when it was Victoria Petroleum) and especially since 2010 when the Company moved to Brisbane, renamed itself to Senex, acquired its new team and adopted its current growth strategy. Morgans has transacted a significant share of market turnover of Senex shares over that period, both retail and institutional, and in particular, Morgans' retail clients represent a significant proportion of the company's retail shareholders.

During the year the board established a temporary ad hoc committee of directors with broad responsibility for a strategic review project, including monitoring of and interface with management and external advisers engaged in that project. With guidance and approval from the ad hoc committee, management initially engaged a corporate adviser and an external legal adviser for the project. Subsequently management recommended the appointment of Morgan Corporate Ltd, a member company of the Morgans Financial group associated with Mr Crommelin, as an additional adviser in the project. The case for and terms of the proposed engagement of Morgan Corporate were set out in a detailed submission to the board. Mr Crommelin did not participate in the board discussion of the proposal or in the board decision to approve the engagement of Morgan Corporate, and did not participate in negotiation of the terms of engagement on either side.

When considering the potential involvement of Morgans in connection with the provision of corporate advisory and other services, the board, with Mr Crommelin abstaining, considered the valuable insight that Mr Crommelin provided in all board discussions, and particularly in any board discussion that required consideration of a corporate investment opportunity, investment market perceptions, or execution of any corporate finance transaction.

The Company did not pay any amount to Morgans for the provision of corporate advisory services. Further disclosure of this engagement and other engagements with Morgans is provided in Note 31 (Key Management Personnel) to the Company's financial statements.

Principle 4 – Safeguard integrity in financial reporting

Audit and risk committee

The Chairman of the audit and risk committee, Dr Craven, is an independent Non-executive Director (the Chairman of the Board cannot chair the audit and risk committee). The audit and risk committee comprises four non-executive directors, of whom three are independent. All members of the committee are financially literate and possess sufficient financial expertise and knowledge of the industry in which the Company operates.

It is the responsibility of the audit and risk committee to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The audit and risk committee charter setting out its role, responsibilities, composition and structure can be found on the Company's website in the Corporate Governance section.

Principle 5 – Make timely and balanced disclosure

The Company has adopted policies and procedures to ensure compliance with its continuous disclosure obligations, and to ensure accountability at senior management level for that compliance. The Company's disclosure and communications policy sets out the framework for the Company to ensure timely and balanced disclosure.

The Company is committed to providing timely, full and accurate disclosure and to keeping the market informed through quarterly releases detailing exploration, development and production, and through annual and half-yearly reports to shareholders. The disclosure and communications policy is available on the Company's website in the Corporate Governance section.

All material matters are disclosed to the ASX immediately (and subsequently to the media, where relevant), as required by the ASX Listing Rules. All material investor presentations are released to the ASX and are posted on the Company's website. Shareholders can subscribe to a free email notification service and receive notice of any announcement released by the Company.

Principle 6 – Respect the rights of shareholders

The Company has enhanced its investor relations function in FY15 with the appointment of dedicated Investor Relations and Corporate Communications Managers. These personnel allow for the practical delivery of the Company's commitment to providing a high standard of communication to all of the Company's stakeholders to allow them to make informed decisions regarding the Company's value.

The Company actively encourages participation at shareholder's meetings and regularly provides information to the public about the Company and its operations, including through its free email notification service.

The Company's disclosure and communications policy contains details of the manner in which the Company seeks to promote effective communication, and is available on the Company's website in the Corporate Governance section.

Principle 7 – Recognise and manage risk

Risk management is an area of ongoing focus and one that has seen considerable improvement in FY15. The Company has in place a formal risk management policy setting out its approach to risk identification, control, management and reporting. A copy of the risk management policy is available on the Company's website in the corporate governance section.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's senior executives have designed and implemented risk management and internal controls consistent with the risk appetite that is set by the Board.

The Company's risk management framework is designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed and managed to enable achievement of the Company's business objectives. Further detail regarding the material risks facing the Company's business can be found at pages 64 to 65.

The Board, with input from management, undertook a review of the risk management framework and is satisfied that the framework remains sound and appropriate for the Company.

As part of that review of the effectiveness of the risk management framework, the Company has placed greater emphasis on the Risk Management Working Group as a committee of senior personnel from different functional areas who are tasked with the practical implementation of the risk management policy. The working group accomplished this in a variety of ways including an annual risk management plan, regular review of the corporate risk register and regular reporting of key risks to senior management.

The Board received assurance from Mr Davies as Managing Director and Acting Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* was founded on a sound system of risk management and internal control which was operating effectively.

The Company does not currently have a Internal Audit function for a number of reasons:

- the Company considers that its business cycle is relatively straightforward;
- first line of defence controls are very strong;
- external auditors provide a high level of financial assurance;
- the Company's Health Safety Security and Environment team act as a quasi-internal audit / compliance function for operational matters; and
- external consultants assist with assurance activities.

The need for an in-house internal audit function is reviewed annually.

Principle 8 – Remunerate fairly and responsibly

Remuneration Policy Framework

The Company has a remuneration policy that provides a framework for the structure and operation of remuneration systems, within the context of the Company's long-term financial stability and risk management framework.

It provides for fixed and performance based remuneration for employees, including executive directors, and includes a component of equity remuneration. The policy also contains provisions for the clawback of remuneration in certain circumstances.

The remuneration of Non-executive Directors is structured separately from that of the executive directors and Senior Executives.

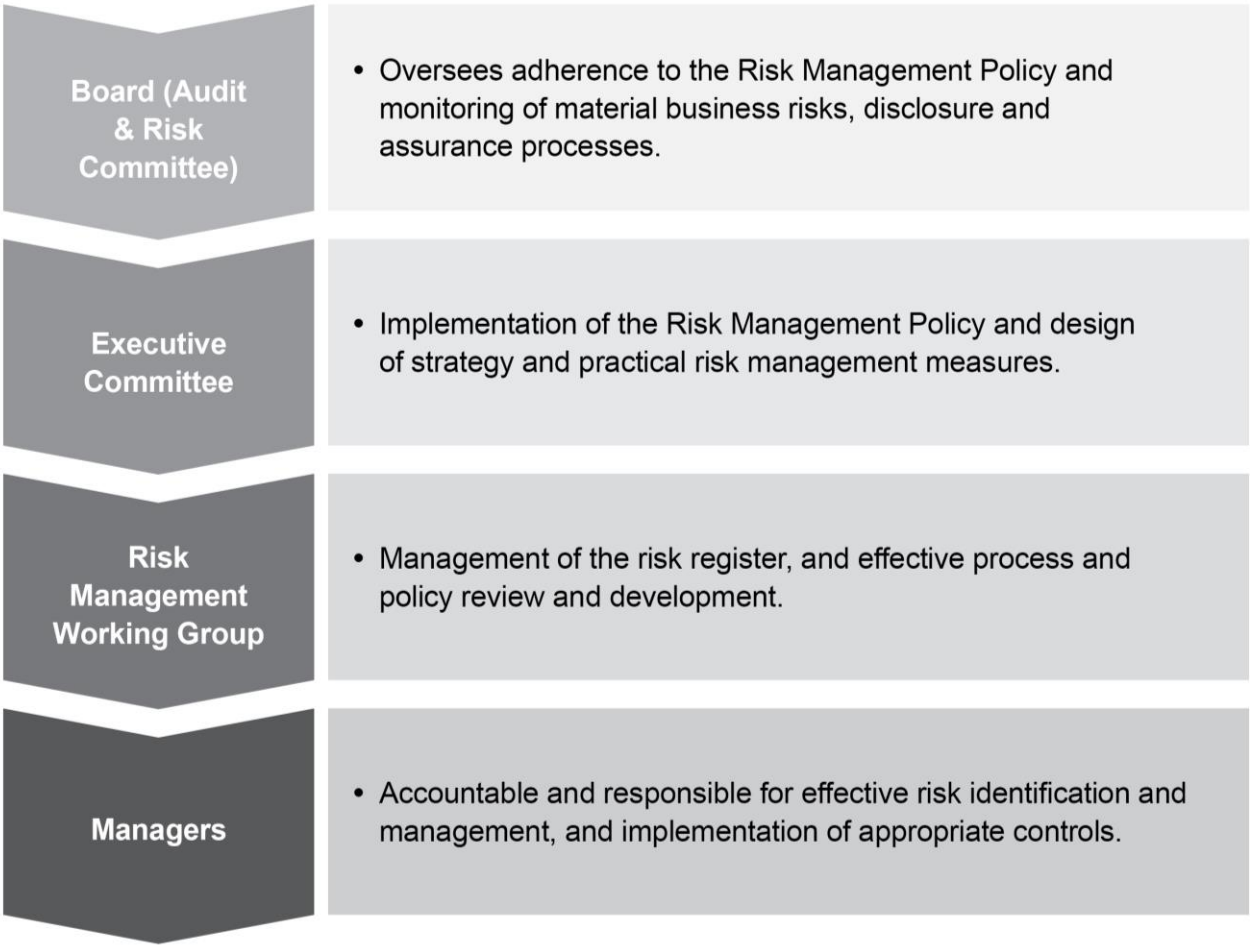
The remuneration report on pages 12 to 37 sets out details of the Company's policies and practices for remunerating directors (executive and non-executive), key management personnel and employees.

The Company has a remuneration and nominations committee, which comprises five of the Non-executive Directors and is chaired by Mr Patten who is an independent Non-executive Director. The charter for the remuneration and nominations committee can be found on the Company's website in the Corporate Governance section.

Principal risks and uncertainties

Risk Management Framework

The Company's risk management policy underpins the risk management framework. The Senex Executive Committee is tasked with the implementation of this policy and each Executive has ownership of a specific category of risk that is most prevalent in their business unit. Personnel are responsible for identifying risks and ensuring appropriate controls are in place to manage those risks. The corporate governance framework for risk management within Senex is illustrated below and is also discussed on page 62 in Principle 7 of the Corporate Governance Statement.



Material Business Risks

Senex identifies and assesses the potential consequences of a wide range of risks including license to operate, exploration and reserves, financial, and operating and regulatory risks. These risks are centrally recorded and managed in a corporate risk register that is maintained by the Risk Management Working Group and periodically reviewed by the Executive Committee and the Board.

Through feedback from the Risk Management Working Group, management routinely monitors the effectiveness of the Company's risk management framework, internal compliance and control systems.

Material business risks are described below including Senex's approach to managing these risks. This list appears in no particular order and includes but is not limited to:

Risk area	Description	Management strategies and controls
Licence to operate	**Safety and environment:** Oil and gas exploration and production inherently carries risks of accidents, environmental incidents, and real or perceived threats to the environment. These can adversely impact Senex's public reputation and financial position.	• Comprehensive safety and environmental management system • Contractor management system to ensure compliance with Senex standards • Registers of legislative obligations
	Social: Senex engages with a range of stakeholders with diverse interests, including landholders, traditional owners, regulators and the community. These interactions give rise to social risks with the potential to negatively impact Senex activities.	• Dedicated team of professionals responsible for community and stakeholder relations • Continuously seeking opportunities to actively engage with stakeholder groups
Exploration and reserves	**Exploration:** The future value of the Company is influenced by its ability to find and develop economically recoverable oil, gas and associated liquids. Through this process, the business is exposed to a range of risks, including not finding hydrocarbons, variable quality and quantity of hydrocarbons, and conversion of resources into reserves.	• Strong leadership of the exploration function with a dedicated team of exploration professionals • Processing of seismic data using the latest techniques • Continued assessment of the exploration portfolio and disciplined approach to capital allocation
	Reserves: Estimating oil and gas reserves involves subjective judgements and determinations based on geological, technical and economic information. Estimates may change as a result of activities or changes in economic factors such as pricing assumptions.	• Dedicated team of experienced exploration and production personnel • Independent third party review of reserve estimates on an annual basis
Financial	**Commodity prices:** Senex is exposed to external market prices of oil and gas, and fluctuations could have an adverse effect on Senex's financial performance.	• Non-speculative hedging of oil prices and production volumes • Ongoing review and reduction of underlying costs • Crude oil and gas sales agreements for key assets
	Foreign exchange rates: Revenue is realised in US dollars while operating costs are primarily in Australian dollars. Senex is exposed to fluctuations in the US dollar to Australian dollar exchange rate.	• Non-speculative hedging of foreign exchange risk • Wherever possible, creditors are paid in USD or USD is converted at prevailing spot prices
	Access to funding: Senex's ability to explore for and develop oil and gas reserves is dependent on its ability to generate and otherwise access capital to fund these activities.	• Prudent expenditure management and forecasting with a Board approved budget • Continual interaction with capital markets and the ability to secure debt funding
Operating and regulatory	**Joint venture risks:** Lack of alignment with joint venture partners can adversely affect Senex's ability to implement its strategies in a timely and cost effective manner.	• Dedicated commercial managers and regular joint venture meetings and interactions • Joint operating agreements with legally binding and clearly defined obligations
	Tenure security: Senex's petroleum licenses are subject to approval and conditions set by government. Non-compliance with the conditions of a license could result in relinquishment and a potential reduction in Senex's overall tenure position.	• Compliance and commitment tracking management system • Use of petroleum retention scheme over Senex permits in South Australia • Senex uses a tenure relinquishment regime as required
	Adverse weather conditions: Senex operations are exposed to natural events such as floods, which are beyond its control but capable of significantly disrupting and delaying operations. Natural events could hinder Senex's ability to pursue operational activities.	• Oil trunklines exist between Senex's western flank oilfields and the Moomba production facility • Operational strategies involve risk assessments of weather conditions • Business interruption insurance to mitigate financial impacts

3. Financial Statements

SENEX ENERGY LIMITED
AND ITS CONTROLLED ENTITIES

ABN 50 008 942 827

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Financial Statements: Contents

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		Consolidated	
	Note	As at 30 June 2015 $'000	As at 30 June 2014 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	11	49,004	76,632
Prepayments	12	2,151	2,040
Trade and other receivables	13	21,323	33,089
Inventory	14	17,085	14,717
Other financial assets	15	171	-
Total Current Assets		**89,734**	**126,478**
Non-current Assets			
Trade and other receivables	16	482	25
Property, plant and equipment	17	56,798	55,548
Intangibles	18	1,408	1,562
Exploration assets	19	227,631	237,913
Oil and gas properties	20	108,121	141,094
Total Non-current Assets		**394,440**	**436,142**
TOTAL ASSETS		**484,174**	**562,620**
LIABILITIES			
Current Liabilities			
Trade and other payables	21	14,561	35,822
Provisions	22	15,270	1,366
Total Current Liabilities		**29,831**	**37,188**
Non-current Liabilities			
Provisions	23	52,427	32,227
Deferred tax liabilities	8	-	10,681
Total Non-current Liabilities		**52,427**	**42,908**
TOTAL LIABILITIES		**82,258**	**80,096**
NET ASSETS		**401,916**	**482,524**
EQUITY			
Contributed equity	24	451,233	450,966
Reserves	25	11,423	11,652
Retained earnings	26	(60,740)	19,906
TOTAL EQUITY		**401,916**	**482,524**

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

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		2015	2014
		$'000	$'000
Revenue from sales	6(a)	115,910	170,862
Cost of sales	6(b)	(77,178)	(81,779)
Gross profit		**38,732**	**89,083**
Other revenue	6(c)	5,524	5,646
Other income	6(d)	78	3,165
Oil and gas exploration expenses		(18,430)	(16,761)
General and administrative expenses	7(a)	(9,665)	(25,516)
Other operating expenses	7(b)	(9,299)	(5,982)
Impairment	7(d)	(96,963)	-
Finance expense		(1,304)	(1,059)
Profit / (loss) before tax		**(91,327)**	**48,576**
Income tax benefit / (expense)	8	10,681	(10,681)
Profit / (loss) after tax		**(80,646)**	**37,895**
Net profit for the period attributable to owners of the parent entity		**(80,646)**	**37,895**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in fair value of cash flow hedges (net of tax)		(2,047)	-
		(2,047)	**-**
Total comprehensive income for the period attributable to owners of the parent entity		**(82,693)**	**37,895**
Earnings per share attributable to the ordinary equity holders of the parent entity:		**cents**	**cents**
Basic earnings per share	10	(7.02)	3.31
Diluted earnings per share	10	(7.02)	3.28

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

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash flows from operating activities			
Receipts from customers		124,277	168,834
Payments to suppliers and employees		(21,735)	(21,929)
Payments for exploration expenditure		(20,064)	(16,700)
Payments for production expenditure		(55,596)	(57,846)
Interest received		649	2,208
Fees received for technical services		8,508	7,483
Other operating payments		(6,150)	(2,344)
Net payments for commodity hedges		(1,995)	-
Other receipts		5,570	1,283
Net cash flows from operating activities	27	**33,464**	**80,989**
Cash flows from investing activities			
Payments for oil and gas properties		(23,651)	(71,386)
Purchase of property, plant and equipment & intangibles		(9,797)	(13,124)
Purchase of available-for-sale financial assets		-	(14,482)
Payments for exploration assets		(51,157)	(68,987)
Proceeds from sale of investments		-	16,018
Proceeds from sale of jointly controlled interest		-	20,000
Proceeds received for rehabilitation of wells		20,000	-
Net cash flows used in investing activities		**(64,605)**	**(131,961)**
Cash flows from financing activities			
Proceeds from share issues		267	902
Payments for establishment of debt facility		(760)	-
Net cash flows from financing activities		**(493)**	**902**
Net (decrease) / increase in cash and cash equivalents		**(31,634)**	(50,070)
Net foreign exchange differences		4,006	(73)
Cash and cash equivalents at the beginning of the year		76,632	126,775
Cash and cash equivalents at the end of the year	11	**49,004**	**76,632**

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

SENEX ENERGY LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

The following table presents the Consolidated Statement of Changes in Equity for the year ended 30 June 2015:

	Consolidated					
	Contributed equity $'000	**Retained earnings / (accumulated losses) $'000**	**Share based payments reserve $'000**	**Hedging Reserve $'000**	**Other reserve $'000**	**Total $'000**
Balance at 1 July 2014	**450,966**	**19,906**	**11,835**	**-**	**(183)**	**482,524**
Profit / (loss) for the year	-	(80,646)	-	-	-	(80,646)
Other comprehensive income	-	-	-	(2,047)	-	(2,047)
Total comprehensive income	**-**	**(80,646)**	**-**	**(2,047)**	**-**	**(82,693)**
Transactions with owners, recorded directly in equity:						
Shares issued	267	-	-	-	-	267
Transaction costs on share issue	-	-	-	-	-	-
Share based payments	-	-	1,818	-	-	1,818
Balance at 30 June 2015	**451,233**	**(60,740)**	**13,653**	**(2,047)**	**(183)**	**401,916**

The following table presents the Consolidated Statement of Changes in Equity for the year ended 30 June 2014:

	Consolidated					
	Contributed equity $'000	Retained earnings / (accumulated losses) $'000	Share based payments reserve $'000	Hedging Reserve $'000	Other reserve $'000	Total $'000
Balance at 1 July 2013	**450,064**	**(17,989)**	**8,193**	**-**	**(183)**	**440,085**
						-
Profit / (loss) for the year	-	37,895	-	-	-	37,895
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**-**	**37,895**	**-**	**-**	**-**	**37,895**
Transactions with owners, recorded directly in equity:						
Shares issued	902	-	-	-	-	902
Transaction costs on share issue	-	-	-	-	-	-
Share based payments	-	-	3,642	-	-	3,642
Balance at 30 June 2014	**450,966**	**19,906**	**11,835**	**-**	**(183)**	**482,524**

NOTE 1: CORPORATE INFORMATION

The financial statements of Senex Energy Limited and its controlled entities / subsidiaries (the Group) for the year ended 30 June 2015 were authorised for issue on 24 August 2015 in accordance with a resolution of the Directors.

Senex Energy Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX code: SXY).

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on a historical cost basis, except derivative instruments, which have been measured at fair value. Senex Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are presented in Australian dollars ($).

Comparative information has been reclassified where appropriate to enhance comparability.

(b) Compliance with IFRS

The financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

The new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 are:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments;
- AASB 1031 Materiality;
- AASB Interpretation 21 Levies;
- Annual improvements cycle 2010-2012; and
- Annual improvements cycle 2011-2013.

None of these standards or amendments to standards affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. These standards are summarised below. The group has assessed these standards and interpretations below and has summarised the perceived impact on the financial statements of the Group.

Reference	Title (summarised)	Summary	Application date for Senex
AASB 15	Revenue from Contracts with Customers	AASB 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. AASB 15 supersedes: (a) IAS 11 Construction Contracts. (b) IAS 18 Revenue. (c) IFRIC 13 Customer Loyalty Programmes. (d) IFRIC 15 Agreements for the Construction of Real Estate. (e) IFRIC 18 Transfers of Assets from Customers. (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer. (b) Step 2: Identify the performance obligations in the contract. (c) Step 3: Determine the transaction price. (d) Step 4: Allocate the transaction price to the performance obligations in the contract. (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Early application of this standard is permitted. The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015 . At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for the Group will move from 1 July 2017 to 1 July 2018. The Group is in the process of assessing the impact, if any, of AASB 15.	1 July 2017

(d) Early adoption of accounting standard

During the year, the Group elected to early adopt AASB 9 *Financial Instruments* as issued in December 2013 (AASB 2013-9) and the consequential amendments in AASB 2010-7 *Amendments to Australian Accounting Standards* arising from AASB 9 (December 2010) (as amended). AASB 2013-9 replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and hedge accounting.

The key change for the Group associated with adopting AASB 2013-9 relates to hedge accounting and the treatment of the movement in time value of Brent oil puts and collar options. Previously under AASB 139, the movement in time value of options used as hedging instruments had to be recognised in profit or loss, whereas AASB 2013-9 requires the movement to be recognised initially in the hedge reserve and then recycled to profit or loss either over the period of the hedge, if the hedge is time related, or when the hedged transaction affects profit or loss, if the hedge is transaction related.

While AASB 2013-9 does not need to be applied by the Group until the financial year beginning on 1 July 2017, the Group has decided to early adopt the standard in the current year because the new accounting policies are considered to provide more reliable and relevant information.

The Group did not have any financial assets in the balance sheet that were previously designated as available for sale or fair value through profit or loss but are no longer so designated. Neither did it designate any financial asset at fair value through profit or loss on initial application of AASB 2013-9.

There was no difference between the previous carrying amount and the revised carrying amount of the financial assets at 1 July 2014 to be recognised in opening retained earnings and there was no change in classification of the financial assets.

The adoption of AASB 2013-9 did not affect the Group's accounting for its financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The Group has not early adopted AASB 9 *Financial Instruments* as issued in December 2014, including the expected-loss impairment model or consequential amendments to AASB 2014-1 *Amendments to Australian Accounting Standards* and AASB 2014-7 *Amendments to Australian Accounting Standards* arising from AASB 9 (December 2014).

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 30 June each year.

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 financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

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

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

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

(f) 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 maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

(g) Foreign currency translation

Functional and presentation currency
Both the functional and presentation currency of Senex Energy Limited and its controlled entities is Australian dollars ($).

Transactions and balances
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 retranslated at the rate of exchange at the reporting date and any resulting gain or loss is taken to profit or loss.

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at the original invoice amount.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An allowance for impairment is recognised when there is objective evidence that the Group will not be able to collect the receivable.

(j) Inventories

Inventories include consumable supplies, maintenance spares and materials and parts used in the process of drilling wells and the construction of associated surface facilities. Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes direct costs. Inventories determined to be obsolete or damaged are written down to net realisable value.

(k) Oil inventories

Oil inventories represent the value at balance date of hydrocarbons in storage tanks or pipelines. Oil inventories are stated at the lower of cost and net realisable value. Net realisable value is calculated based on the current oil price less estimated processing, transport and selling costs.

(l) Financial instruments

Non-derivative financial assets
The Group initially recognises financial assets on the date at which the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are initially measured at fair value. In the case of financial assets not subsequently accounted for at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the assets are included in the initial measurement.

On initial recognition, the Group classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets measured at amortised cost
A financial asset is subsequently measured at amortised cost, using effective interest method and net of any impairment loss, if:

- The asset is held within the business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Group assesses at each reporting period whether there is objective evidence that a financial asset (or group of financial assets) is impaired. For financial assets carried at amortised cost, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

Financial assets measured at fair value through other comprehensive income
The group may make an irrevocable election on initial recognition to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies.

Non-derivative liabilities
The group initially recognises loans and debt securities issued on the date when they are originated. Other financial liabilities are initially recognised on the trade date. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are initially recognised a fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(m) Interest in joint operations

The Group has interests in joint arrangements that are joint operations. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly.
- Liabilities, including its share of any liabilities incurred jointly.
- Revenue from the sale of its share of the output arising from the joint operation.
- Share of the revenue from the sale of the output by the joint operation.
- Expenses, including its share of any expenses incurred jointly.

(n) Farm-outs in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for as a gain on disposal.

(o) Farm-outs —outside the exploration and evaluation phase

In accounting for a farm-out arrangement outside the exploration and evaluation phase, the Group:

- Derecognises the proportion of the asset that it has sold to the farmee;
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor;
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is recognised only when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets; and
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortised cost.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance costs are recognised in profit or loss as incurred unless the costs are eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Office equipment, furniture and fittings – over 2 to 5 years;
- Field-based facilities, plant and equipment – over 5 to 20 years; and
- Motor vehicles – over 5 years.

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

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Intangible assets

Software
Acquired computer software and licences are capitalised on the basis of the cost incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over 2 to 5 years.

(r) Oil and gas properties

Oil and gas properties are carried at cost less accumulated amortisation and any accumulated impairment losses and include capitalised project expenditure, development expenditure and costs associated with lease and well equipment.

The Group uses the units of production method to amortise costs carried forward in relation to its oil and gas properties. For this approach the calculations are based on Proved and Probable (2P) reserves as determined by the Group’s reserves determination.

Impairment of the carrying value of oil and gas properties is assessed based on Proved and Probable (2P) reserves on a cash-generating unit basis.

(s) Impairment of non-financial assets (excluding goodwill and exploration assets)

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an internal review of asset values at each reporting date, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the Statement of Comprehensive Income as an expense.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a straight line basis over its remaining useful life.

(t) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised in the Statement of Comprehensive Income as part of the total lease expense.

(u) Trade and other payables

Trade payables and other payables are carried at amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(v) Provisions and employee leave benefits

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance costs.

Rehabilitation costs
The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of rehabilitation activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

Typically, the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related asset. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised is amortised over the useful life of the related asset.

Costs incurred which relate to an existing condition caused by past operations, and which do not have a future economic benefit, are expensed. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

Employee leave benefits
<u>*Wages, salaries, annual leave and sick leave*</u>
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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

(w) Contributed equity

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

(x) Share-based payment transactions

Equity-settled transactions
The Group provides benefits to employees (including key management personnel) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted or with reference to the value of the services received. The fair value is determined by reference to the current share price in relation to fully paid shares and with the use of various pricing models in relation to options or rights to acquire shares.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or services conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (a) the grant date fair value of the award, (b) the extent to which the vesting period has expired and (c) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

If an equity-settled award is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not met), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and the new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of the outstanding options and performance rights is reflected as additional share dilution in the computation of earnings per share.

Cash-settled transactions
The Group recognises the fair value of cash-settled share-based payment transactions as an employee expense with the corresponding liability in employee benefits. The fair value of the liability is measured initially, and at the end of each reporting period until settled, at the fair value of the cash-settled share-based payment transaction, taking into consideration the terms and conditions on which the cash-settled share-based payment transactions were granted, and the extent to which the employees have rendered service to date.

(y) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of oil and gas
Revenue is recognised when the significant risks and rewards of ownership of the product have passed to the buyer and the amount of revenue can be measured reliably. Risks and rewards are considered to have passed to the buyer at the time of delivery of the product to the customer. For oil sales this is generally when crude is delivered by truck or pipeline to the Moomba processing facility.

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

Flowline revenue
Flowline revenue represents third party charges for usage of flowlines for transport of oil from Lycium to Moomba. Revenue is recognised in the period in which it is earned.

(z) Technical service fees

Technical service fees represent charges for services provided to joint operations by Senex employees. These recharges are offset against general and administration expenditure and are recognised in the period in which they are earned.

(aa) Oil and gas exploration costs

Exploration expenditure is expensed as incurred, except when such costs are expected to be recouped through the successful development and exploitation, or sale, of an area of interest. Exploration assets acquired from a third party are capitalised, provided that the rights to tenure of the area of interest is current and either (a) the carrying value is expected to be recouped through the successful development and exploitation or sale of an area of interest or (b) exploitation and/or evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing. If capitalised exploration assets do not meet either of these tests, they are expensed to profit or loss.

Each potential or recognised area of interest is reviewed at each reporting date to determine whether economic quantities of reserves have been found, or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.

Where a potential impairment is indicated, an assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. To the extent that capitalised expenditure is not expected to be recovered it is charged to profit and loss.

(ab) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period’s taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

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

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable

future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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

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

Petroleum Resource Rent Tax (PRRT)
PRRT is considered, for accounting purposes, to be a tax based on income. Accordingly, current and deferred PRRT expense is measured and disclosed on the same basis as income tax.

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

Senex Energy Limited is responsible for recognising the current and deferred tax assets and liabilities for the income tax consolidated group.

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

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

(ac) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ad) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

(ae) Business combinations

Business combinations are accounted for by applying the acquisition method of accounting, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured on the basis of fair value at the date of acquisition.

Where the fair value of consideration paid for a business combination exceeds the fair value of the Group’s share of the identifiable net assets acquired, the difference is treated as purchased goodwill. Where the fair value of the Group’s share of the identifiable net assets acquired exceeds the cost of acquisition, the difference is immediately recognised in the Statement of Comprehensive Income as income.

Goodwill is not amortised, however its carrying amount is assessed annually against its recoverable amount. To the extent the carrying amount of goodwill exceeds the recoverable value of the assets, the goodwill is impaired and the impairment loss is charged to the profit or loss so as to reduce the carrying amount in the Statement of Financial Position to its recoverable amount.

On the subsequent disposal or termination of a previously acquired business, any remaining balance of associated goodwill is included in the determination of the profit or loss on disposal or termination.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets.

(af) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as crude oil collars and put options, to hedge its commodity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value on each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges and the time value of options, which are recognised in Other Comprehensive Income (OCI) and later reclassified to profit and loss when the hedged item affects profit or loss.

Cash flow hedges are those derivatives that hedge the Group's exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge transaction, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria of hedge accounting are accounted for as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss as other operating expense.

The Group uses Australian dollar and US dollar denominated Brent oil puts and collars as hedges of its exposure to foreign currency and commodity price risk for forecast oil sales. The ineffective portion of the commodity hedge is recognised in other operating income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the forecast oil sales occur.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

(ag) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements.

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

NOTE 3:
FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk measurement

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

	As at 30 June 2015		As at 30 June 2014	
	Amortised Cost $'000	Fair value through Other comprehensive income $'000	Amortised Cost $'000	Fair value through Other comprehensive income $'000
Financial Assets				
Cash and cash equivalents	49,004		76,632	
Trade and other receivables	21,805		33,114	
Cash flow hedges - crude oil price contracts*		171		-
	70,809	**171**	**109,746**	**-**
Financial Liabilities				
Trade and other payables	14,561	-	35,822	-
	14,561	**-**	**35,822**	**-**

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

AASB 7 Financial Instruments: Disclosures requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:
Level 1 – the fair value is calculated using quoted market prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value ifs estimated using inputs for the asset or liability that are not based on observable market data.

**Level 2*
The fair value of crude oil price contracts has been determined by reference to the Brent ICE forward price (USD) and forward exchange rate (AUD:USD) compared to the exercise price of the instrument (AUD) along with the volatility of the underlying commodity price and the expiry of the instrument. Gains or losses arising from movements in the fair value of the crude oil price contracts are recognised in OCI.

The Group does not have any level 1 or level 3 financial instruments as at 30 June 2014 or 30 June 2015.

NOTE 3:
FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Risk exposures and management

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

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

The Committee reviews and agrees policies for managing each of these risks.

Market Risk

<u>*Foreign currency risk*</u>
The Group has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. The Group's sales are denominated in currencies other than the functional currency of the operating entity making the sale. Funds are converted to Australian dollars on a regular basis.

The Group constantly analyses its transactional currency exposures.

At reporting date, the Group had the following exposure to foreign currency risk from its continuing operations, which are disclosed in Australian dollars (AUD):

	Consolidated	
	2015	2014
	$'000	$'000
Financial assets		
Cash and cash equivalents	21,193	58,841
Trade and other receivables	18,591	28,823
Net exposure	**39,784**	**87,664**

The following table details the Group's sensitivity to a 10.0% increase or decrease in AUD against the USD, with all other variables held constant. The sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date.

	Consolidated Higher / (Lower)	
	2015	2014
	$'000	$'000
Judgements of reasonably possible movements		
Post tax gain / (loss)		
AUD / USD +10%	(2,785)	(6,136)
AUD / USD –10%	2,785	6,136

These movements would not have any impact on other reserves other than retained earnings.

Management believes the reporting date foreign currency risk exposures are representative of the foreign currency risk exposure inherent in the financial instruments.

NOTE 3:
FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Commodity price risk
The Group's exposure to commodity price risk relates to the market price of oil and natural gas. The Group entered into a series of Australian dollar denominated put and zero cost collar instruments covering a total of 720,000 barrels of oil production for the period 1 January 2015 to 30 June 2015. The Group has also entered into a series of oil price hedges for the 2016 financial year covering a total of 1,000,000 barrels (see note 15 for further details). The Board will continue to monitor this risk and seek to mitigate it, if considered necessary. The effect on profit before tax disclosure below takes into consideration the Brent oil derivatives in place at 30 June 2015.

The sensitivity analysis is based on the commodity risk exposures in existence at the reporting date.

	Change in year-end price	Effect on profit before tax	Effect on equity
		$'000	$'000
2015			
Oil	+ 10%	471	471
	-10%	(1,554)	(1,554)
2014			
Oil	+ 10%	2,882	2,018
	-10%	(2,882)	(2,018)

Liquidity risk

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

It is the Group's policy to continually review the Group's liquidity position, including cash flow forecasts, to determine the forecast liquidity position and maintain appropriate liquidity levels.

The remaining contractual maturities of the Group's financial liabilities are:

		Consolidated	
		2015	2014
	Note	$'000	$'000
Financial liabilities			
6 months or less	21	14,561	35,822
		14,561	**35,822**

The Group funds its activities through equity raisings and operating cash flows in order to limit its liquidity risk.

The Group has also established an $80 million unsecured three-year debt facility for general corporate purposes. The multi-currency facility has a three year term and contains appropriate and non-restrictive covenants. The debt facility was undrawn at 30 June 2015 and the establishment fee of A$760,000 is being amortised over the term of the facility.

NOTE 4:
SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions, and quantifying the effect of possible future changes is not practicable.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

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. The Group's accounting policy for exploration and evaluation is set out in note 2(aa). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the Group's policy, management concludes that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to profit or loss.

Oil and gas properties

The Group has determined that the significant decline in global oil prices and the deficiency of its market capitalisation compared with the carrying amount of its net assets are impairment indicators and as such performed impairment testing at 31 December 2014 and 30 June 2015.

The Group considers its producing Cooper Basin oil assets are a single cash generating unit ("CGU") and has measured the recoverable amount of these assets using a fair value less costs of disposal ("FVLCD") methodology. This methodology applies the level 3 of fair value hierarchy. In estimating the FVLCD, the Group has estimated the recoverable amount of the CGU by measuring the present value of future cash flows from the CGU. In estimating the future cash flows assumptions are made as to key variables including: economically recoverable reserves; future production profiles; commodity prices; foreign exchange rates; operating costs and future development costs necessary to produce the reserves. In estimating its forecast cash flows for 31 December 2014 the Group has adopted Brent oil price assumptions based on consensus data of US$79/bbl in 2016, US$80/bbl in 2017 and a long term average of US$73/bbl and an AUD/USD exchange rate of 0.80 across all years. The recoverable amount is then determined by discounting the CGU's forecast cash flows to their present values using a post-tax discount rate of 10.5% (30 June 2014: 11%).

NOTE 4:
SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

In estimating its forecast cash flows for 30 June 2015 the Group has adopted Brent oil price assumptions based on consensus data of US$67/bbl in 2016, US$70/bbl in 2017 and a long term average of US$76/bbl and an AUD/USD long term exchange rate of 0.80. The recoverable amount is then determined by discounting the CGU's forecast cash flows to their present values using a post-tax discount rate of 10.1%.

The Group's impairment testing of its Cooper Basin oil CGU determined no impairment was present at 31 December 2014 or 30 June 2015. Changes in the key variables noted above would result in a change to the recoverable amount and FVLCD.

While the Group regards its Cooper Basin oil operations as a single CGU, the decline in global oil prices has resulted in the Group reducing its activities at the Acrasia field to care and maintenance. As such the carrying amount of Acrasia's assets is not regarded as recoverable, and an impairment loss of $34.8 million was recognised at 31 December 2014.

Exploration assets

Consistent with the decline in global oil price and reduction in planned capital expenditure, the Group has assessed if impairment indicators exist in respect of its various exploration assets.

This analysis concluded that:
- Forecast production costs at certain oil and gas appraisal wells (requiring fracture stimulation or other enhanced completion) mean it is unlikely that previously identified reservoirs are commercially recoverable; and
- It is unlikely the Group will continue its exploration activities in certain areas until there is a significant recovery in oil price.

This being the case, the Group has identified individual exploration assets in the Cooper/Eromanga Basins and in-field consumables with a cumulative carrying amount of $62.16 million which are not regarded as recoverable at 30 June 2015.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using various pricing models as detailed in Note 30.

Reserves estimates

Estimates of recoverable quantities of proven and probable reserves, that are used to review the carrying value of oil and gas properties and amortisation of oil and gas properties, include assumptions regarding commodity prices, foreign exchange rates, discount rates, and production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in estimated future cash flows. Reserves are integral to the amount of depreciation and amortisation charged to the Statement of Comprehensive Income.

NOTE 4:
SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Units of production method of depreciation and amortisation

The Group applies the units of production method for amortisation of its oil and gas properties and assets based on hydrocarbons produced. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and future production associated with the assets to be amortised under this method. Factors that must be considered in determining reserves and resources and future production are the Group's history of converting resources to reserves in the relevant time frames, markets and future developments. When these factors change or become known in the future, such differences will impact pre-tax profit and carrying values of assets. It is impracticable to quantify the effect of these changes in these estimates and assumptions in future periods.

Rehabilitation obligations

The Group estimates the future removal costs of oil and gas wells and production facilities at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgmental assumptions regarding removal data, future environmental legislation, the extent of reclamation articles required, the engineering methodology for estimating future cost, future removal technologies in determining the removal cost, and a ten year government bond discount rate to determine the present value of these cash flows. For more detail regarding the policy in respect of the provision for rehabilitation, refer to note 2(v).

Recovery of deferred tax assets

The Group recognises deferred tax assets when it becomes probable that sufficient taxable income will be derived in future periods against which to offset these assets. At each reporting date, the Group assesses the level of expected future cash flows from the business and the probability associated with realising these cash flows, and makes an assessment of whether the deferred tax assets of the Group should be recognised.

NOTE 4:
SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Petroleum Resource Rent Tax (PRRT)

The PRRT regime applies to all Australian onshore and offshore oil and gas projects from 1 July 2012.

Under the regime, it is possible to seek to combine tenements and report for PRRT purposes on the combined PRRT taxable position. Senex Energy Limited and its controlled entities impacted by the PRRT regime have obtained a Combination Certificate enabling these entities to combine a number of tenements for PRRT purposes. The current and deferred PRRT calculations prepared for the purposes of these financial statements have been prepared on this basis.

Under the PRRT, Senex Energy Limited and its controlled entities impacted by the PRRT regime are eligible for a starting base deduction for projects existing at 1 May 2010, assuming a valid starting base return is lodged. The due date for lodgement of starting base returns for Senex Energy Limited and its controlled entities impacted by the PRRT regime was 1 June 2014, and these returns were duly lodged. Senex Energy Limited and its controlled entities impacted by the PRRT regime have included future augmentation on expenditure categories, including starting bases, in the calculation of future taxable profit when assessing the extent to which a deferred tax asset should be recognised in the financial statements in relation to PRRT. As a result, no PRRT deferred tax asset has been recognised in the financial statements for the period ended 30 June 2015. If future augmentation had not been included in the forecast of future taxable profits, a deferred tax asset of $124,185,000 may have been recognised in the financial statements at 30 June 2015 (2014: $89,851,000).

The key assumptions and estimates for determining whether the Group has any future PRRT taxable profits have been applied consistently with those in other areas of the financial statements.

Acquisition and disposal of tenement interests

The Group accounts for changes in tenement interests on an accruals basis when the risks and rewards of ownership have substantively passed from the seller to acquirer.

NOTE 5:
OPERATING SEGMENTS

Identification of reportable segments

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

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

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

Geographical segments

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

Surat/Bowen Basins
The Surat/Bowen Basins are geological basins 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 (SACBJV), a consortium of buyers consisting of Santos Limited and its subsidiaries; Delhi Petroleum Pty Ltd (Beach Energy) and Origin Energy Resources Limited.

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.

During the year an impairment of $97.0 million was recognised for the Cooper/Eromanga Basins.

NOTE 5:

OPERATING SEGMENTS (CONTINUED)

The following tables present the revenue and profit information for reportable segments for the years ended 30 June 2015 and 30 June 2014:

	Consolidated					
	Surat / Bowen Basin		**Cooper/Eromanga Basins**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue						
Oil sales	-	-	115,445	170,862	115,445	170,862
Gas sales	-	-	465	-	465	-
Flowline revenue	-	-	4,890	3,968	4,890	3,968
Total segment revenue	**-**	**-**	**120,800**	**174,830**	**120,800**	**174,830**
Unallocated item:						
Interest income					634	1,678
Total revenue per statement of comprehensive income					**121,434**	**176,508**

	Consolidated					
	Surat / Bowen Basin *		Cooper/Eromanga Basins		Total	
	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Results						
Segment profit / (loss)	**496**	**975**	**(74,161)**	**68,338**	**(73,665)**	**69,313**
Reconciliation of segment net profit / (loss) before tax to net profit / (loss) from continuing operations before tax						
Unallocated items:						
Interest income					634	1,678
Other income					78	3,165
Finance expense					(318)	(64)
Corporate expenses					(18,056)	(25,516)
Net profit / (loss) before tax per the statement of comprehensive income					**(91,327)**	**48,576**

* Segment profit relates to technical service fees and is offset by unallocated costs included within general and administrative expenses

NOTE 5:

OPERATING SEGMENTS (CONTINUED)

Segment assets and segment liabilities at 30 June 2015 and 30 June 2014 are as follows:

	Consolidated					
	Surat / Bowen Basin		Cooper/Eromanga Basins		Total	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets						
Segment operating assets	**24,032**	**13,198**	**415,204**	**463,399**	**439,236**	**476,597**
Unallocated assets [1]					47,361	86,023
Total assets per the statement of financial position					**486,597**	**562,620**
Segment liabilities	**28,692**	**2,339**	**46,043**	**54,313**	**74,735**	**56,652**
Unallocated liabilities [2]					9,946	23,444
Total liabilities per the statement of financial position					**84,681**	**80,096**
Additions and acquisitions of non current assets (other than financial assets and deferred tax assets):						
Property, plant and equipment and intangibles	298	-	6,810	7,454	7,108	7,454
Exploration assets	19,123	4,172	39,025	83,403	58,148	87,575
Oil and gas properties	-	-	9,329	54,886	9,329	54,886
	19,421	**4,172**	**55,164**	**145,743**	**74,585**	**149,915**
Unallocated additions [3]					1,690	5,047
Total Additions					**76,275**	**154,962**

[1] The unallocated assets include cash and cash equivalents of $34,802,000 (2014: $76,632,000), accrued interest of $13,000 (2014; $27,000), prepayments of $1,006,000 (2014: $7,000), commodity hedges of $171,000 (2014: nil), receivables of $nil (2014: $38,000) and property, plant, equipment and intangibles of $11,369,000 (2014: $9,319,000)

[2] The unallocated liabilities include trade and other payables of $4,975,000 (2014: $10,985,000), deferred tax liabilities of $nil (2014: $10,681,000) and provisions of $4,971,000 (2014: $1,778,000).

[3] The unallocated additions include chargeable plant and equipment $628,000 (2014: $1,516,000), corporate office furniture and computer equipment $421,000 (2014: $523,000), motor vehicles $13,000 (2014: $165,000), intangibles $376,000 (2014: $554,000) and other corporate assets under construction $252,000 (2014: $2,289,000).

NOTE 6:
REVENUE

	Consolidated 2015 $'000	Consolidated 2014 $'000
(a) Revenue from sales		
Oil sales [1]	115,445	170,862
Gas sales	465	-
	115,910	**170,862**
(b) Cost of sales		
Operating costs	(55,914)	(57,075)
Amortisation of oil and gas properties	(16,889)	(21,873)
Depreciation of facilities	(4,375)	(2,831)
	(77,178)	**(81,779)**
(c) Other revenue		
Interest income	634	1,678
Flowline revenue	4,890	3,968
	5,524	**5,646**
(d) Other income		
Net gain on sale of investments	-	1,882
Other income	78	1,283
	78	**3,165**

[1] Includes $223,000 of hedge gains (2014: nil)

NOTE 7: EXPENSES

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
(a) General and administrative expenses			
Employee expenses		(15,847)	(19,767)
Depreciation, amortisation and write-offs		(3,480)	(2,720)
Technical service fees (recovery of costs)		8,392	7,214
Other general and administrative expenses		1,270	(10,243)
		(9,665)	**(25,516)**
(b) Other operating expenses			
Flowline operating costs		(965)	(645)
Rig standby costs		(5,700)	(4,736)
Joint operations recharges		(2,634)	(601)
		(9,299)	**(5,982)**
(c) Depreciation, amortisation and write-offs			
Included in cost of sales:			
Amortisation of oil and gas properties	20	(16,889)	(21,873)
Depreciation of facilities	17	(4,375)	(2,831)
		(21,264)	**(24,704)**
Not included in cost of sales:			
Depreciation expense	17	(1,699)	(1,349)
Amortisation of intangibles	18	(1,312)	(1,018)
Write off fixed assets	17	(223)	(51)
Write off inventory		(246)	(302)
		(3,480)	**(2,720)**
(d) Impairment			
Exploration assets and in-field consumables		(62,163)	
Oil and gas properties		(34,800)	-
		(96,963)	**-**
(e) Employee costs [1]			
Wages, salaries and bonuses		(33,091)	(31,179)
Share based payments		(1,818)	(3,641)
Employee admin expenses		(4,686)	(3,280)
		(39,595)	**(38,100)**
(f) Rental expense relating to operating leases			
Included in general and administrative expenses:			
Operating lease expenses		(1,324)	(1,448)
		(1,324)	**(1,448)**
(g) Net foreign exchange gains/(loss) recognised in profit before income tax for the year			
Included in general and administrative expenses:			
Foreign exchange gain/(loss)		6,834	(73)
		6,834	**(73)**

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

NOTE 8:
INCOME TAX

Income tax expense

	Consolidated 2015 $'000	Consolidated 2014 $'000
The major components of income tax expense are:		
Income statement		
Current income tax		
Current income tax benefit	-	-
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	26,903	(11,550)
Net tax asset not / (previously) brought to account	(16,222)	869
Income tax benefit / (expense) reported in the Statement of Comprehensive Income	**10,681**	**(10,681)**

Amounts charged or credited directly to equity

	Consolidated 2015 $'000	Consolidated 2014 $'000
Unrealised (gain) / loss on available-for-sale investments	-	-
Transaction and acquisition costs recorded in equity	-	-
Income tax credited directly in equity	**-**	**-**

NOTE 8:
INCOME TAX (CONTINUED)

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

Reconciliation of income tax expense calculated on profit / (loss) before tax to income tax charged in the income statement is as follows:

	Consolidated	
	2015 $'000	2014 $'000
Accounting profit / (loss) before income tax	**(91,327)**	**48,576**
At the Group's statutory income tax rate of 30% (2014: 30%)	27,398	(14,573)
Share-based payments	(802)	1,006
Research and development benefit	336	1,485
Other	(29)	515
Recognition / (derecognition) of deferred tax on losses	(16,222)	869
Over / (under) provision in the prior year	-	17
Income tax benefit / (expense) reported in the Statement of Comprehensive Income	**10,681**	**(10,681)**

Recognised deferred tax assets and liabilities

Deferred income tax at reporting date relates to the following:

	Consolidated			
	Statement of Financial Position		Statement of Comprehensive Income	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred tax assets / (liabilities)				
Receivables	-	-	-	5,355
Property, plant and equipment, intangibles, exploration and evaluation and oil and gas properties	(60,059)	(73,480)	13,421	(19,354)
Trade and other payables	121	1,093	(972)	1,225
Provisions	20,888	10,078	10,810	1,976
Income tax losses and offsets	52,071	49,165	2,906	(1,328)
Other	3,299	2,463	836	576
Deferred tax losses not brought to account as realisation is not regarded as probable	(16,320)	-	(16,320)	869
Net deferred income tax asset / (liability) recognised	**-**	**(10,681)**	**10,681**	**(10,681)**

NOTE 8:
INCOME TAX (CONTINUED)

Income tax losses

At 30 June 2015, the Group had $173,570,000 (2014: $163,884,000) of carry-forward tax losses and offsets that are available for use in Australia. The Group therefore has deferred tax assets arising from these tax losses and offsets (not all of which have been recognised at 30 June 2015) of $52,071,000 (2014: $49,165,000) that are available for offset against future taxable profits of the income tax consolidated group, subject to the relevant tax loss recoupment requirements being met.

Unrecognised temporary differences – Petroleum Resource Rent Tax (PRRT)

The PRRT legislation provides for Senex Energy Limited and its controlled entities impacted by the PRRT regime to adopt a starting base for projects existing at 1 May 2010, which is deductible in determining any future taxable profit. Senex Energy Limited and its controlled entities impacted by the PRRT regime have included future augmentation on PRRT expenditure categories, including starting bases, in the calculation of future taxable profit when assessing the extent to which a deferred tax asset should be recognised in the financial statements for the period ended 30 June 2015. As a result, no deferred tax asset has been recognised in the financial statements for PRRT purposes for the period ended 30 June 2015.

The total of unrecognised temporary differences in respect of PRRT for existing projects is $443,519,000 (2014: $320,898,000). If future augmentation had not been included in the forecast of future taxable profits, a deferred tax asset of $124,185,000 (2014: $89,851,000) may have been recognised in the financial statements at 30 June 2015. This is calculated at 28% of these unrecognised temporary differences, recognising the deductibility of PRRT for income tax purposes. The PRRT-only impact of these unrecognised temporary differences at 40% is $177,407,000 (2014: $128,359,000).

Senex Energy Limited and its controlled entities impacted by the PRRT regime also have a number of exploration permits which will not be subject to PRRT until they meet the definition of a production licence for PRRT purposes. Carry forward PRRT expenditures exist for these exploration permits which may give rise to a deferred tax asset should assessable receipts be generated from the tenement area in the future. A deferred tax asset has not been recognised in relation to the temporary differences for the exploration permits as its realisation is not regarded as probable at 30 June 2015. The total amount of unrecognised temporary differences in relation to PRRT for exploration permits is $935,221,000 (2014: $132,028,000). The significant increase in this balance relates to the PRRT impact of transactions particularly the asset swap with the QJC JV.

NOTE 9:
AUDITORS' REMUNERATION

The auditor of Senex Energy Limited and its controlled entities is Ernst & Young.

	Consolidated	
	2015	2014
	$	$
Amounts received or due and receivable by Ernst & Young (Australia) for the following:		
Audit or review of the financial report of the Group	244,265	185,506
Other assurance services	40,000	37,500
	284,265	**223,006**

NOTE 10:
EARNINGS PER SHARE

Earnings per share amounts are calculated by dividing the net profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Earnings used in calculating earnings / (loss) per share

	Consolidated	
	2015	2014
	$'000	$'000
For basic and diluted earnings per share:		
Net profit / (loss) attributable to ordinary equity holders of the parent entity	**(80,646)**	**37,895**

Weighted average number of shares

	Consolidated	
	2015	2014
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	1,149,307,488	1,143,837,116
Effect of dilution - share options	1,434,789	2,082,791
Effect of dilution - performance rights	6,675,668	7,967,344
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,157,417,945**	**1,153,887,251**

Earnings per share

	Consolidated	
	2015	2014
	cents	cents
Earnings per share attributable to the ordinary equity holders of the parent entity:		
Basic earnings per share	(7.02)	3.31
Diluted earnings per share	(7.02)	3.28

NOTE 10:
EARNINGS PER SHARE (CONTINUED)

Information on the classification of securities

Options
Options outstanding are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive.

Performance rights
Performance rights granted to employees are also considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive.

During the period, a number of performance rights were granted (refer to note 30).

NOTE 11:
CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2015 $'000	2014 $'000
Cash at bank and in hand	34,802	62,660
Cash advanced to joint operations	14,202	13,972
	49,004	**76,632**

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

NOTE 12:
CURRENT ASSETS – PREPAYMENTS

	Consolidated	
	2015 $'000	2014 $'000
Prepayment of pipeline charges	1,602	2,033
Prepayments - debt facility establishment fee	253	-
Prepayments - other	296	7
	2,151	**2,040**

NOTE 13:
CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2015 $'000	2014 $'000
Trade receivables [1]	20,233	30,812
Sundry receivables [2]	473	672
Receivables for joint operations [3]	617	1,605
	21,323	**33,089**

[1] These receivables relate to monies owing from oil sales, and are receivable 30 days from invoice date.
[2] These receivables are non-interest bearing, unsecured and expected to be repaid within the next 12 months.
[3] These receivables relate to the portion of trade receivables in joint operations which is attributable to the Group.

All balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due, and there is no history of counterparties defaulting on these receivables.

NOTE 14:
CURRENT ASSETS – INVENTORY

	Consolidated	
	2015 $'000	2014 $'000
Inventory		
Warehouse inventory [1]	16,769	13,664
Oil inventory	316	1,053
	17,085	**14,717**

[1] Includes an impairment of in-field consumables made at 31 December 2014 of $1.66 million.

NOTE 15:
CURRENT ASSETS – OTHER FINANCIAL ASSETS

	Consolidated	
	2015	2014
	$'000	$'000
Other financial assets		
Cash flow hedges - crude oil price contracts	171	-
	171	**-**

Cash flow hedges

Crude oil put and collar instruments measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast oil sales in US and Australian dollars. These forecast transactions are highly probable and comprise the Group's forecast expected production from existing well stock for the period 1 July 2015 to 30 June 2016.

The Group has entered into a series of Australian and US dollar denominated put and collar instruments covering a total of 1,000,000 barrels of oil production for the period 1 July 2015 to 30 June 2016. The quantity of puts and collar instruments in each month is designed to cover the highly probable forecast sales in each month. The collars establish a Brent crude ceiling price of US$68 and a floor price of US$60 for 410,000 barrels of oil sales for the period July 2015 to December 2015 and a Brent crude ceiling price of $A103 and a floor price of A$70 for 275,000 barrels of oil sales between January 2016 and June 2016. The puts have a floor price of US$55 per barrel for 315,000 barrels of sales over the July 2015 to June 2016 period.

NOTE 16:
NON-CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	2015	2014
	$'000	$'000
Sundry receivables [1]	25	25
Prepayments - debt facility establishment fee	457	-
	482	**25**

[1] These receivables are non-interest bearing, unsecured and are not expected to be repaid within the next 12 months.

NOTE 17:
NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

		Consolidated		
		Property, Plant & Equipment	Assets Under Construction	Total
	Note	$'000	$'000	$'000
At 30 June 2014				
Cost		58,942	4,896	63,838
Accumulated depreciation		(8,290)	-	(8,290)
Net book amount		**50,652**	**4,896**	**55,548**
Movements for the year ended 30 June 2015				
Opening net book amount		50,652	4,896	55,548
Additions		2,514	5,906	8,420
Disposals		(9)	-	(9)
Transfers		7,037	(7,901)	(864)
Write-offs	7(c)	(1)	(222)	(223)
Depreciation charge for the year	7(c)	(6,074)	-	(6,074)
Closing net book amount		**54,119**	**2,679**	**56,798**
At 30 June 2015				
Cost		68,483	2,679	71,162
Accumulated depreciation		(14,364)	-	(14,364)
Net book amount		**54,119**	**2,679**	**56,798**
At 30 June 2013				
Cost		36,135	8,011	44,146
Accumulated depreciation		(2,563)	-	(2,563)
Net book amount		**33,572**	**8,011**	**41,583**
Movements for the year ended 30 June 2014				
Opening net book amount		33,572	8,011	41,583
Additions		3,760	8,187	11,947
Disposals		(594)	-	(594)
Transfers		10,155	(11,251)	(1,096)
Transfers from oil and gas properties		7,939	-	7,939
Write-offs		-	(51)	(51)
Depreciation charge for the year	7(c)	(4,180)	-	(4,180)
Closing net book amount		**50,652**	**4,896**	**55,548**
At 30 June 2014				
Cost		58,942	4,896	63,838
Accumulated depreciation		(8,290)	-	(8,290)
Net book amount		**50,652**	**4,896**	**55,548**

NOTE 18:
NON-CURRENT ASSETS – INTANGIBLES

	Note	Consolidated 2015 $'000	2014 $'000
At the beginning of the year			
Cost		3,462	1,717
Accumulated amortisation		(1,900)	(474)
Net book amount		**1,562**	**1,243**
Movements for the year ended 30 June			
Opening net book amount		1,562	1,243
Additions		376	554
Transfers		782	783
Amortisation charge for the year	7(c)	(1,312)	(1,018)
Closing net book amount		**1,408**	**1,562**
At 30 June			
Cost		4,620	3,462
Accumulated amortisation		(3,212)	(1,900)
Net book amount		**1,408**	**1,562**

NOTE 19:
NON-CURRENT ASSETS – EXPLORATION ASSETS

	Note	Consolidated 2015 $'000	2014 $'000
Exploration assets			
Balance at the beginning of the period, net of accumulated amortisation and impairment		237,913	166,117
Additions		53,064	74,148
Acquisition of additional interests		15,544	13,427
Disposals		(9,072)	-
Transfers to development assets		(9,305)	(15,779)
Impairment	4	(60,513)	-
Balance at the end of the period		**227,631**	**237,913**

During the period the group undertook an asset swap with the QGC JV that as at the transaction date resulted in a net exploration asset increase of $4.5 million. The Group also agreed to plug and abandon certain existing wells on the acquired tenements, receiving $20 million in cash and recorded a corresponding rehabilitation provision of $20 million. A further $4.9 million provision was recognised in respect of the rehabilitation for cased and suspended wells. No gain or loss was recorded as part of the asset swap transaction.

NOTE 20:
NON-CURRENT ASSETS – OIL AND GAS PROPERTIES

	Note	Consolidated 2015 $'000	2014 $'000
Oil and gas properties			
Balance at the beginning of the period, net of accumulated amortisation and impairment		141,094	100,241
Additions		9,329	54,886
Transfers from exploration assets		9,305	15,779
Transfers from property plant & equipment		82	-
Transfers to property plant & equipment		-	(7,939)
Amortisation charge for the period		(16,889)	(21,873)
Impairment	4	(34,800)	-
Balance at the end of the period, net of accumulated amortisation and impairment		**108,121**	**141,094**
Balance at the beginning of the period			
Cost		197,826	137,107
Accumulated amortisation		(54,057)	(34,191)
Accumulated impairment, net of reversals		(2,675)	(2,675)
Net carrying amount		**141,094**	**100,241**
Balance at the end of the period			
Cost		216,542	197,826
Accumulated amortisation		(70,946)	(54,057)
Accumulated impairment, net of reversals		(37,475)	(2,675)
Net carrying amount		**108,121**	**141,094**

NOTE 21:
CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated	
	2015	2014
	$'000	$'000
Other creditors and accruals – unsecured [1]	4,125	11,803
Payables to joint operations creditors [2]	10,436	24,019
	14,561	**35,822**

[1] Other creditors and accruals are non-interest bearing, unsecured and will be paid in the next 12 months.
[2] These payables relate to the portion of trade payables and accruals in joint operations which is attributable to the Group.

NOTE 22:
CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2015	2014
	$'000	$'000
Annual and long service leave	1,211	1,065
Rehabilitation	10,530	-
Other provisions	3,529	301
	15,270	**1,366**

NOTE 23:
NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Rehabilitation	52,197	31,815
Long service leave	230	412
	52,427	**32,227**

Movement in provisions

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

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Rehabilitation		
Balance at the beginning of the year	31,815	26,185
Additional provision recognised during the year	5,961	6,767
Acquisitions during the year (refer Note 19)	24,909	-
Unwinding and discount rate adjustment	1,481	(1,137)
Disposals	(1,439)	-
Balance at the end of the year	**62,727**	**31,815**

The rehabilitation provision is split between a current portion of $10.5m based on rehabilitation expected to occur in the next 12 months and the non-current portion of $52.2m.

Nature and timing of provisions

Rehabilitation
A provision for rehabilitation is recognised for costs such as reclamation, waste site closure and other costs associated with the restoration of an oil or gas site. Estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs. In determining the rehabilitation provision, the Group has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such properties in the future. It is expected that rehabilitation costs for assets will be incurred at the end of the assets' useful lives. The assets' useful lives are currently estimated between four and nineteen years.

Long service leave
Refer to note 2(v) for the relevant accounting policy applied in the measurement of this provision.

Other provisions
Other provisions include provisions relating to legal dispute and contractors claims; it also includes lease liability adjustments.

NOTE 24:
CONTRIBUTED EQUITY

	Parent Entity 2015 $'000	Parent Entity 2014 $'000
1,149,657,377 ordinary fully paid shares (2014: 1,146,343,917)	451,233	450,966
Total issued capital	**451,233**	**450,966**

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

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Ordinary fully paid shares

	Parent Entity			
	2015		2014	
	Number of shares	$'000	Number of shares	$'000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	1,146,343,917	450,966	1,140,804,837	450,064
Issues of share during the period:				
Exercise of unlisted options	667,000	267	2,935,000	902
Performance rights (nil consideration)	2,646,460	-	2,604,080	-
Balance at the end of the period	**1,149,657,377**	**451,233**	**1,146,343,917**	**450,966**

667,000 ordinary fully paid shares were issued at a price of 40.0 cents each for the exercise of unlisted options during the year, raising $266,800 before costs.

2,646,460 ordinary fully paid shares were issued during the year as a result of the vesting of performance rights.

NOTE 24:
CONTRIBUTED EQUITY (CONTINUED)

Options

Information relating to options, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 30.

Performance rights

Information relating to performance rights, including details of shares issued during the financial year, is set out in note 30.

Capital management

When managing capital (being total contributed equity of $451,233,000 at 30 June 2015), management's objectives are to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders through capital growth.

The Group funds its activities through equity raising, and has also established an $80 million unsecured three-year debt facility for general corporate purposes. The debt facility was undrawn at 30 June 2015. The financial performance of the business is monitored against an approved annual budget and approved work plans to ensure that adequate funding will be available to carry out planned activities.

NOTE 25:
RESERVES

		Consolidated	
		2015	2014
	Note	$'000	$'000
Share-based payments reserve			
Balance at the beginning of the year		11,835	8,193
Share based payment expenses		1,818	3,642
Balance at the end of the year		**13,653**	**11,835**
Other reserve			
Balance at the beginning of the year		(183)	(183)
Balance at the end of the year		**(183)**	**(183)**
Cash flow hedge			
Balance at the beginning of the year		-	-
Net gain / (loss) recognised on re-measurement		(2,047)	-
Tax effect on (net gain) / reversal of net gain recognised on re-measurement	8	-	-
Balance at the end of the year		**(2,047)**	**-**
Total reserves		**11,423**	**11,652**

NOTE 25:
RESERVES (CONTINUED)

Nature and purpose of reserves

Share-based payments reserve
This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

Cash flow hedge reserve
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instrument related to hedge transactions that have not yet occurred and changes in the time value of instruments. At 30 June 2015, the full amount of the reserve relates to time value of instruments. Amounts in the reserve will be recycled to the profit and loss account as the underlying hedged transactions occur.

Other reserve
The other reserve is used to record differences between the carrying value of non-controlling interests and the consideration paid/received where there has been a transaction involving non-controlling interests that does not result in a loss of control. The reserve is attributable to the equity of the parent.

NOTE 26:
RETAINED EARNINGS

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Balance at the beginning of the year	19,906	(17,989)
Net profit / (loss) attributable to ordinary equity holders of the parent entity	(80,646)	37,895
Balance at the end of the year	**(60,740)**	**19,906**

NOTE 27:
CONSOLIDATED STATEMENT OF CASH FLOWS RECONCILIATION

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Reconciliation of the net profit/(loss) after tax to net cash flows used in operations			
Net profit/(loss)		**(80,646)**	**37,895**
Adjustments:			
Depreciation, amortisation and impairment		24,278	27,071
(Gain)/loss on foreign exchange translation		(4,005)	73
(Gain)/loss on sale of assets		3	-
(Gain)/loss on sale of investments		-	(1,882)
Rehabilitation liability accretion		986	1,059
Share based payments		1,818	3,641
Impairment expenses		96,963	-
Write off fixed assets		223	51
Write off inventory		243	302
Interest expense		-	1
Increase/(decrease) in hedges		(2,218)	-
Rehabilitation expense		(1,634)	(87)
Debt facility expense		206	-
Income tax expense/(benefit)	8	(10,681)	10,681
Changes in assets and liabilities:			
(Increase)/decrease in prepayments		142	1,380
(Increase)/decrease in trade and other receivables		10,310	(1,367)
(Increase)/decrease in inventory		(214)	(2,176)
(Increase)/decrease in make good asset		27	(177)
Increase/(decrease) in trade and other payables		(5,529)	3,606
Increase/(decrease) in provisions		3,192	918
Net cash flows used in operating activities		**33,464**	**80,989**

NOTE 28:
COMMITMENTS

Leasing commitments

These commitments represent payment due for lease premises under non-cancellable operating leases.

The Group has lease agreements for head office premises in Brisbane and office premises in Adelaide. The terms of the leases range between 3 to 5 years.

Future minimum payments under the non-cancellable leases as at 30 June 2015 are as follows:

	Consolidated	
	2015	2014
	$'000	$'000
Corporate		
Minimum lease payments		
- not later than one year	1,399	1,454
- later than one year and not later than five years	4,551	2,239
	5,950	**3,693**

Capital commitments

The following capital commitments were contracted for at the reporting date but not recognised as liabilities:

	Consolidated	
	2015	2014
	$'000	$'000
Corporate		
- not later than one year	3,178	5,449
	3,178	**5,449**

Exploration and development commitments

Due to the nature of the Group's operations in exploration and evaluation of areas of interest, it is not possible to forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure. In order to maintain its interests in present permit areas, the Group must expend by 30 June 2016 approximately $38,493,000 (2014: $23,735,000). Expenditure beyond 30 June 2016 is expected to total approximately $136,076,000 (2014: $90,712,000) to maintain the same interests.

Exploration and evaluation commitments disclosed above do not include amounts free carried by other parties under separate arrangements. These free carry amount totals approximately $59 million (2014: $nil).

NOTE 29:
CONTINGENCIES

Other 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.

There were no other unrecorded contingent assets or liabilities in place for the Group at 30 June 2015.

NOTE 30:
SHARE-BASED PAYMENTS

Equity-settled share-based payments

Employee share options and performance rights
Performance rights and options are issued to employees on a case by case basis at the Board's discretion and are assessed annually.

(a) Options

Options granted carry no dividend or voting rights. All options on issue have vested and are exercisable at any time up to their expiry. When exercised, each option is convertible into one ordinary share.

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

The exercise price of options is based on the Board's assessment of a price which will provide appropriate performance incentive to the holder of the options.

No options were granted during the year ended 30 June 2015 (2014: nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.47 years (2014: 2.03 years).

NOTE 30:
SHARE-BASED PAYMENTS (CONTINUED)

The following table presents movements in options for the year ended 30 June 2015:

Grant date	Expiry date	Exercise price (cents)	Balance as at 1 July 2014	Options granted	Options exercised	Options forfeited	Balance as at 30 June 2015	Vested and exercisable as at 30 June 2015
1 July 2011	1 July 2014	40.0	667,000	-	(667,000)	-	-	-
1 July 2011	30-Jun-15	40.0	667,000	-	-	(667,000)	-	-
9 September 2010	9 September 2015	25.5	1,200,000	-	-	-	1,200,000	1,200,000
1 July 2011	1 July 2016	40.0	666,000	-	-	-	666,000	666,000
9 September 2010	19 July 2016	25.5	800,000	-	-	-	800,000	800,000
9 September 2010	19 July 2017	25.5	1,000,000	-	-	-	1,000,000	1,000,000
9 September 2010	19 July 2018	25.5	1,000,000	-	-	-	1,000,000	1,000,000
Total			**6,000,000**	**-**	**(667,000)**	**(667,000)**	**4,666,000**	**4,666,000**
Weighted average exercise price			30.3	-	40	40.0	27.6	27.6

NOTE 30:
SHARE-BASED PAYMENTS (CONTINUED)

The following table presents movements in options for the year ended 30 June 2014:

Grant date	Expiry date	Exercise price (cents)	Balance as at 1 July 2013	Options granted	Options exercised	Options forfeited	Balance as at 30 June 2014	Vested and exercisable as at 30 June 2014
5 August 2010	2 February 2014	25.5	1,600,000	-	(1,600,000)	-	-	-
6 July 2010	30 June 2014	37.0	1,230,000	-	(1,155,000)	(75,000)	-	-
1 July 2011	1 July 2014	40.0	667,000	-	-	-	667,000	667,000
9 September 2010	31 August 2014	27.0	-	-	-	-	-	-
1 July 2011	1 July 2015	40.0	667,000	-	-	-	667,000	667,000
9 September 2010	9 September 2015	25.5	1,200,000	-	-	-	1,200,000	1,200,000
1 July 2011	1 July 2016	40.0	666,000	-	-	-	666,000	666,000
9 September 2010	19 July 2016	25.5	800,000	-	-	-	800,000	800,000
9 September 2010	19 July 2017	25.5	1,000,000	-	-	-	1,000,000	1,000,000
9 September 2010	19 July 2018	25.5	1,000,000	-	-	-	1,000,000	1,000,000
8 November 2010	30 June 2014	37.0	180,000	-	(180,000)	-	-	-
Total			**9,010,000**	**-**	**(2,935,000)**	**(75,000)**	**6,000,000**	**6,000,000**
Weighted average exercise price			30.5	-	30.7	37.0	30.3	30.3

NOTE 30:
SHARE-BASED PAYMENTS (CONTINUED)

(b) Performance rights

The Company has adopted performance rights plans for executives and employees, which directly link equity-based incentives to performance conditions.

The FY15 STI rights granted to the Senior Executives during the year ended 30 June 2015 were subject to performance conditions relating to safety, oil production, reserves growth, operating costs and individual performance in FY15 and were to vest on 1 July 2016 subject to employment status. These rights were valued with reference to employees' total fixed remuneration, estimated corporate performance percentage and average individual performance percentage. All FY15 STI rights lapsed on 17 August 2015.

The FY15 LTI performance rights granted to the CEO and Senior Executives during the year ended 30 June 2015 are subject to a performance condition relating to a target share price after a three-year period, and vest after that period subject to employment status. These rights were valued using a monte carlo pricing model that takes into account grant date, share price at grant date, volatility of underlying share, dividend yield, expected term and the risk-free interest rate for the term of the right.

The FY13 EIP rights granted to employees under the EIP for the year ended 30 June 2013 were granted in recognition of corporate performance in the areas of safety, oil production and reserves growth and individual performance. The performance rights vested on 1 July 2015 subject to employment status. These rights were valued with reference to employees' total fixed remuneration, estimated corporate performance percentage and average individual performance percentage.

The FY14 EIP performance rights granted to employees under the EIP for the year ended 30 June 2014 were granted in recognition of corporate performance in the areas of safety, oil production, reserves growth, total shareholder return and individual performance. The performance rights were originally set to vest on 1 July 2016 subject to employment status. With the approval of the Board, the vesting date of the FY14 EIP performance rights was moved forward to 1 July 2015 in recognition that two year deferral of vesting of EIP rights was inappropriate and worked against the effectiveness of the EIP as a reward and incentive scheme. These rights are valued with reference to employees' total fixed remuneration, estimated corporate performance percentage and average individual performance percentage.

On the basis of the Board's determination of the corporate performance rating for FY15, no FY15 EIP performance rights will be granted to employees under the EIP for the year ended 30 June 2015.

If the performance conditions applicable to a performance right are satisfied, and the performance right vests, the holder is entitled to receive, without payment, on the vesting date for that performance right, one fully paid ordinary share in the Company for each vested performance right.

Performance rights holders do not have any right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate.

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

	Grant date/ exercise date	Performance rights granted	Performance rights exercised/ lapsed	Total
Opening balance as at 1 July 2014				13,554,344
FY12 rights exercised	25 July 2014		(901,940)	(901,940)
FY13 rights exercised	25 July 2014		(216,084)	(216,084)
FY14 rights lapsed	22 August 2014		(1,892,366)	(1,892,366)
FY14 rights granted	2 September 2014	3,056,807		3,056,807
FY14 rights exercised	2 September 2014		(1,528,436)	(1,528,436)
FY13 rights lapsed	1 December 2014		(332,700)	(332,700)
FY14 rights lapsed	1 December 2014		(408,433)	(408,433)
FY15 rights granted	19 December 2014	3,215,797		3,215,797
FY13 rights lapsed	19 January 2015		(166,350)	(166,350)
FY13 rights lapsed	31 January 2015		(166,350)	(166,350)
FY14 rights lapsed	31 January 2015		(434,284)	(434,284)
FY15 rights granted	1 February 2015	47,937		47,937
FY15 rights granted	4 May 2015	72,510		72,510
Closing balance as at 30 June 2015		**6,393,051**	**(6,046,943)**	**13,900,452**

The weighted average fair value of performance rights granted during the year was 50 cents.

	Grant date/ exercise date	Performance rights granted	Performance rights exercised/ lapsed	Total
Opening balance as at 1 July 2013				8,206,649
FY11 rights exercised	26 July 2013	-	(133,333)	(133,333)
FY12 rights exercised	26 July 2013	-	(372,180)	(372,180)
FY12 rights exercised	30 September 2013	-	(529,760)	(529,760)
FY11 rights exercised	30 September 2013	-	(233,333)	(233,333)
FY13 rights exercised	13 September 2013	-	(100,000)	(100,000)
FY13 rights granted	30 September 2013	2,470,890	-	2,470,890
FY13 rights exercised	30 September 2013	-	(1,235,474)	(1,235,474)
FY13 rights lapsed	30 September 2013	-	(300,000)	(300,000)
FY14 rights granted	20 December 2013	5,780,885	-	5,780,885
Closing balance as at 30 June 2014		**8,251,775**	**(2,904,080)**	**13,554,344**

NOTE 30:
SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled share-based payments

There were no cash-settled share-based payments during the year ended 30 June 2015 (2014: $nil).

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee expense were as follows:

	Consolidated	
	2015	2014
	$	$
Equity-settled share-based payments		
- Options	-	5,125
- Performance rights	1,818,701	3,636,334
	1,818,701	**3,641,459**

NOTE 31:
KEY MANAGEMENT PERSONNEL

Compensation of key management personnel

	Consolidated	
	2015	2014
	$	$
Short-term	3,735,650	4,414,775
Post employment	189,622	177,428
Termination benefits	147,013	-
Share-based payment	761,924	1,419,565
	4,834,209	**6,011,768**

Options and performance rights held by key management personnel

Options

Issue date	Expiry date	Exercise price	2015 Number outstanding	2014 Number outstanding
2010	2015	0.255	1,200,000	1,200,000
2010	2016	0.255	800,000	800,000
2010	2017	0.255	1,000,000	1,000,000
2010	2018	0.255	1,000,000	1,000,000
2011	2014	0.40	-	667,000
2011	2015	0.40	-	667,000
2011	2016	0.40	666,000	666,000
			4,666,000	**6,000,000**

Performance Rights

Issue date	2015 Number outstanding	2014 Number outstanding
2011	-	328,580
2012	3,861,322	4,914,873
2013	2,370,952	5,780,884
2014	3,215,797	-
2015	120,447	-
	9,568,518	**11,024,337**

Detailed disclosures relating to key management personnel are contained in the remuneration report.

Other transactions and balances with key management personnel

During FY15, the Group made payments of $22,716 (FY14: $27,701) to Morgans Financial Limited, a company associated with Mr Crommelin, for provision of data services. In addition, as disclosed on pages 60 and 61, the Company engaged Morgan Corporate Limited, a member company of the Morgans Financial group, as an additional corporate adviser in the Company's strategic review project until 31 December 2016. Under that engagement, the Company agreed to reward Morgan Corporate for corporate advisory services on a value basis on the occurrence of certain events, on terms substantially similar to the terms on which the Company agreed to remunerate the corporate adviser first engaged for the project. The Company is not obliged to pay any retainer or other service fee to Morgan Corporate. None of the services referred to above were provided by Mr Crommelin as a director of the group. There were no other transactions with Key Management Personnel or their related parties during the current or prior year, other than those mentioned above.

NOTE 32:
PARENT ENTITY INFORMATION

(a) Summary financial information

	Parent Entity	
	2015	2014
	$'000	$'000
Total current assets	225,064	238,620
Total non-current assets	115,436	127,590
TOTAL ASSETS	**340,500**	**366,210**
Total current liabilities	9,320	12,887
Total non-current liabilities	2,532	19,472
TOTAL LIABILITIES	**11,852**	**32,359**
NET ASSETS	**328,648**	**333,851**
EQUITY		
Contributed equity	451,233	450,966
Share based payments reserve	13,653	11,835
Other reserve	(2,230)	(183)
Retained earnings / (accumulated losses)	(134,008)	(128,767)
TOTAL EQUITY	**328,648**	**333,851**
Net profit / (loss) of the parent entity	(5,242)	(33,144)
Other comprehensive income of the parent entity	(2,047)	-
Total comprehensive income/(loss) of the parent entity	**(7,289)**	**(33,144)**

(b) Guarantees entered into by the parent entity

There are cross guarantees provided as described in note 35.

No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee as the fair value of the guarantee is considered immaterial.

(c) Contingent assets and liabilities of the parent entity

There are no unrecorded contingent assets or liabilities in place for the parent entity at 30 June 2015 (2014: $nil).

(d) Contractual commitments for capital acquisitions

The parent entity did not have any contractual commitments for capital acquisition at 30 June 2015 (2014: $nil).

NOTE 33:
INTEREST IN JOINT OPERATIONS

The Group has an interest in the following joint operations whose principal activities were oil and gas exploration and production in the Cooper, Eromanga and Surat Basins (* denotes Operatorship).

EXPLORATION

Permits	Consolidated Working Interest 2015 Percentage %	Consolidated Working Interest 2014 Percentage %
Cooper/Eromanga Basins		
ATP 736P*	80.0%	80.0%
ATP 737P*	80.0%	80.0%
ATP 738P*	80.0%	80.0%
ATP 794P (Barcoo Junction Prospect Area)	12.0%	12.0%
ATP 794P (Springfield)	24.0%	24.0%
ATP 794P (Regleigh)	24.0%	24.0%
ATP 794P (Barcoo)	35.0%	35.0%
PEL 87*	60.0%	60.0%
PEL 90* (Kiwi)	75.0%	75.0%
PEL 93*	70.0%	70.0%
PEL 94	15.0%	15.0%
PEL 100*	55.0%	55.0%
PEL 104* [1]	-	60.0%
PEL 110	80.0%	60.0%
PEL 111* [2]	-	60.0%
PEL 182*	57.0%	57.0%
PEL 424*	60.0%	60.0%
PEL 514* [3]	-	80.0%
PEL 637*	60.0%	60.0%
PEL 638* (Deeps)	53.8%	53.8%
PEL 638* (Shallows)	80.0%	80.0%

Permits	Consolidated Working Interest 2015 Percentage %	Consolidated Working Interest 2014 Percentage %
Surat Basin		
ATP 1190 (Weribone) (formerly ATP 471P (Weribone))	20.7%	20.7%
ATP 574P (Shallows) [4]	-	30.0%
ATP 574P (Deeps) [4]	-	30.0%
ATP 593P* (Don Juan CSG)	45.0%	45.0%
ATP 593P* (Deep)	24.0%	24.0%
ATP 771P* (Don Juan CSG)	45.0%	45.0%

NOTE 33:
INTEREST IN JOINT OPERATIONS (CONTINUED)

RETENTION

Permits	Consolidated Working Interest 2015 Percentage %	2014 Percentage %
Cooper/Eromanga Basins		
PRL 15*	60.0%	60.0%
PRL 84*	65.0%	65.0%
PRL 106*	60.0%	60.0%
PRL 108*	50.0%	50.0%
PRL 109*	50.0%	50.0%
PRL 110*	50.0%	50.0%
PRL 117*	100.0%	80.0%
PRL 118 - 128* [3]	80.0%	-
PRL 135*	57.0%	-
PRL 136 - 141* [1]	60.0%	-
PRL 142 - 150* [2]	60.0%	-

Permits	Consolidated Working Interest 2015 Percentage %	2014 Percentage %
Surat Basin		
PLA 392 - application [4]	-	30.0%
PLA 393 - application [4]	-	30.0%
PCA 76 - application [4]	-	30.0%

NOTE 33:
INTEREST IN JOINT OPERATIONS (CONTINUED)

PRODUCTION

Permits	Consolidated Working Interest 2015 Percentage %	2014 Percentage %
Cooper/Eromanga Basins		
PPL 206 (Derrilyn) [5]	35.0%	35.0%
PPL 207 (Worrior)*	70.0%	70.0%
PPL 208 (Derrilyn)	35.0%	35.0%
PPL 211 (Reg Sprigg West)	25.0%	25.0%
PPL 215 (Toparoa)	2.3%	2.3%
PPL 240 (Snatcher)*	60.0%	60.0%
PPL 242 (Growler)*	60.0%	60.0%
PPL 243 (Mustang)*	60.0%	60.0%
PPL 251 (Burruna)*	100.0%	80.0%
PPL 258 (Spitfire)*	60.0%	-

Permits	Consolidated Working Interest 2015 Percentage %	2014 Percentage %
Surat Basin		
PL 171 [4]	-	20.0%

Permits	Consolidated Working Interest 2015 Percentage %	2014 Percentage %
Bowen Basin		
PL 231*	40.0%	40.0%

[1] PEL104 was relinquished during the financial year and replaced by PRLs 136-141

[2] PEL111 was relinquished during the financial year and replaced by PRLs 142-150

[3] PEL514 was relinquished during the financial year and replaced by PRLs 118-128

[4] Interests in these permits were swapped with the QGCJV for full ownership of ATP767, ATP795 and ATP889.

[5] Santos PPL 206 forms part of Derrilyn Unitisation Agreement with PPLs 208 & 215

NOTE 33:
INTEREST IN JOINT OPERATIONS (CONTINUED)

The Group's share of the joint operations assets and liabilities consist of:

	Note	Consolidated 2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	11	10,272	13,972
Trade and other receivables	13	448	1,605
Non-current Assets			
Property, plant and equipment		17,880	15,633
Exploration assets		69,003	133,040
Oil and gas properties		78,458	131,538
TOTAL ASSETS		**176,061**	**295,788**
Current Liabilities			
Trade and other payables	21	6,810	24,019
Non-current Liabilities			
Provision for rehabilitation		15,254	19,966
TOTAL LIABILITIES		**22,064**	**43,985**
NET ASSETS		**153,997**	**251,803**

The Group's share of the joint operations revenue and expenses consists of:

	Consolidated 2015 $'000	2014 $'000
Revenue		
Oil sales	90,477	152,453
	90,477	**152,453**
Expenses		
Cost of sales	(48,129)	(64,121)
Oil and gas exploration expenses	(14,557)	(18,295)
	(62,686)	**(82,416)**

NOTE 34:
RELATED PARTY DISCLOSURE

Controlled entities / subsidiaries

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

Name	Country of incorporation	Equity interest % 2015	Equity interest % 2014
Parent entity			
Senex Energy Limited	Australia		
Directly controlled by Senex Energy Limited			
Azeeza Pty Ltd	Australia	100	100
Victoria Oil Pty Ltd	Australia	100	100
Senex Weribone Pty Ltd	Australia	100	100
Permian Oil Pty Ltd	Australia	100	100
Victoria Oil Exploration (1977) Pty Ltd	Australia	100	100
Stuart Petroleum Pty Ltd	Australia	100	100
Senex Assets Pty Ltd	Australia	100	100
Senex Energy Employee Share Trust	Australia	100	100
Directly controlled by Stuart Petroleum Ltd			
Stuart Petroleum Fuels Pty Ltd *	Australia	-	100
Stuart Petroleum Cooper Basin Oil Pty Ltd	Australia	100	100
Stuart Petroleum Cooper Basin Gas Pty Ltd	Australia	100	100
Anarion Petroleum Pty Ltd *	Australia	-	100

* These entities applied to be deregistered in the financial year ending 30 June 2014 and were deregistered in the current financial year.

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

NOTE 35:
DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, Stuart Petroleum Pty Ltd is party to a deed of cross guarantee and has been granted relief from the Corporations Act 2001 requirement for preparation, audit and lodgement of financial statements, and directors' reports.

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

The following companies are parties to the Deed and represent a 'closed group' for the purposes of the Class Order:

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

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

NOTE 35:
DEED OF CROSS GUARANTEE (CONTINUED)

(a) Consolidated Statement of Comprehensive Income and summary of movements in consolidated retained earnings

Set out below is a consolidated Statement of Comprehensive Income and a summary of movements in consolidated retained earnings of the 'closed group':

	2015 $'000	2014 $'000
Revenue	115,910	170,862
Cost of sales	(77,178)	(81,779)
Gross profit	**38,732**	**89,083**
Other revenue	5,524	5,646
Other income	78	3,165
Oil and gas exploration expenses	(18,430)	(16,761)
General and administrative expenses	(9,665)	(25,516)
Other operating expenses	(9,299)	(5,982)
Impairment	(96,963)	-
Finance expense	(1,304)	(1,059)
Profit / (loss) before tax	**(91,327)**	**48,576**
Income tax expense	10,681	(10,681)
Profit / (loss) after tax	**(80,646)**	**37,895**
Net profit / (loss) for the period attributable to owners of the parent entity	**(80,646)**	**37,895**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Change in fair value of cash flow hedges	(2,047)	-
		-
Total comprehensive income for the period attributable to owners of the parent entity	**(82,693)**	**37,895**

NOTE 35:
DEED OF CROSS GUARANTEE (CONTINUED)

(b) Consolidated Statement of Financial Position

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

	As at 30 June 2015 $'000	As at 30 June 2014 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	49,004	76,632
Prepayments	2,151	2,040
Trade and other receivables	21,323	33,089
Inventory	17,085	14,717
Other financial assets	171	-
Total Current Assets	**89,734**	**126,478**
Non-current Assets		
Trade and other receivables	482	25
Property, plant and equipment	56,798	47,609
Intangibles	1,408	1,562
Exploration assets	227,631	237,913
Oil and gas properties	108,121	149,033
Deferred tax assets	-	-
Total Non-current Assets	**394,440**	**436,142**
TOTAL ASSETS	**484,174**	**562,620**
LIABILITIES		
Current Liabilities		
Trade and other payables	14,561	35,822
Provisions	15,270	1,366
Total Current Liabilities	**29,831**	**37,188**
Non-current Liabilities		
Provisions	52,427	32,227
Deferred tax liabilities	-	10,681
Total Non-current Liabilities	**52,427**	**42,908**
TOTAL LIABILITIES	**82,258**	**80,096**
NET ASSETS	**401,916**	**482,524**
EQUITY		
Contributed equity	451,233	450,966
Reserves	11,423	11,652
Retained earnings / (accumulated losses)	(60,740)	19,906
TOTAL EQUITY	**401,916**	**482,524**

NOTE 36:
EVENTS AFTER THE REPORTING DATE

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

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

(1) In the opinion of the directors:

- (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 35, will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35.

(2) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

On behalf of the Board

Trevor Bourne
Chairman

Ian R Davies
Managing Director

Brisbane, Queensland
24 August 2015

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

Report on the financial report

We have audited the accompanying financial report of Senex Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Building a better working world

Opinion

In our opinion:

a. the financial report of Senex Energy Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Senex Energy Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Ernst & Young

Ernst & Young

Andrew Carrick
Partner
Brisbane
24 August 2015

3. Glossary of Terms

$ means Australian dollars unless otherwise stated

1P means proved reserves in accordance with the SPE PRMS

2P means proved plus probable reserves in accordance with the SPE PRMS

3P means proved plus probable plus possible reserves in accordance with the SPE PRMS

2C means the best estimate scenario of contingent resources in accordance with the SPE PRMS

ASX means the Australian Securities Exchange operated by ASX Limited ACN 008 624 691

ATP means authority to prospect granted under the *Petroleum Act 1923 (Qld)* or the *Petroleum Gas (Production and Safety) Act 2004 (Qld)*

AVO means Amplitude Versus Offset; an enhanced seismic interpretation technique using the changes in seismic reflection amplitude with change in distance between shot point and receiver to determine rock-type and fluid content

Barrel/bbl means the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons

Beach means Beach Energy Limited ABN 20 007 617 969

boe means barrels of oil equivalent, the volume of hydrocarbons expressed in terms of the volume of oil which would contain an equivalent volume of energy

bopd means barrels of oil per day

Contingent resources means those quantities of petroleum estimated to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies, as defined in the SPE PRMS

Cooper Basin means the sedimentary geological basin of upper Carboniferous to middle Triassic age in north east South Australia and south west Queensland

Cooper-Eromanga Basin means the Cooper Basin and the overlying Eromanga Basin within the limits of the Cooper Basin

CSG means coal seam gas where gas is stored within coal deposits or seams

EIP means the Senex Employee Incentive Plan

Eromanga Basin means the Mesozoic sedimentary basin covering parts of Queensland, the Northern Territory, South Australia and New South Wales

ESG means environmental, social and governance risks

ESP means electric submersible pump

Exploration means drilling, seismic or technical studies to identify and evaluate regions or prospects with the potential to contain hydrocarbons

FY means financial year

Gross pay means the overall interval in which hydrocarbons are present in a well

GSA means gas sales agreement

JV means joint venture

KMP means key management personnel. KMP are those people who have authority and responsibility for planning, directing, and controlling the activities of the company, either directly or indirectly, and include the Company's directors

KPI means key performance indicator

LNG means liquefied natural gas, which is natural gas that has been liquefied by refrigeration for storage or transportation

LPG means liquefied petroleum gas

LTI means long term incentive

Market capitalisation means the Company's market value at a given date and is calculated as the number of shares on issue multiplied by the closing share price on that given date

mbbls means thousand barrels

mmbbls means million barrels

mmboe means million barrels of oil equivalent

mmscf/d means million standard cubic feet of gas per day

Net pay means the smaller portions of the gross pay that meet local criteria for pay; porosity, permeability and hydrocarbon saturation parameters such that the reservoir is capable of producing hydrocarbons

NPAT means net profit after tax

OGIP means original gas in place

Oil means a mixture of liquid hydrocarbons of different molecular weights

Origin means Origin Energy Limited ABN 22 078 868 425

Pedirka Basin means the Paleozoic intracratonic sedimentary basin located primarily in South Australia and the Northern Territory and possibly extending into Queensland

PEL means a petroleum exploration licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)

PELA means an application for a PEL

Petroleum Act means the Petroleum Act 1923 (Qld), the Petroleum Gas (Production and Safety) Act 2004 (Qld) or the Petroleum and Geothermal Energy Act 2000 (SA) as relevant

PJ means petajoule

PL means a petroleum lease granted under the Petroleum Act 1923 (Qld) or the Petroleum Gas (Production and Safety) Act 2004 (2004)

Planet means Planet Gas Limited ABN 46 098 952 035

PPL means a petroleum production licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)

PRL means petroleum retention licence granted under the Petroleum and Geothermal Energy Act 2000 (SA)

Production is the volume of hydrocarbons produced in production operations (including extended production testing)

RRR means reserves placement ratio which is calculated as the summation of estimated reserves additions and revisions divided by estimated production for the period before acquisitions and divestments

Reserve means commercially recoverable resources which have been justified for development, as defined in the SPE PRMS

SACB JV means the South Australian Cooper Basin Joint Venture which involves Santos (as operator), Beach and Origin

Sales volumes are equal to production less volumes of hydrocarbons consumed in operations (fuel, flare, vent and other shrinkage) and inventory movements

Santos means Santos Limited ABN 98 008 624 691

Senex means Senex Energy Limited ABN 50 008 942 827

Senior Executive means a senior executive member of the Company's management team, apart from the CEO, who was a member of the company's KMP at any time in FY15

SPE PRMS means the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers

STI means short term incentive

Stuart means Stuart Petroleum Pty Ltd (formerly Stuart Petroleum Limited)

Surat Basin means the sedimentary geological basin of Jurassic to Cretaceous age in southern Queensland and northern New South Wales

tcf means trillion cubic feet of gas

TFR means total fixed remuneration and it is the base component of each Senex employee's remuneration (principally annual salary and superannuation contributions) which is not at risk

TRIFR means total recordable injury frequency rate

TSR means total shareholder return

USD means United States dollars

VWAP means volume weighted average price