Senex
Senex Energy Limited

To:	Company Announcement Office	**From:**	Senex Energy Limited
Company:	ASX Limited	**Pages:**	109
Date:	24 August 2020		
Subject:	Senex Energy Limited (ASX: SXY) FY20 Appendix 4E and Financial Report		

I provide the following Senex Energy Limited FY20 Financial Report:

Page 2	**Appendix 4E**
Page 3	**Financial Report**

With regards,

David Pegg
Company Secretary

Authorized by the Board of Directors

Appendix 4E

Senex
Senex Energy Limited

Preliminary final annual report for FY20

Results for announcement to the market based on accounts that have been audited

Against previous corresponding period 30 June 2019:

				$ Million
Revenue from ordinary activities	Increased	28%	to	120.3
(Loss)/profit after tax from ordinary activities	decreased	from 3.3	to	(51.4)
Underlying profit after tax from ordinary activities	decreased	47%	to	3.8
(Loss)/profit for the period attributable to members	decreased	from 3.3	to	(51.4)

Underlying profit after tax is a non-IFRS measure and a reconciliation to profit/(loss) after tax from ordinary activities is included below. Commentary on the Group's operating performance and results from operations are set out in the accompanying full-year announcement and preliminary final report.

Dividends

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

Net tangible asset backing

	2020	2019
Net tangible assets per ordinary security	$0.21	$0.24

* Net tangible assets per ordinary security excluding Right of Use Assets recognised from the adoption of AASB 16 *Leases* on 1 July 2019 is $0.09.

Accompanying this Appendix 4E is the audited Financial Statements of Senex Energy Limited for the year ended 30 June 2020. This Appendix 4E should be read in conjunction with the Financial Statements, which is lodged contemporaneously with this document.

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

	2020	2019
Profit/(loss) after tax from ordinary activities	(51.4)	3.3
Non-cash impairment	52.1	-
Restructuring	2.6	2.1
Net impact of the Beach Energy transaction	1.3	1.8
Gain on sale of Senex Pipeline & Processing Pty Ltd	(0.2)	-
Covid-19 government relief	(0.8)	-
Underlying profit after tax from ordinary activities	**3.8**	**7.2**

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

Senex Energy Limited

Financial Report

Year ended 30 June 2020

Table of Contents

This Financial Report is a summary of Senex's operations, activities and financial position and performance for the year ended 30 June 2020. It complies with Australian reporting requirements. Senex Energy Limited (ABN 50 008 942 827) is a company limited by shares and is incorporated and domiciled in Australia. Senex Energy Limited is the parent company of the Senex consolidated group of companies. Unless otherwise stated, in this report all references to Senex, the Group, the company, we, us and our, refer to Senex Energy Limited and its controlled entities as a whole. References to 2020, the financial year or FY are to the year ended 30 June unless stated otherwise. All dollar figures are expressed in Australian currency unless otherwise stated.

Qualified reserves and resources evaluator statement

Information about Senex's reserves and resources estimates are as reported in Senex's reserves statement released to the ASX dated 14 July 2020. The information repeated in this document has been compiled in accordance with the definitions and guidelines of the 2018 SPE PRMS. This information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator, Mr Peter Mills BEng (Electronics). Mr Mills (Chief Operating Officer) is a member of the Society of Petroleum Engineers and a fulltime employee of Senex. Mr Mills consents to the inclusion of the information in the form and context in which it appears in this Financial Report. In compiling this information, Senex engaged the services of Netherland Sewell & Associates (NSAI) and DeGolyer and MacNaughton (D&M) to independently assess the data and assess reserves and resources prior to Senex reporting the reserves estimates.

1. Operating and Financial Review

Operating Review

Our high-quality, low-cost operating model and best-in-class execution capability enabled us to deliver robust oil production and transform our business into an important domestic natural gas supplier

1. 2020 operational highlights

Surat Basin $400 million project completed

Together with our contractor partners, Senex delivered two gas processing facilities, pipelines and 80-well drilling program delivered in less than two years

Gas production outperforms target

Roma North and Atlas combined production of 35 TJ/day by end of financial year

Best-in-class Surat Basin drilling performance

Best-in-class natural gas drill-and-complete spud-to-spud time of 2.8 days

Established east coast gas supplier

New gas sales agreements signed amid strong demand for domestic gas

Capital expenditure reduced

Surat Basin drilling program reduced by 30 wells due to reservoir outperformance

Major gas reserves upgrade

21 per cent increase in Surat Basin 2P gas reserves following outstanding project execution

Cooper Basin delivery

Gemba gas brought online early and excellent oil production led by Growler 17

Transformation delivered

Senex achieved outstanding operational performance and completed key project milestones to deliver transformational growth

We completed our $400 million Surat Basin capital works program less than two years after the final investment decision. Production has outperformed expectations, with Roma North exceeding nameplate capacity and Atlas ramping up ahead of target to achieve 35 terajoules (TJ) a day of combined production by the end of the financial year. Production outperformance and outstanding project execution has also led to material upgrades in booked natural gas reserves. Oil assets continued their strong delivery with excellent results from the 2019 development program leading to 100% reserves replacement being achieved.

Senex responded swiftly to COVID-19 with protocols that allowed operations and work programs to continue safely with minimal disruption. Our robust balance sheet and proactive hedging strategy provided resilient cashflows in the lower oil price environment and we continue to monitor the impact on our business while focusing on the safety of staff, contractors and communities.

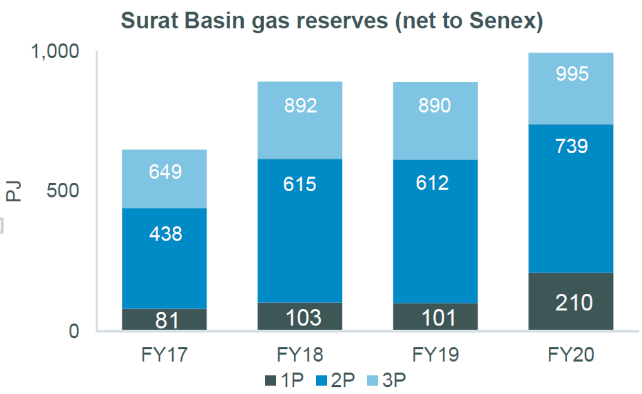
Production summary

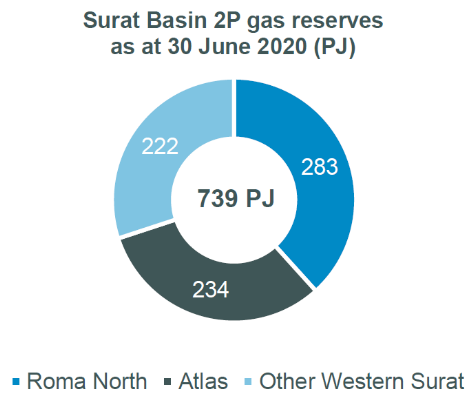
In 2020, Senex delivered total production of 2.1 mmboe, compared with 1.2 mmboe the year before, increasing production by 73%. This is an increase from full year production guidance of 1.8 – 2.0 mmboe for the year. This increase was primarily due to strong production performance across Senex's Surat Basin assets.

Reserve summary

Senex delivered a major Surat Basin gas reserves upgrade during the year reporting a 108% increase in 1P reserves (from 101 PJ to 210 PJ) and a 21% increase in 2P gas reserves (from 612 PJ to 739 PJ) following outstanding execution of its Surat Basin natural gas developments, excellent appraisal and, with continued Roma North production outperformance driving a 10% increase. Cooper Basin 2P reserves remained steady at 7.3 mmboe.

Total Senex 2P oil and gas reserves increased by 19% on last year to 134 mmboe (781 PJe).





Performance highlights

Total Production volume	Oil field operating cost	1P reserves	2P reserves
2.1 mmboe	$13 per barrel excluding tariffs and royalties	38.6 mmboe	134.4 mmboe
73% increase on 2019	7% reduction on 2019	100% increase on 2019	19% increase on 2019

2020 drilling summary

Basin	Well type	Well name	Tenement	Senex ownership %	Result
Cooper	Oil production	Snatcher North 2	PPL 240	60%	Plugged and abandoned
Cooper	Water injection	Snatcher 12 DW1	PPL 240	60%	Cased and suspended and completed
Cooper	Water injection	Snatcher North 3	PPL 240	60%	Cased and suspended. Awaiting completion
Cooper	Oil production	Growler Northeast 2	PPL 242 / PRL 15	60%	Producing
Surat	Gas development	Glenora 25-34, 43-50, 59, 61 (20 wells)	PL 1022	100%	Producing
Surat	Gas development	Eos 16-19, 21-27, 29-30, 34-35 (15 wells)	PL 1022	100%	Producing
Surat	Gas development	Atlas 1-22, 24-31, 33-43, 61-63 (44 wells)	PL 1037	100%	Producing
Surat	Appraisal	Atlas 60	PL 1037	100%	Cased and suspended

2. Natural gas

With completion of our Surat Basin $400 million capital works program, Senex's natural gas is powering industry and supporting manufacturing and jobs in the east coast market

Delivering in the Surat Basin

- $400 million total investment
- 428km^2 total natural gas acreage
- 80 wells drilled
- 2 gas processing facilities
- 48 TJ/day initial production target by end of FY21 (18 PJ/year)
- Gas processing capacity able to meet more than 10% of Queensland's gas demand
- 65km of gas pipelines
- 2.8 days best drill and complete cycle time
- Domestic gas sales powering Queensland homes and manufacturing – from bricks and plasterboard to cardboard, glass and aluminium packaging, and electricity generation
- ~250 jobs created during project construction
- 30-year project lifespan

Atlas

Atlas achieved domestic gas supply ahead of schedule in December 2019. Queensland's new state-owned power generator CleanCo became the first customer to use natural gas from Atlas to generate electricity, joined by domestic customers CSR and Orora in January 2020. Atlas is the first natural gas acreage in Australia dedicated to supplying domestic customers, who will use gas to make products and support manufacturing jobs in Queensland.

With development of the processing facility completed by our infrastructure partner Jemena, we focused on completing our 80-well Surat Basin drilling campaign by mid-2020 with drilling contractor Easternwell. Since the end of financial year, daily production exceeded 17 TJ a day. Production continues to perform strongly as it tracks towards nameplate capacity of 32 TJ a day.

Construction of the Senex-owned water treatment facilities at Atlas have started, with completion expected early in the 2021 financial year.

Senex and CleanCo: partners in Queensland's cleaner energy future

Atlas gas is supporting Queensland's cleaner energy future by fuelling the Swanbank E power station near Ipswich in south-east Queensland. The highly efficient 385 MW combined cycle gas-fired power station is owned by CleanCo, Queensland's publicly-owned clean energy company.

Since signing the first agreement for gas sales from Atlas in December 2019, Senex and CleanCo signed a new gas sales agreement in May 2020 to supply a further 2.55 PJ of natural gas from Atlas from 1 January 2021.

CleanCo will rely on the flexible gas-fired Swanbank E power station along with its Wivenhoe, Barron Gorge, Kareeya and Koombooloomba Hydro power stations to support variable renewable energy sources including Karara and MacIntyre Wind Farms and the Western Downs Green Power Hub.

The 2.55 PJ a year from Atlas will be supplied to the Wallumbilla hub joining other gas supplies via the Roma to Brisbane pipeline.

Senex is proud to be helping power Queensland business with cleaner energy.

Senex and CSR: Building Australia together

Natural gas from Senex's Atlas acreage is powering the kilns that make building products found in 90 per cent of Australian homes.

Australian manufacturer CSR uses the gas supplied via Wallumbilla Gas Hub in its three south-east Queensland manufacturing plants that employ 260 people at Brendale, Coopers Plains and Oxley.

Gas from Atlas is helping to build over 150,000 Australian homes a year using CSR products – including PGH™ bricks, Gyprock™ plasterboard and Bradford™ insulation.

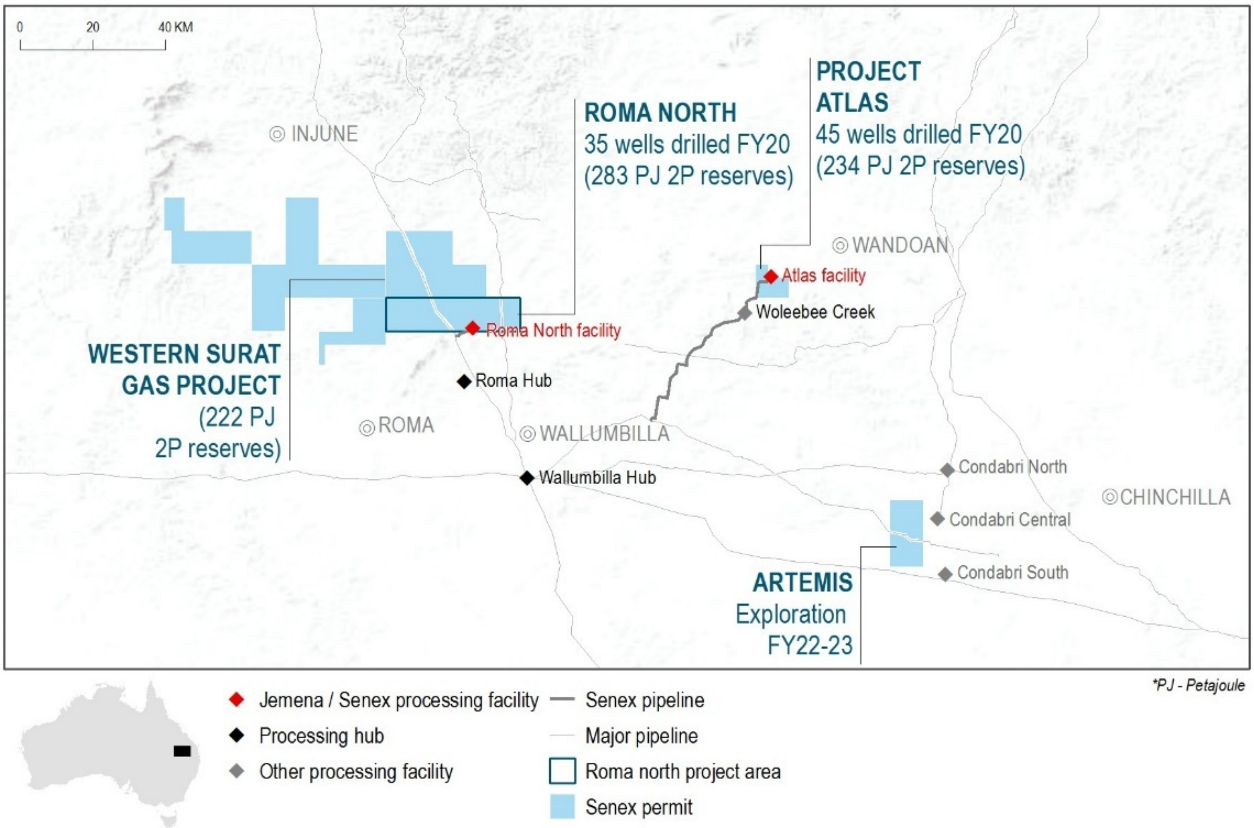
Senex is proud to support local manufacturing, jobs and investment through its partnership with CSR Building Products.

Roma North

Strong performance continued at Roma North, with the $50 million sale of our gas processing facility and pipeline to Jemena completed in September 2019. By March, Roma North production had reached above nameplate capacity of 16 TJ a day (around 6 PJ a year) – more than 12 months ahead of schedule – and continues to provide important natural gas supplies to our customer, GLNG, and the domestic market.

Continued performance above nameplate capacity enabled us to reduce the number of wells needed to reach initial production targets, down from 50 to 35 wells, bringing significant capital savings. Initial production de-bottlenecking of the processing facility has allowed consistent production above 18 TJ/d.

To capitalise on better than expected reservoir performance we have started early works on the low-cost 8 TJ/day expansion of the processing facility at Roma North to 24 TJ/day, or around 9 PJ/year. This includes an agreement for Jemena to procure long-lead items, such as compression equipment.



Senex and Easternwell: industry-leading collaboration

In partnership with our drilling contractor, Toowoomba-based Easternwell, Senex achieved a 45 per cent improvement in cycle times and best-in-class drilling performance to achieve a spud-to-spud drill and complete time of 2.8 days. This reduced the time required to drill wells by at least two days on average.

Reduced drilling times contributed to delivery of gas to Queensland industrial customers from Atlas ahead of schedule. Applied learning and different geology at Roma North enabled even better performance, with drill times averaging three days or less. By the end of the campaign, Senex achieved a 30 per cent improvement in cost, saving about $200k per well.

Improved drill cycle times benefit landholders by reducing the number of drilling days and truck movements on their property. The broader gas industry has had similar success with drilling times thanks to a commitment to share learnings and process improvements.

Senex and Easternwell share a commitment to doing things smarter and safer, working to maximise the benefits and minimise the impacts of our work.

How we achieved best-in-class performance:

- **Safety:** exceptional safety culture focused on incremental performance improvement
- **Innovation:** working with suppliers on equipment improvements and new technology; using time-lapse photography to find ways of rigging up and down more efficiently
- **Partnership:** selecting the right people and focusing on win-win outcomes
- **Planning:** relentless pursuit of efficiency through detailed surveys, modelling and planning
- **Uncompromising:** on safety, environment, compliance and quality

Easternwell is part of Ventia Pty Ltd, one of Australia and New Zealand's largest infrastructure services providers.

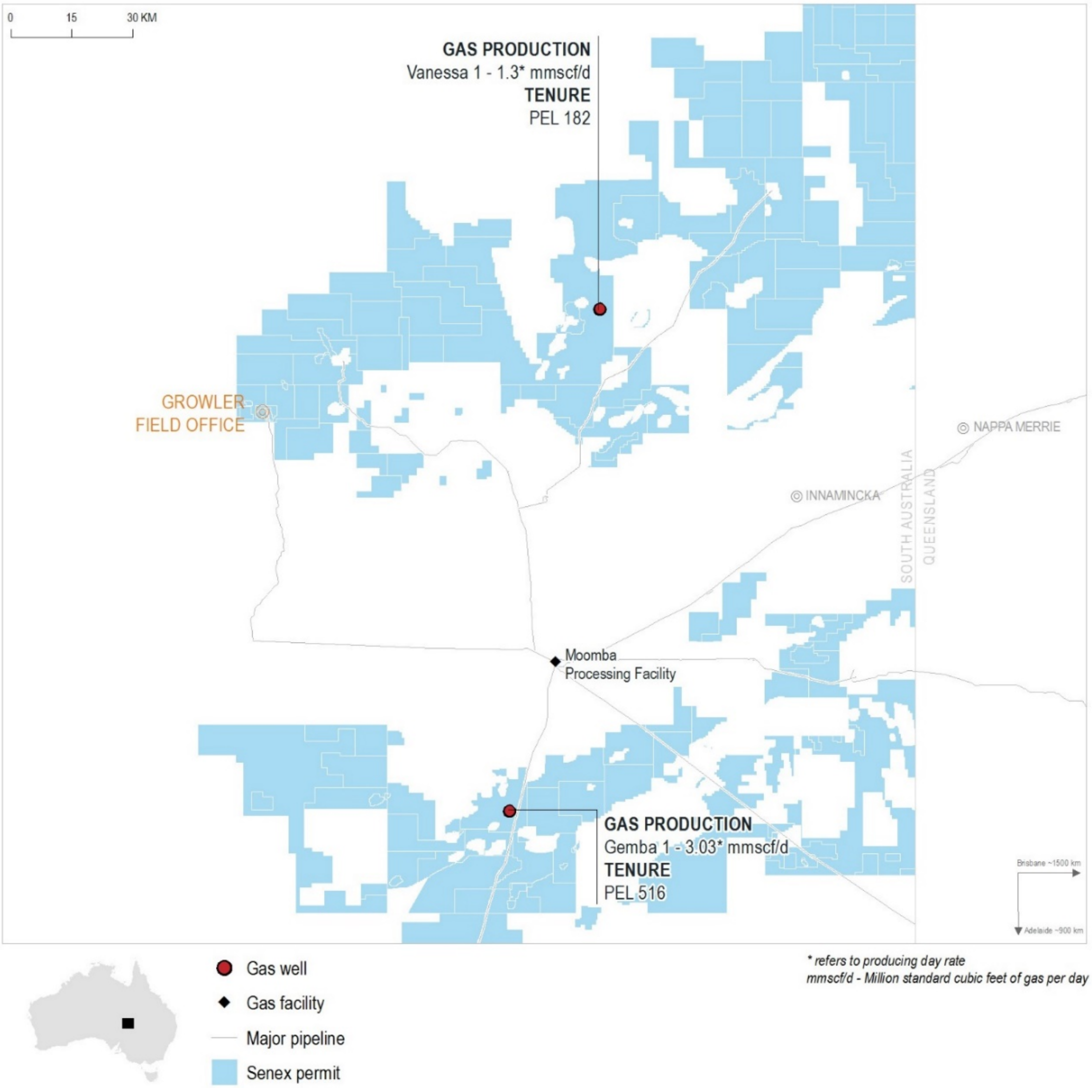
Artemis

Exploration studies at Senex's second domestic gas block in the Surat Basin are set to go ahead following the grant of an Authority to Prospect (ATP), expected in the 2021 financial year. Activity planned for 2021 includes a cooperative study in applied research into low-permeability coals with The University of Queensland's Centre for Natural Gas; and a distributed energy study including upstream capability, market review, upstream and downstream execution. The four-year committed work program will start when the ATP is granted.

Cooper Basin gas

The Gemba gas field in the Cooper Basin started production in December 2019 following a successful tie-in to the Santos-operated gathering network. Gas is being sold to Pelican Point Power Station in South Australia under a fixed-price gas sales agreement, with further evaluation of development opportunities and operational efficiencies underway.

The Vanessa field was operational for half of the year. The field was shut-in during January to allow the tie-in of the Santos Moolion North well. The well remains shut-in and will now be subject to an intervention to improve gas rates and recovery which is expected to be implemented in January 2021.



3. Oil

Completing the free-carry drilling campaign and interpreting the Westeros 3D seismic survey provided a large inventory of material exploration and appraisal leads to pursue in the Cooper Basin

2020 highlights

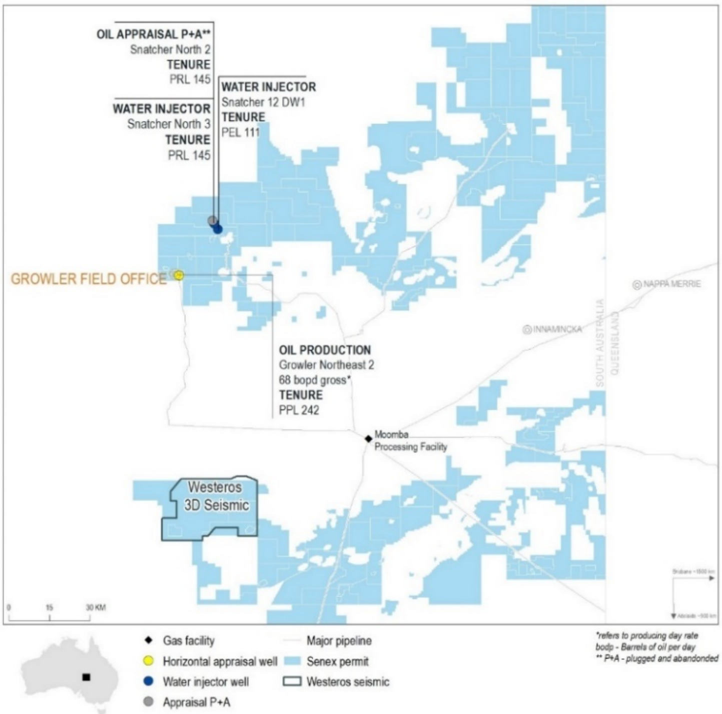
- Cooper Basin free-carry drilling program successfully completed
- 2.9km well drilled at Growler Northeast 2 – longest horizontal well in Cooper Basin
- Current development focus on further horizontal well potential in Growler and Spitfire fields
- Growler 17 has produced over 330 kboe of dry oil since coming online in January 2019
- Prospects identified from Westeros 3D seismic survey

The Cooper Basin free-carry drilling program was successfully completed in 2020, with three of four wells achieving objectives. Two Snatcher water injector wells were drilled as part of the Snatcher waterflood project. Waterflood facility commissioning was completed in July 2020, signalling the first phase of water injection for the Senex western flank assets.

The Growler Northeast 2 appraisal well was the longest along-hole departure well (horizontal distance from wellhead to end of well) drilled to date in the Cooper Basin at 2.883km. The well is online and producing in line with expectations.

At Snatcher North 2, activity at the appraisal well showed positive geological indicators for exploration prospects along the Snatcher chain. Results are under review with the current development focus on further horizontal well potential in the Growler and Spitfire fields.

Results from the ~600km^2 Westeros 3D seismic survey were processed in 2020 and identified a southern extension of the western flank as the primary objective. Numerous prospects have been mapped with material exploration targets identified.



4. Reserves and resources

Senex delivered a major Surat Basin reserves upgrade following outstanding execution of our Surat Basin natural gas developments. Independently assessed estimates of reserves and contingent resources reported a 108 per cent increase in 1P Surat Basin gas reserves to 210 PJ and a 21 per cent increase in Surat Basin 2P gas reserves to 739 PJ. Excellent appraisal and development drilling results at Atlas drove a 62 per cent (90 PJ) increase in 2P gas reserves to 234 PJ, with continued Roma North production outperformance driving a 10 per cent (25 PJ) increase in 2P gas reserves to 283 PJ.

Surat Basin 2P gas reserves of 739 PJ represent over 40 years of natural gas production at the initial target rate of 48 TJ/day, providing material opportunities for gas production acceleration and expansion. With Senex's greenfield gas processing capacity of more than 20 PJ/year, these assets will deliver natural gas to the domestic market for decades to come.

Senex's annual estimate of reserves and contingent resources is independently certified by Netherland Sewell & Associates and DeGolyer and MacNaughton. Senex released a reserves upgrade statement to the ASX on 14 July 2020.

Net reserves and contingent resources

Proved reserves (1P)

mmboe	Oil	Gas & gas liquids	Total	Developed	Undeveloped	Total
Surat Basin	-	36.1	**36.1**	19.9	16.2	**36.1**
Cooper Basin	2.3	0.3	**2.5**	2.1	0.4	**2.5**
Total 1P reserves	**2.3**	**36.4**	**38.6**	**22.0**	**16.6**	**38.6**

Proportion of total Proved Reserves that are unconventional (coal seam gas): 93%

Proved and Probable Reserves (2P)

mmboe	Oil	Gas & gas liquids	Total	Developed	Undeveloped	Total
Surat Basin	-	127.1	**127.1**	19.9	107.2	**127.1**
Cooper Basin	5.9	1.4	**7.3**	3.9	3.4	**7.3**
Total 2P reserves	**5.9**	**128.5**	**134.4**	**23.8**	**110.6**	**134.4**

Proportion of total Proved and Probable Reserves that are unconventional (coal seam gas): 95%

Proved, Probable and Possible Reserves (3P)

mmboe	Oil	Gas & gas liquids	Total	Developed	Undeveloped	Total
Surat Basin	-	171.1	**171.1**	19.9	151.2	**171.1**
Cooper Basin	9.0	2.0	**11.0**	5.8	5.2	**11.0**
Total 3P reserves	**9.0**	**173.1**	**182.1**	**25.7**	**156.4**	**182.1**

Proportion of total Proved, Probable and Possible Reserves that are unconventional (coal seam gas): 94%

Contingent Resources (2C)

mmboe	Oil	Gas & gas liquids	Total
Surat Basin	-	-	**-**
Cooper Basin	6.0	4.0	**10.0**
Total 2C contingent resources	**6.0**	**4.0**	**10.0**

Note: Reserves or contingent resources are not currently reported for the recently awarded Artemis domestic gas tenure

Net reserves and contingent resources movement

mmboe	FY19	Production	Revisions	FY20	Change
1P reserves	19.3	(2.1)	21.4	**38.6**	100%
2P reserves	112.6	(2.1)	23.9	**134.4**	19%
3P reserves	163.8	(2.1)	20.4	**182.1**	11%
2C resources	8.3	-	1.7	**10.0**	20%

Financial Review

Results for the financial year		2020	2019	Change $	Change %
Sales revenue	$ million	**120.3**	94.1	26.2	28
EBITDA	$ million	**49.5**	30.9	18.5	60
Exploration expense	$ million	**(2.8)**	(11.3)	8.5	75
Non-cash impairment	$ million	**(52.1)**	-	(52.1)	n/a
Reported NPAT	$ million	**(51.4)**	3.3	(54.7)	n/a
Underlying NPAT	$ million	**3.8**	7.2	(3.4)	(47)
Oil field operating costs[1]	$ per barrel	**13.0**	14.0	(1.0)	(7)
Operating cashflow	$ million	**51.5**	44.5	7.0	16
Capital expenditure	$ million	**155.3**	109.4	45.9	42
Cash balance	$ million	**79.9**	62.7	17.2	27
Net (debt)/cash balance	$ million	**(45.1)**	12.7	(57.8)	n/a
Effective income tax rate	%	**0%**	0%	-	-
Earnings per share	cps	**(3.5)**	0.2	(3.8)	n/a

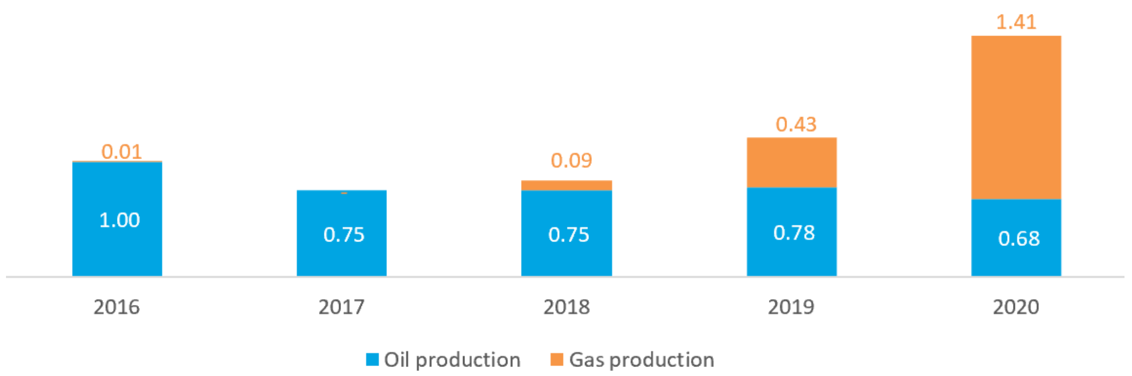
[1] Field operating costs excluding tariffs and royalties

Numbers may not add precisely due to rounding

Production volumes		2020	2019	Change in volume	Change %
Oil	mmbbl	**0.68**	0.78	(0.10)	(13)
Gas and gas liquids	mmboe	**1.41**	0.43	0.98	228
Total	**mmboe**	**2.08**	**1.20**	**0.88**	**73**
Gas and gas liquids	PJ	**8.22**	2.43	5.79	238

Numbers may not add precisely due to rounding

Comparison in production volumes (mmboe)



Underlying net profit can be reconciled to statutory net (loss)/profit as follows:

$ million	FY20	FY19
Statutory net (loss)/profit after tax	**(51.4)**	**3.3**
Add/(less):		
Non-cash impairment	**52.1**	-
Restructuring	**2.6**	2.1
Net impact of the Beach Energy transaction	**1.3**	1.8
Gain on sale of Senex Pipeline & Processing Pty Ltd	**(0.2)**	-
COVID-19 government relief	**(0.8)**	-
Underlying net profit after tax	**3.8**	**7.2**

Numbers may not add precisely due to rounding

EBITDA can be reconciled to statutory net (loss)/profit as follows:

$ million	FY20	FY19
Statutory net (loss)/profit after tax	**(51.4)**	**3.3**
Add/(less):		
Net interest	**9.5**	0.9
Amortisation and depreciation	**39.2**	26.8
Non-cash impairment	**52.1**	-
EBITDA (non IFRS)	**49.5**	**30.9**

Numbers may not add precisely due to rounding

Key movements

Sales revenue

Senex's full-year sales revenue of $120.3 million (FY19: $94.1 million) was 28 per cent higher than the previous year. A substantial increase in gas production in the Surat Basin more than offset lower oil production and prices. In summary:

- realised oil prices decreased to A$90 per barrel sold, including the impact of hedging (FY19: A$101 per barrel) following a steep decline in the Brent price in March 2020
- oil production volumes decreased to 0.68 mmbbl (FY19: 0.78 mmbbl), with new production from drilling success in FY19 and FY20 on the western flank offset by natural field decline and the shut-in of smaller, high-cost fields nearing the end of their life, prompted by the Brent price decline
- realised gas prices were $7.8 per GJ sold (FY19: $7.6 per GJ sold)
- gas production volumes were 8.2 PJ (1.41 mmboe) (FY19: 2.4 PJ or 0.43 mmboe) following the ramp-up at Roma North and the start of sales from the Atlas and Gemba fields

Operating costs

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

Oil field unit operating cost was $13.0 per barrel (FY19: $14.0 per barrel), a decrease of 7 per cent from 2019, despite reduced oil production. The decline in operating cost per barrel is primarily due to strong cost control, particularly following the decline in in Brent price from March.

Gas unit operating cost was $2.9 per GJ (FY19: $4.6 per GJ), a decrease of 37 per cent. The decline in operating costs per GJ is largely due to a significant increase in production from Roma North and Atlas and strong cost control.

Earnings (EBITDA)

The EBITDA result of $49.5m reflected increased gross profit from higher gas production across the Surat and Cooper Basins, partially offset by lower oil production and pricing. EBITDA was further supported by a continued focus on cost control in the Cooper Basin and a transfer of $6.5 million in costs to interest and depreciation on the adoption of the new accounting standard, AASB 16 Leases, on 1 July 2019.

Exploration expense

The Company's exploration expense of $2.8 million (FY19: $11.3 million) primarily reflected the write-off of non-commercial wells in the Cooper Basin that were drilled as part of the Beach Energy free-carry agreement.

Income tax expense

No income tax expense was recognised in FY20 due to carry-forward tax losses largely from our ongoing exploration and development program. Further details can be found in our Tax Transparency Report and in Note 16 to the Financial Statements.

Adoption of AASB 16 Leases

Senex adopted AASB 16 *Leases* on 1 July 2019. The impact of the first year of this new standard on the profit and loss statement was an increase in EBITDA of $6.5 million and an increase in depreciation and finance expenses of $11.9 million. This reduced underlying and statutory net profit after tax by $5.3 million.

Financing

Senex has now fully drawn down the $125 million senior secured Reserve Based Lending (RBL) facility that forms part of the $150 million senior secured debt facility completed in October 2018. Funds were used for the 80-well drilling campaign in Roma North and Atlas completed in June 2020. The RBL has a seven-year tenor, with repayment over the remaining term post completion of Atlas and Roma North. The facility has competitive margins, with starting interest cost of less than 6 per cent a year, stepping down on completion of development projects. There is no penalty for early repayment or refinance.

In September 2019 Senex also agreed a further $10 million working capital facility to be used for letters of credit and bank guarantees. This is in addition to the existing $25 million working capital limit agreed with the initial senior secured debt facility.

Underlying net profit reconciling items

Underlying net profit after tax is a non-IFRS measure. Items removed from underlying net profit after tax follow.

Non-cash impairment

In accordance with relevant accounting standards, Senex has conducted a detailed review of asset carrying values at 30 June 2020, resulting in a non-cash impairment charge of $52.1 million (pre and post-tax).

The non-cash impairment charge is in respect of Senex's Cooper Basin oil assets and is due to a material downward revision in oil price assumptions resulting from the effects of the COVID-19 pandemic on energy market fundamentals. Senex has reduced its long-term Brent oil price assumption to US$62.5/bbl from FY25 (real 1 July 2020) and is forecasting a slower recovery to these levels over the short to medium-term.

Approximately two thirds of the non-cash impairment charge relate to small, late-life non-western flank oil fields in the Cooper Basin, with a lack of oil transportation infrastructure and materially lower near-term oil price assumptions disproportionately affecting these fields' carrying values, notwithstanding their cashflow positive operations. The balance of the non-cash impairment charge relates to capitalised Cooper Basin exploration and obsolete oil field inventory.

A breakdown of the impairment is shown below:

$ million	FY20
Oil & gas properties	**31.4**
Exploration assets	**13.0**
Property, plant & equipment and inventory	**7.7**
Total	**52.1**

See Note 7 to the Financial Statements for additional detail.

Net impact of the Beach Energy transaction

In April 2018 Senex entered into an agreement with Beach Energy to terminate the Senex-Beach Energy unconventional gas project with consideration of up to $43 million transferred as a free-carry commitment to the mutually owned, Senex-operated, Cooper Basin western flank oil assets.

The net expense of $1.3 million relates to unsuccessful free-carried wells. This has been removed from underlying net profit to consistently present the gains and losses from the Beach Energy transaction period on period.

Restructuring

Following a comprehensive organisational review as a result of the COVID-19 pandemic and the changed economic outlook, Senex booked a restructuring cost provision of $2.6 million in FY20. The restructure is expected to be completed during Q1 FY21 and deliver material and ongoing cost savings and efficiencies across the business.

Sale of Senex Pipeline & Processing Pty Ltd

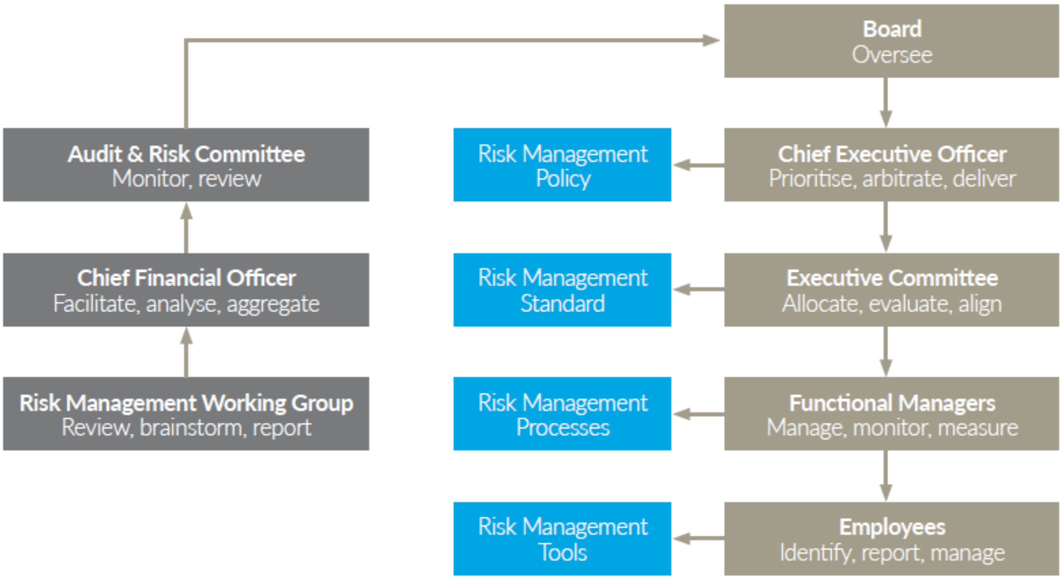
In September 2019, Senex completed the sale of its Roma North gas processing facility and pipeline to major energy infrastructure operator Jemena for $50 million cash. The gain on disposal of this facility has been removed from underlying profit.

COVID-19 government relief

State and federal governments have announced measures to help businesses during the COVID-19 pandemic. Senex received relief in the form of JobKeeper payments and payroll tax rebates. These have been removed from underlying profit as they are abnormal and are not expected to be long-term arrangements.

2. Material Risks

The Senex risk management framework incorporates an enterprise-level view of risk, an understanding of management options and the use of consistently developed information to support decision making and management practices to achieve organisational goals. The framework is based on the international standard for risk management (ISO 31000), is reviewed annually and is unchanged from that described in detail in the Senex 2019 annual report. The Audit and Risk Committee assists the Board in regularly monitoring material business risks. The material business risks for Senex are actively managed within the risk management governance framework shown below.



Senex has now successfully completed its two natural gas projects in the Surat Basin, with production ahead of schedule. Accordingly, there is an overall reduction in the level of some key risks identified last year.

Set out below are the material business risks for Senex as at 30 June 2020. The risks summarised below are not an exhaustive list of risks that may affect Senex, nor are the risks listed in order of importance.

Operational risks

Exploration and development

Senex's production growth is dependent on its ability to continue to discover, develop and deliver resources and reserves.

Exploration outcomes are inherently uncertain and dependent on the acquisition and analysis of data and development of opportunities, and require the allocation of capital expenditure to these opportunities. Senex's ability to deliver production growth may be impacted by the success of exploration and development efforts, including data acquisition.

To ensure the highest possibility of success, Senex analyses existing acreage for drilling prospects by applying best-in-class technologies and processes for exploration and development. Senex applies prudent expenditure management and forecasting to support capital funding of exploration and development activities. Senex considers partnering and farm-in opportunities to diversify risk.

Access and approvals

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

The Surat Basin co-exists with agricultural properties and population centres. Therefore, Senex operations require negotiated land access agreements and broader community relationships. These constraints have the potential to impact ongoing development and production in the Surat Basin.

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

Access to infrastructure

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

Senex has long-term contractual rights to infrastructure and works closely with infrastructure suppliers and, where appropriate, explores alternative routes to market to diversify risk. Senex also maintains a prudent insurance program for a major business interruption event.

Safety and health

Oil and gas operations are subject to operating hazards which could result in harm to its workforce or others, which may in turn result in loss, regulatory fines and reputational damage.

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

During 2020, Senex responded quickly to the COVID-19 pandemic ensuring operations continued without interruption. Senex's objective in addressing COVID-19 was to meet or exceed government, World Health Organisation and industry guidelines. The Company acted early to protect Senex workers, operations and communities and ensure continuity of operations by implementing strict protocols to prevent the spread of the virus including travel, field and office access restrictions, provision of hygiene training and consumables, temperature checks and social distancing.

Significant environmental incident

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

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

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

Loss of key data or loss of access to key data

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

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

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

Extreme weather events

Senex's oil and gas operational activities may be interrupted by an extreme weather event such as flood, bushfire or storm.

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

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

Climate change

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

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

Senex actively monitors current and emerging areas of climate change risk and opportunities to ensure appropriate action can be taken. Senex continuously focuses on improving its energy efficiency and emissions management in delivering cost efficiencies.

Financial risks

Commodity prices

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

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

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

Access to funding

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

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

Senex's cashflows are increasing as a result of the completion of the 2020 capital program. The Company's future capital programs are largely discretionary and Senex adopts prudent expenditure management and forecasting which supports a Board-approved capital and operating budget. Senex actively seeks partnering opportunities to help fund key activities on a project-by-project basis, and is not reliant on equity markets.

Strategic risks

Significant regulatory change

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

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

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

3. Directors' Report

Your Directors submit this Directors' Report for the financial year ended 30 June 2020 (FY20).

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

Principal activities

The principal activities of entities within the Group during the year were oil and gas exploration and production. There was no significant change in the nature of these activities in FY20.

Directors

The Directors who served at any time during or since the end of FY20 until the date of this report, their qualifications, experience and special responsibilities are set out below.

TREVOR BOURNE, Chairman, Independent Non-Executive Director

BSc (Mech Eng), MBA, FAICD

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

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

Other current and former directorships*

- Sydney Water: Non-Executive Director, Chairman of the Safety Committee (February 2014)
- Virgin Australia Holdings Limited: Non-Executive Director, Chairman of the Safety Committee, member of the Audit and Risk Management Committee and the Remuneration Committee (January 2018)
- Transport Asset Holding Entity of New South Wales: Non-Executive Director (June 2020)
- Caltex Australia Limited: Former Non-Executive Director (March 2015-May 2019)

*former directorships of listed entities in previous 3 years

IAN DAVIES, Managing Director and Chief Executive Officer

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

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

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

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

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

Other current directorships

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

RALPH CRAVEN, Independent Non-Executive Director

BE, PhD, FIEAust, FIPENZ, FAICD

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

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

Other current directorships

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

TIMOTHY CROMMELIN, Independent Non-Executive Director

BCom, SF Fin, FAICD

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

Tim is Executive Chairman of Morgans Financial Limited, who was an adviser to the company. Senex has not had any material dealing with Morgan's during the last three financial years and the Board has determined that Mr Crommelin qualifies as independent.

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

Other current directorships

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

DEBRA GOODIN, Independent Non-Executive Director

BEcon, FCA, MAICD

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

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

Other current and former directorships*

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

*former directorships of listed entities in previous 3 years

GLENDA MCLOUGHLIN, Independent Non-Executive Director

BEcon, MBA, FAICD

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

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

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

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

Other current directorships

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

JOHN WARBURTON, Independent Non-Executive Director

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

John joined the Senex Board in March 2016. He is a Petroleum Geoscientist by profession with extensive technical and executive experience in exploration, field development, commercial and new business in the global oil and gas industry. John has been active in the international petroleum industry for 37 years. These include with BP where he held senior technical and leadership positions before moving on to senior executive roles with substantial oil and gas companies including LASMO plc, Eni Pakistan Ltd and Oil Search Ltd. At Oil Search John was Chief of Geoscience & Exploration Excellence.

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

Other current directorships/other interests

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

Key Management Personnel (KMP)

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

The KMP of the consolidated Senex entity in FY20 were the following individuals who served as Directors or as Executive KMP in FY20:

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

Details on each individual service as KMP for FY20 are set out on page 30 of the Remuneration Report. Details of the qualifications and experience of Directors are set out above.

Senex's Executive Committee

The Senex Executive Committee in FY20 comprised the CEO and the senior Executives who served as Executive KMP. The Executive Committee generally meets on a weekly basis to discuss strategic and operational matters.

Company Secretary

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

DAVID PEGG, Company Secretary and General Counsel

BCom, LLB, MSc

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

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

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

Corporate Governance

Good corporate governance underpins the way Senex works and make decisions to sustainably create shareholder value. During FY20, Senex complied with all eight principles of the ASX Corporate Governance Principles and Recommendations (3rd Edition). Relevant governance practices were updated during the year to reflect the new 4th Edition of the ASX Corporate Governance Principles and Recommendations that come into effect from the end of FY20. Refer to Senex's Corporate Governance Statement at senexenergy.com.au.

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 FY20 was $6,100,000 (end of FY19: $6,100,000).

Operating and financial review

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

The Group's sales revenue for FY20 was $120,269,000 (FY19: $94,094,000). The Group's statutory net loss for FY20 was $51,367,000 (FY19: $3,295,000 profit). The Group's underlying net profit for FY20 was $3,835,000 (FY19: $7,211,000). The reconciliation of underlying net profit after tax to statutory net profit after tax is set out on page 13 of this report.

A detailed operating and financial review is provided on pages 3 to 15 of this report. Material business risks are discussed on pages 6 to 18 of this report.

Table 1: Ordinary fully paid shares issued during FY20

	Parent entity			
	FY20		FY19	
	Number of Shares	$,000	Number of Shares	$,000
Movement in ordinary fully paid shares on issue				
Balance at the beginning of the period	**1,453,069,535**	**540,468**	1,447,271,094	540,213
Issues of shares during the period:	**-**	**-**		
Exercise of unlisted options[1]	**-**	**-**	1,000,000	255
Vesting of Performance Rights (nil consideration)	**-**	**-**	-	-
Exercise of Performance Rights (nil consideration)[2]	**4,750,332**	**-**	4,798,441	-
Transaction costs on shares issued (net of tax)	**-**	**-**	-	-
Balance at the end of the period	**1,457,819,867**	**540,468**	**1,453,069,535**	**540,468**

[1] No ordinary fully paid shares were issued (FY19: 1,000,000 for a price of 25.5 cents) for the exercise of unlisted options during the year held by the Managing Director.

[2] 4,750,332 ordinary fully paid shares were issued during the year to senior executives in relation to short-term and long-term incentive rights and for employee Retention Rights.

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

In FY20 the Company had on issue three kinds of equity securities – Shares, Performance Rights and Share Appreciate Rights (SARs). The glossary describes each of those equity securities. Table 2 shows the interests of the Directors in the Shares, Performance Rights and SARs of the Company as at the date of this report.

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

Class of security	Shares	Performance Rights	SARs
Trevor Bourne	1,552,619	-	-
Ralph Craven	750,000	-	-
Timothy Crommelin	4,374,431	-	-
Ian Davies	7,462,756	10,341,130	2,607,362
Debra Goodin	395,446	-	-
Glenda McLoughlin	122,200		
John Warburton	640,674	-	-
Vahid Farzad[1]	-	-	-

[1] Mr Farzad is an executive of EIG Group, which held a relevant interest in Senex (resigned from the Board on 27 September 2019)

In FY20 the only equity securities on issue in each related body corporate of the Company were fully paid ordinary shares, all of which were held by the Company. No Director had any interest in any equity security of any related body corporate of the Company.

Significant changes in the state of affairs

There was no other significant change in the state of affairs of the Group during FY20 that is not detailed elsewhere in this report.

Significant events after reporting date

Since the end of FY20, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the report or financial statements that has significantly or may significantly affect the operations of the Company or the Group, the results of the operations of the Company or the Group, or the state of affairs of the Company or the Group in subsequent financial years.

Likely developments and expected results

In FY20, the Group will continue to focus on its key operations. Further information on the likely developments and expected results are included in the review of operations on pages 3 to 15.

Environmental regulation and performance

The Group's operations are subject to environmental obligations under Commonwealth and State environmental regulation. These regulations cover the entity's exploration, development and production activities. Compliance with the applicable environmental regulatory requirements is addressed in the Company's environmental management system. Compliance is monitored on a regular basis via the conduct of environmental audits by regulatory authorities, independent consultants and by Senex. No significant environmental breach or infringement was confirmed by any government agency in FY20.

Share rights to unissued shares

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

Table 3: Rights to Senex unissued shares

Type of security	Number	Exercise price	Conditions	Vesting	Expiry
FY17 STI Rights	545,182	Nil	Performance and service	Jul 2018	Sep 2023
FY18 STI Rights	324,494	Nil	Performance and service	Jul 2019	Sep 2024
FY18 LTI Rights	3,895,131	Nil	Performance and service	Sep 2020	Sep 2024
FY18 Retention Rights	1,329,610	Nil	Service	Dec 2019	Sep 2024
FY18 Retention Rights	125,000	Nil	Service	Jun 2020	Sep 2024
FY19 STI Rights	470,427	Nil	Performance and service	Jul 2020	Sep 2025
FY19 LTI Rights	3,230,285	Nil	Performance and service	Sep 2021	Sep 2025
FY19 Strategic Business Milestone Rights	3,000,000	Nil	Performance and service	Dec 2020	Sept 2025
FY19 Retention Rights	1,759,790	Nil	Service	Dec 2020	Sep 2025
FY20 STI Rights	2,367,961	Nil	Performance and service	Jul 2021	Sep 2026
FY20 LTI Rights	5,101,493	Nil	Performance and service	Sep 2022	Sep 2026
2019 Retention Rights	125,000	Nil	Service	Jun 2021	Sep 2026
2019 Retention Rights	3,626,350	Nil	Service	Dec 2021	Sep 2026
2019 Retention Rights	300,000	Nil	Service	Dec 2022	Sep 2026
Type of security	Number	Starting price	Conditions	Vesting	Expiry
FY16 SARs – tranche 1	4,245,923	$0.146	Performance and service	Sep 2018	Sep 2022
FY16 SARs – tranche 2	1,171,674	$0.146	Performance and service	Aug 2018	Sep 2022
FY17 SARS – tranche 1	6,719,019	$0.248	Performance and service	Sep 2019	Sep 2023

Movements in Performance Rights

From 1 July 2019 to the date of this report there have been the following movements in Performance Rights:

- 11,705,924 Performance Rights were issued;
- 2,864,522 Performance Rights were exercised;
- 5,223,343 Performance Rights expired and lapsed.

The terms of those Performance Rights, including vesting conditions (performance conditions and service conditions) are described in the Remuneration Report, pages 29 to 44.

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

Movements in SARs

From 1 July 2019 to the date of this report there have been the following movements in SARs:

- Nil SARs were issued;
- 3,440,888 SARs were exercised;
- 2,928,597 SARs expired and lapsed.

Details of those movements are disclosed in the Remuneration Report, Table 11.

The terms of those SARs, including vesting conditions (performance conditions and service conditions) are described in the Remuneration Report, pages 29 to 44.

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

Shares issued on exercise of SARs or Performance Rights

From 1 July 2019 to the date of this report Senex issued:

- 2,162,594 shares to the Senex Employee Share Trust to provide to the holder of part FY16 LTI SARs on the exercise of their Rights on 16 September 2019
- 834,589 shares to the Senex Employee Share Trust to provide to a holder of part FY18 STI Rights on the exercise of their Rights on 30 July 2019, 21 August 2019 and 16 September 2019
- 1,348,330 shares to the Senex Employee Share Trust to provide to the holder of part FY18 Retention Rights on the exercise of their Rights on 29 January, 26 February, 24 March, 22 April, 26 June and 28 July 2020
- 479,729 shares to the Senex Employee Share Trust to provide to a holder of part FY17 STI Rights on the exercise of their Rights on 26 June 2020
- 201,874 shares to the Senex Employee Share Trust to provide to a holder of part FY19 STI Rights on the exercise of their Rights on 28 July 2020

Indemnification and insurance of Directors and Officers

In FY20, Senex incurred a premium of $502,674 (FY19: $272,760) to insure Directors and Officers of the Group. The premium increased due to additional insurance coverage and the effect of market conditions. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of the Group. It is not possible to apportion the premium between amounts relating to insurance against legal costs and amounts relating to insurance against other liabilities.

Directors' meetings (unaudited)

Table 4: The number of meetings of Senex's Board of Directors and of each Board Committee held in FY20, and the number of meetings attended by each Director

			Meetings of committees					
	Board meetings		Audit and Risk		People and Remuneration		Nomination	
	A	B	A	B	A	B	A	B
Trevor Bourne	12	12	6*	6	5*	5	1	1
Ralph Craven	12	12	6	6	5	5	1	1
Timothy Crommelin	11	12	6	6	5*	5	1	1
Ian Davies	12	12	5*	6	5*	5	1*	1
Debra Goodin	12	12	6	6	5	5	1	1
John Warburton	12	12	6*	6	5	5	1	1
Vahid Farzad ~	1	2	2*	2	1*	2	1	1

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the Committee during the year
* = Not a member of the relevant Committee
~ = Mr Farzad (resigned on 27 September 2019)

Non-audit services

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

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

	FY20 consolidated ($'000)	FY19 consolidated ($'000)
Fees for assurance services that are required by legislation to be provided by the auditor	**-**	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	**90**	81
Fees for other services • Tax compliance • Due diligence • IT implementation controls assessment • Remuneration review • Debt compliance	**27**	312
Total	**117**	**393**

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

Auditor independence

A copy of the auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 45.

Rounding

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

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

Remuneration Report (audited)

Dear Shareholders,

I am pleased to present the Senex Remuneration Report for FY20. This report provides details of how Senex has approached remuneration in FY20 for Non-Executive Directors and Senior Executives linked to the company's strategy and performance outcomes.

Remuneration framework and corporate strategy

As Chair of the People and Remuneration Committee (Committee), I'd like to take this opportunity to outline our framework and decision-making process for setting and determining performance measures for remuneration. How that translates into remuneration outcomes for FY20 is detailed in the following pages.

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

The Committee has been guided by the need to balance corporate and individual performance aligned with the corporate (short-term) objectives and (long-term) strategy for the period. Further detail around Senex's corporate strategy for 2020 is outlined on page 35-36 of this Remuneration Report.

2020 performance

COVID-19 and the response to the pandemic continues to influence the global economy. During 2020, we remained focused on the safety and wellbeing of our employees, contractors and communities. The introduction of stringent protocols and effective business continuity measures have ensured Senex can continue to operate safely and effectively. COVID-19 also had a significant impact on oil prices and oil and gas demand generally. This led to a non-cash impairment this year (announced on 12 August 2020) and, to ensure our business is ready for these difficult macro-economic conditions, we've undertaken an organisational restructure.

Despite this and despite the uncertain landscape Senex has excelled, achieving its FY20 corporate performance measures. Our robust balance sheet, fixed price gas contracts and proactive hedging strategy provided resilient cashflows in a lower oil price environment.

In brief, the Senex team has delivered on its promises for FY20. Senex successfully completed its capital works program for its Surat Basin natural gas development projects (Atlas and Roma North) and outperformed expectations for FY20 production, EBITDA and capital expenditure savings. The remuneration outcomes for FY20 reflect those achievements.

The Board is extremely pleased with Senex's performance in FY20, which has provided the foundation to achieve continued growth in production, earnings and cashflow.

Focus for 2021 and beyond

We will continue to maintain balance sheet strength, maximise the generation of free cashflow, grow organically in the medium-term maximising value from opportunities in and around our Surat Basin natural gas projects, and expand and diversify over time. The remuneration framework for FY21 and following two years will reflect this.

In a time of rapid and widespread change, the Board remains cognisant of the need to ensure that the remuneration mix for senior executives is balanced, transparent and simple, and drives alignment with the creation of shareholder value. The Board will continue to set incentive targets which reflect Senex's focus on delivering risk-adjusted returns for investors, sustained growth and value, and strong financial performance over the long-term.

The Board remains committed to actively engaging with you to seek feedback and understand your perspectives on our remuneration arrangements.

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

1. Introduction

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

The information in this Remuneration Report has been audited.

2. Directors and Executives

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

The Non-Executive Directors and Executives who were KMP for all or part of FY20 are identified in Table 1 below.

Table 1: Key Management Personnel

Name	Position	Dates
Non-Executive Directors		
Trevor Bourne	Chairman, Independent Non–Executive Director	Full year
Debra Goodin	Independent Non–Executive Director	Full year
John Warburton	Independent Non–Executive Director	Full year
Ralph Craven	Independent Non–Executive Director	Full year
Timothy Crommelin	Independent Non-Executive Director	Full year
Former Non-Executive Director		
Vahid Farzad	Non-Executive Director	Until 25 September 2019
Executive KMP		
Ian Davies	Managing Director and Chief Executive Officer (CEO)	Full year
Suzanne Hockey	Executive General Manager People and Performance	Full year
Mark McCabe	Chief Financial Officer	From 4 December 2019
Peter Mills	Chief Operating Officer	Full year
David Pegg	General Counsel/Company Secretary	Full year
Former Executive KMP		
Gary Mallett	Chief Financial Officer	Until 10 October 2019

Note: Glenda McLoughlin was appointed as an Independent Non-Executive Director, after FY20 on 1 July 2020 and is not included in this Remuneration Report.

3. Governance

Figure 1 sets out Senex's Remuneration Governance.

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

Remuneration approach and governance

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

These guiding principles are:

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

Figure 1: Remuneration governance

Board

The Board:

- approves remuneration policies and framework, ensuring it complies with the guiding principles
- approves Non-Executive Director, CEO and Executive remuneration
- assesses and approves the award of incentives for the CEO and Executives giving due weight to performance while retaining discretion to determine the final outcome
- approves the appointment of external remuneration consultants and advisors

Consultation with Shareholders and other stakeholders

The Board and the People and Remuneration Committee frequently consult with major shareholders, proxy advisors and other stakeholders.

People and Remuneration Committee

The People and Remuneration Committee is delegated responsibility by the Board to review and make recommendations on:

- Senex's remuneration policies and framework
- remuneration of Non-Executive Directors
- remuneration of the CEO and Executives
- incentive arrangements of CEO and Executives
- alignment of the interests of employees with the interests of shareholders
- ensuring that corporate culture aligns with corporate strategy

Composition: Dr Ralph Craven (Chair), Debra Goodin and John Warburton (Glenda McLoughlin was appointed to the People and Remuneration Committee on 1 August 2020)

The People and Remuneration Committee Charter is available on the Senex website.

Remuneration consultants and other external advisors

In performing their roles the Board and the Committee may directly commission and receive information, advice and recommendations from independent external advisors in relation to:

- Executive remuneration
- Non-Executive Director Remuneration
- incentive measures
- other matters relevant to remuneration decisions.

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

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

Management

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

4. Remuneration framework

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

1. total fixed remuneration;
2. short-term incentive; and
3. long-term incentive.

Remuneration framework

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

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

There were no significant changes in the FY20 STI structure from the previous year, except for the weighting between the corporate performance measure which represents 80% of STI (2019: 85%) and the individual performance metric which represents 20% of STI (2019: 15%). This change was to allow room for additional personal metrics for each Executive in relation to safety leadership.

Figure 2: Aligning remuneration and performance metrics with strategic objectives

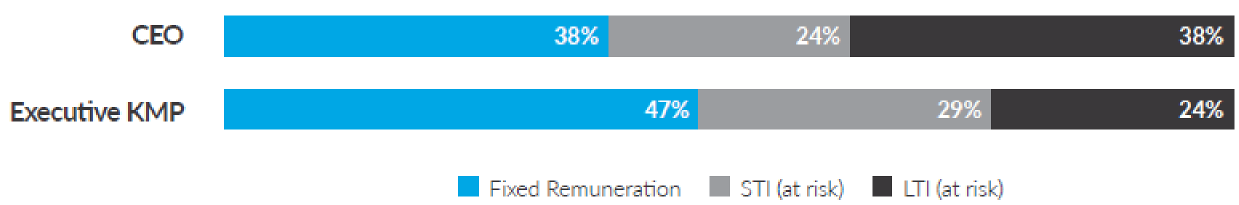
		Performance metrics FY20	Alignment with strategic objectives
Total Fixed Remuneration (TFR) (not 'at risk') comprises base salary including superannuation.	**Fixed remuneration**	• experience and qualifications • role and responsibility • reference to remuneration paid by comparable companies and industry-peer companies • internal and external relativities • talent retention	To attract and retain talented and qualified Executives with the right capability to achieve results and deliver value for shareholders
Short Term Incentive (STI) ('at risk') awarded on the achievement of performance conditions over a 12 month period. The STI (if achieved) is payable up to 50% in cash following the approval of the financial statements with the balance provided by the vesting of contingent Performance Rights subject to a 12 month deferral and vesting condition.	**Short -term incentive**	**Corporate metrics (80% of STI grant) comprising:** • safety and environment • project development • strategy review **Individual performance metrics (20% of STI grant)** **STI at risk:** Maximum – 60% of TFR	• safety and eliminating unintended environmental harm are paramount in all Senex's operations and key to maintaining the Company's license to operate. • delivering key projects (Roma North and Atlas) are the key levers to future de-risked cash-flow for Senex • strategy review for future growth **See page 35 for further details of the STI performance metrics and outcomes for FY20**
Long Term Incentive (LTI) ('at risk') awarded on the achievement of performance conditions over three year periods and comprises only an equity component.	**Long-term Incentive**	**FY20 LTI** - performance against the metrics is measured over a three-year period. Relative Total Shareholder Return (TSR) – FY20 100% of LTI grant and this is subject to a positive TSR over the performance period. **FY20 LTI at risk** • CEO – maximum 100% of TFR • Other Executives – maximum 50% of TFR	• relative TSR is a measure of the return generated for Senex's shareholders over the performance period relative to a peer group of companies being the S&P / ASX300 Energy Index **See page 36 for further details of the LTI performance metrics and outcomes**

"At Risk" remuneration

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

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

Figure 3: FY20 maximum potential remuneration



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

5. Company performance financial year 2020

Performance snapshot

During FY20, Senex continued to grow with increased production, revenue and operating cashflow, while positioning the company to realise significant value from its enlarged portfolio of quality assets.

Senex has successfully delivered its transformational gas developments, with a major upgrade in gas reserves and the foundation established for continued growth in production, earnings and cashflow.

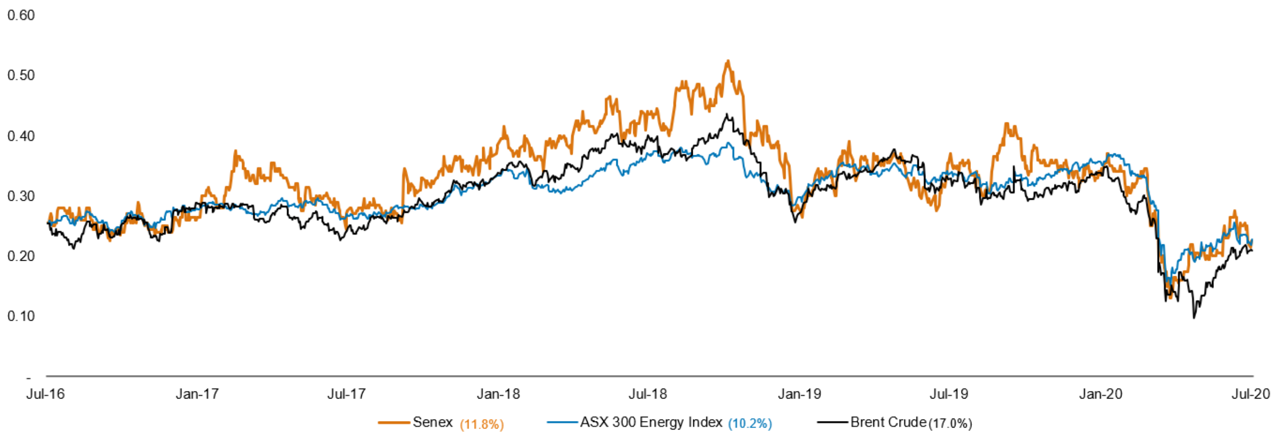
Highlights include:

- $400 million Surat Basin development completed: 56 TJ/day of gas processing capacity constructed; 80 wells drilled; portfolio of high-quality domestic gas customers in place; current gas production above 37 TJ/day, ramping to 48 TJ/day (~18 PJ/year)
- early works commenced on Roma North 24 TJ/day expansion: contracts agreed for Jemena to procure long-lead items, including compression equipment
- full-year FY20 production up 73% to 2.1 mmboe, at the top end of upgraded guidance: growth underpinned by a 278% increase in Surat Basin gas production to 1.2 mmboe (~7.2 PJ)
- EBITDA of $49.5 million at the top end of upgraded guidance; and with peak net debt now ~$60 million (down from $80 million initially budgeted)
- major Surat Basin gas reserves upgrade from successful drilling and production performance: 108% increase in 1P reserves to 210 PJ; 21% increase in 2P reserves to 739 PJ

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

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

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



6. Realised remuneration

Realised remuneration reflects the "take home pay" of the Executives KMP for FY20 and includes:

- total fixed remuneration for FY20;
- the value of any STI from prior years that was awarded as deferred equity and actually received in FY20;
- any STI that was awarded as cash in respect of STI performance measures for FY20 and will be received after the end of FY20; and
- any LTI from prior years that was awarded as deferred equity and actually exercised in FY20 valued at the share price on the date of exercise.

Table 2 has been provided to ensure shareholders are able to clearly understand the remuneration that has been realised by the Executive KMPs in FY20. It has not been prepared in accordance with the disclosure requirements of the Australian Accounting Standards or *Corporations Act 2001*. See Table 7 for Executive KMP remuneration disclosures in accordance with the Australian Accounting Standards and Corporations Act.

Table 2: Realised remuneration

Name	Year	TFR	STI (cash)[1]	STI (deferred)[2]	LTI (exercised)[3]	Other [4]	Total
		$	$	$	$	$	$
Current Executive KMP							
Ian Davies	**2020**	**850,000**	**449,055**	**-**	**-**	**21,931**	**1,320,986**
	2019	850,000	415,395	208,682	2,161,444	18,824	3,654,345
Suzanne Hockey[5]	**2020**	**308,000**	**86,486**	**115,196**	**-**	**4,933**	**514,615**
	2019	385,000	94,595	93,293	-	7,096	579,984
Mark McCabe[6]	**2020**	**292,566**	**83,114**	**-**	**-**	**2,534**	**378,214**
	2019	-	-	-	-	-	-
Peter Mills	**2020**	**610,000**	**169,458**	**-**	**-**	**4,933**	**784,391**
	2019	504,478	121,802	-	-	9,473	635,753
David Pegg	**2020**	**425,000**	**118,065**	**54,021**	**40,731**	**4,933**	**642,750**
	2019	385,000	92,862	-	-	7,096	484,958
Former Executive KMP							
Gary Mallett[6]	**2020**	**175,291**	**-**	**-**	**-**	**17,343**	**192,634**
	2019	500,000	124,350	-	-	38,901	663,251
Total Executive KMP	**2020**	**2,660,857**	**906,178**	**169,217**	**40,731**	**56,607**	**3,833,590**
	2019	2,624,478	849,004	301,975	2,161,444	81,390	6,018,291

1. STI (cash) comprises any STI that was awarded as cash in respect of short-term performance measures for FY20 and will be received after the end of FY20. For the CEO STI (cash) also includes FY19 STI deferred cash component. For FY20, in respect of the STI awarded to Executive KMP (other than for the MD/CEO where the maximum equity grant was approved by shareholders at the 2019 AGM), each Executive has elected to take shares in Senex in lieu of the cash component of the FY20 STI award.
2. STI (deferred) comprises the value of any STI from prior years that have been awarded as deferred equity (or cash for the MD/CEO) and actually received in FY20, with deferred equity valued at the share price on the date of vesting.
3. LTI (exercised) comprises any LTI from prior years that was awarded as deferred equity and actually exercised in FY20, valued at the share price on the date of exercise; and any shares issued in FY19 upon exercise of FY11 options.
4. Other comprises carparking, motor vehicle and travel related expenses.
5. Ms Hockey moved to a 0.8 full-time equivalent (FTE) role from 1 July 2019.
6. Refer to Table 1 of this Remuneration Report for dates of service.

7. Short-term incentive (STI)

The STI is 'at risk' remuneration subject to the achievement of pre-defined performance metrics included in the corporate performance scorecard for the year (80 per cent of FY20 STI (FY19: 85 per cent)) as well as individual performance of each Executive KMP (20 per cent of FY20 STI (FY19: 15 percent)). Table 3 presents the corporate performance metrics, weightings and outcomes for FY20.

At the commencement of each performance year the Board determines the corporate performance scorecard and metrics to be measured for that year (in this case, for the FY20 STI). The metrics generally have performance levels set as:

- ***threshold*** being the minimum level of performance deserving of reward. Achievement of the Threshold results in 25% of the STI being awarded;
- ***target*** being a challenging but achievable level of performance. Achievement of the Target results in 50% of the STI being awarded; and
- ***stretch*** being the upper limit of possible outcomes that were planned for and a very challenging goal that is unlikely to be achieved. Achievement of the stretch results in 100% of the STI being awarded.

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

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

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

The STI awarded would ordinarily be paid up to 50 per cent in cash and the balance in deferred Performance Rights vesting in 12 months. For FY20, in respect of the STI awarded to Executive KMP (other than for the MD/CEO where the maximum equity grant was approved by shareholders at the 2019 AGM), each Executive has elected to take shares in Senex in lieu of the cash component of the FY20 STI award to align with shareholder outcomes

Table 3: Short-term incentive performance metrics FY20

Focus	Performance Metric	Weighting %	Performance outcome for FY20		
			Threshold	Target	Stretch
Protecting our people and the environment	Safety statistics and safety culture performance Continued excellence in environmental performance	20%			
Delivering what we promise	Capital delivery • production achieved • wells online • project capital costs Financing and commercial • sale of Roma North facility • milestones under debt facility Stakeholder • preserving Senex's reputation	50%			
Platform for growth	Strategy review implementation	10%			
	Total Company Scorecard	80% of STI grant	Other than for safety, stretch measures were achieved		
Individual performance	Individual measures set for each Executive KMP	20% of STI grant	Refer below		

STI - FY20 corporate performance metrics and outcomes

Protecting our people and the environment

Safety: The Board has a strong focus on health and safety and recognises improved performance within Senex, but the Board and management agree that further improvement is required in respect of recorded safety statistics. Senex's safety performance for FY20 was at Target level. There were two lost time injuries (LTI) but zero incidences with a major severity level. The company has a strong focus on major and serious injuries which is why this is specifically called out and measured. There was an improvement since FY19 across all safety metrics including the total recordable injury frequency rate (TRIFR), lost time injury frequency rate (LTIFR) and high potential incidents.

The Board assessed the overall safety culture across the company and was satisfied with the improvement. This was demonstrated by senior executive site safety visits and interventions, team leader safety discussions, executive quarterly safety reviews, safety training, culture programs and whole-of-company safety initiatives, including safety stand-downs. In response to COVID-19, Senex enacted strict protocols to ensure the safety and wellbeing of its people, while ensuring operations were uninterrupted. This included initiatives to address mental health risks associated with working from home and careful management of staff movement to field-based operations across borders and in relation to their interaction with local communities.

Environment: Senex achieved excellent environmental performance in FY20. Senex continued this with zero serious incidents.

Delivering what we promise

Capital delivery: Senex's Surat Basin assets are the primary component of Senex's near-term growth strategy. FY20 was a pivotal period for the focused delivery of these projects. This is a short-term delivery metric and an integral part of Senex's strategic goal of building an east coast gas portfolio. Senex was successful in achieving the stretch hurdle for each of the following key delivery milestones:

- production volumes were achieved ahead of schedule and with less wells drilled than originally planned. 80 wells were drilled and brought online during FY20. Due to better than forecast subsurface performance, expected production levels across the Surat projects were exceeded. This resulted in 15 wells less than originally planned saving approximately $24 million from the drilling program. Senex also achieved best-in-class drill and complete cycle times for the drilling program;

- project capital costs were approximately $30 million below budget.

Financing and commercial: Senex completed the sale of the Roma North facility to Jemena for $50 million, improving liquidity and available capital, and progressed through all key milestones under the debt facility arrangements.

Stakeholder: Senex strives to be an active member of the communities where it works and a good neighbour. In FY20, Senex proudly continued its long-term partnerships focussed on building sustainability and resilience. Senex maintained its support of important local community initiatives despite the cancellation of many events due to COVID-19. Senex also shortened payment terms for more than 400 smaller businesses, expediting the payment of millions of dollars.

Platform for growth

Strategy review implementation: In FY20, Senex conducted a formal strategy review to provide a platform for future organic and inorganic growth, with all review outcomes fully implemented.

STI - FY20 individual Executive metrics and overall outcomes

The CEO's individual performance measures for FY20 related to safety leadership, organisational capability and succession planning. The CEO was awarded 17% of the possible 20% of his individual KPI component of the STI, awarding a total of 93.6% of his total FY20 STI.

The other Executive's individual performance measures were tailored to their respective roles and responsibilities and in all cases included assessment of contribution to safety leadership and corporate culture. On average the Executives were awarded 15.5% of the possible 20% in respect of the individual KPI component of the STI, awarding an average STI outcome of 92.1%.

FY21 STI

Senex has now successfully established a resilient production and cashflow profile from the two natural gas projects in the Surat Basin (Atlas and Roma North), providing the foundation for our business going forward. Senex has also had excellent drilling results at Atlas which, together with continued Roma North production outperformance, has driven a significant increase in gas reserves in the Surat (with Surat Basin 1P (proved) gas reserves up by over 100% and Surat Basin 2P (proved and probable) gas reserves up by over 20% during FY20). The Board will include, as a major component of the STI framework for each year FY21 to FY23, delivery against a development plan to incentivise conversion of Senex's large undeveloped reserves position into substantially increased production, earnings and cashflow in the near term. For FY21 and FY22, the maximum STI award (as a percentage of TFR) will be lower than in FY20, with a higher maximum STI award in the last year, FY23.

8. Long-term incentive (LTI)

The Board offered an LTI opportunity to the CEO and other Executive KMP for FY20 (FY20 LTI) equivalent to 100 per cent of the CEO's TFR and 50 per cent of Executive KMP's TFR.

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

The LTI offered to the Executive KMP for FY20 was the same in structure to the LTI offered for FY19, which was 100% of the LTI is subject to one performance metric (being relative total shareholder return (TSR)). The FY20 LTI offer comprised performance rights subject to this performance condition, a three-year service condition and there being a positive TSR.

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

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

Details of the LTI grants are set out in Table 4. For further details of the vesting and expiry dates in respect to the LTI grants see page 25 of the Directors' Report.

Table 4: LTI grant details

Grant year	Grant type	Fair value at grant date $*	Vesting condition – performance metric	Financial year or period	Status
2017	LTI Tranche 1 (Performance Rights)	0.11	Relative TSR performance at or above 50th percentile against S&P/ASX 300 Energy Index (70%)	FY17-FY19	Vested in September 2019
2018	LTI Tranche 1 (Performance Rights)	0.24	Relative TSR performance at or above 50th percentile against S&P/ASX 300 Energy Index (70%)	FY18-FY20	To be determined September 2020
2018	LTI Tranche 2 (Performance Rights)	0.34	Strategic and Financial hurdles (30%) - see below for further details.	FY18-FY20	Determined and vested in July 2020
2019	LTI (Performance Rights)	0.23 - 0.31	Relative TSR performance at or above 50th percentile against S&P/ASX 300 Energy Index, with a positive TSR gate (100%)	FY19-FY21	To be determined September 2021
2019	SBM (Performance Rights)	0.23	Project Delivery (with a positive TSR gate) – see below for further details	26 September 2018 - 30 December 2020	To be determined in January 2021
2020	LTI (Performance Rights)	0.15 – 0.23	Relative TSR performance at or above 50th percentile against S&P/ASX 300 Energy Index, with a positive TSR gate (100%)	FY20-FY22	To be determined September 2022

* Fair value of an award when granted is estimated using a Monte Carlo simulation methodology and Black-Scholes valuation techniques which take into account a number of variables, including the share price when Rights are granted. Refer to Note 15 in the Financial Statements for additional detail.

LTI performance metrics and outcomes

Total shareholder return (TSR) hurdles

The vesting of Performance Rights for the relative TSR Performance Condition is conditional on the Company achieving TSR at or above the 50th percentile of the TSR of a comparator group of companies (S&P/ASX 300 Energy Index) over the three-year performance period.

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

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

The FY17 LTI included a component, being 70% of the maximum LTI, for relative TSR performance. As indicated in the table above, this achieved the full award and vested in September 2019.

Each of the LTI offers for FY18 through FY20 include a relative TSR performance condition. Commencing FY19, the LTI offers also included a positive TSR gate.

For FY21, the Board will change the relative TSR comparator, as further details on page 39 of this Remuneration Report.

FY18 - Strategic and Financial Goals hurdle

In September 2017, the Board considered Senex's portfolio and the changing nature of the Australian oil and gas market and saw an opportunity to position itself as an east coast gas participant. The Board set long-term metrics for expanding the company's portfolio and, at the same time, maintaining excellence in oil exploration and production in the Cooper Basin.

To properly align executives with this strategic goal, the Board agreed these strategic long-term company goals:

- *building a material supply position in the Australian east coast gas market;*
- *pursuing growth of Senex's asset portfolio that provides diversification and builds corporate capability; and*
- *continuing cost and operational leadership in low-cost oil operations.*

To achieve this LTI metric, Senex has responded to industry challenges and opportunities and built an east coast gas position and portfolio. The company has achieved these strategic goals and the board has taken into account factors such as project delivery, capital efficiency, asset portfolio composition, operating cashflow generation and profit growth, operating performance, personal safety performance and process safety performance. At the outset, the Board acknowledged that these metrics involve a level of subjective assessment which was seen as the best way to assess the step-change in Senex's business over the longer-term.

The Board assessed that the FY18 LTI strategic and financial goals (Tranche 2 for a maximum 30% award) were successfully met and awarded the full FY18 LTI for this Tranche:

- **building a material supply position in the Australian east coast gas market.**
  During this period, Senex has established itself as an important supplier of gas to the east coast with more than 220 PJ of Gas Sales Agreement (GSA) volumes and approximately 620 PJ of 2P undeveloped gas reserves in the Surat Basin.
- **pursuing growth of Senex's asset portfolio that provides diversification and builds corporate capability.**
  Senex has achieved full E&P value chain capability, particularly in respect of unconventional gas development. Senex has successfully diversified away from oil to natural gas and oil-linked natural gas. Oil production mix at the end of FY17 was 100%. By the end FY20, oil production as a percentage of overall production had reduced to 33%, and is forecast to comprise approximately 16% by the end of FY22 (as shown in the Foundation Asset Base Investor Briefing announced to the ASX on 11 March 2020).
- **continuing cost and operational leadership in low cost oil operations.**
  Operational performance has continued to excel in the Cooper Basin during the performance period and was demonstrated with an FY20 oil UOC (unit operating cost) 15% below budget.

FY18 – relative TSR

Tranche 1 of the FY18 LTI (Relative TSR) will be measured in September 2020, following the end of the performance period. This comprises 70% of the potential FY18 LTI award.

FY19 and FY20 relative TSR and FY19 Strategic Business Milestone hurdle

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

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

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

The agreed performance condition for the SBM Rights is that Senex's natural gas projects in the Surat Basin (Atlas and Roma North) are delivered by the construction of key infrastructure, completion of the initial phase of development drilling and the commencement of commercial gas sales from each project. At the end of the milestone delivery period (31 December 2020), the board will assess delivery of the two projects against the pre-established development plans.

Vesting will be based on achievement of the milestone as assessed by the Board and is subject to there being a positive TSR over the milestone delivery period.

Following the end of the milestone delivery period, SBM Rights that vest are subject to an exercise restriction of six months ending 30 June 2021.

FY21 LTI

The LTI structure for FY21 will remain essentially the same as it currently is; except that, given the reduction of companies within the S&P/ASX 300 Energy Index in recent years, the Board will for FY21 assess relative total shareholder return (TSR), over the three-year (LTI) performance period, against two separate comparator groups (each with a 50% weighting) – the S&P/ASX 300 Index (less S&P/ASX 100 Index) and a predetermined group of up to 15 energy companies. The LTI award, as has been the case for the last two years, will be subject to a positive TSR gate.

9. Non-Executive Directors

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

Maximum aggregate amount of annual remuneration

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

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

In addition to the fees set out below, the Company made superannuation contributions on behalf of Non- Executive Directors at the statutory rate of superannuation contribution in FY20. Non-Executive Directors are not entitled to retirement benefits other than mandatory statutory entitlements.

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

Table 5: Annual fees for Non-Executive Directors*

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

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

Table 6: Non-Executive Director remuneration

Name		Short-term employment benefits Directors Fee $	Post - employment Superannuation $	Total Remuneration $
Non-Executive Directors				
Trevor Bourne	**2020**	**220,000**	**20,900**	**240,900**
	2019	220,000	20,900	240,900
Ralph Craven	**2020**	**147,500**	**14,013**	**161,513**
	2019	147,500	14,013	161,513
Timothy Crommelin	**2020**	**122,500**	**11,638**	**134,138**
	2019	122,500	11,638	134,138
Debra Goodin	**2020**	**147,500**	**14,013**	**161,513**
	2019	147,500	14,013	161,513
John Warburton	**2020**	**127,500**	**12,113**	**139,613**
	2019	132,500	12,588	145,088
Former Non-Executive Director				
Vahid Farzad[1,2]	**2020**	**26,603**	**2,527**	**29,130**
	2019	27,198	2,584	29,782
Total Non-executive directors	**2020**	**791,603**	**75,204**	**866,807**
	2019	797,198	75,736	872,934

1. Payment is made to EIG for provision of directors' service.
2. Refer to Table 1 of this report for dates of service.

10. Detailed remuneration disclosures

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

Table 7: Executive KMP remuneration

		Short-term employment benefits			Post-employment benefits	Long-term benefits	Equity settled Share Based Payments [1]		Proportion of compensation	
		Salary	Bonus[2]	Non Monetary Benefits	Superannuation	Long Service Leave	Rights	Total Remuneration	Performance related	In Equity
Name	Year	$	$	$	$	$	$	$	%	%
Current Executive KMP										
Ian Davies	**2020**	**828,997**	**238,680**	**21,931**	**21,003**	**34,331**	**854,916**	**1,999,858**	55%	43%
	2019	829,469	412,718	18,824	20,531	30,282	489,968	**1,801,792**	50%	27%
Suzanne Hockey[3]	**2020**	**286,997**	**86,486**	**4,933**	**21,003**	**1,498**	**208,911**	**609,828**	48%	34%
	2019	364,469	94,595	7,096	20,531	0	224,428	**711,119**	45%	32%
Mark McCabe[4]	**2020**	**278,895**	**83,114**	**2,534**	**13,671**	**0**	**71,372**	**449,586**	34%	16%
	2019	-	-	-	-	-	-	-	-	-
Peter Mills	**2020**	**588,997**	**169,458**	**4,933**	**21,003**	**0**	**263,759**	**1,048,150**	41%	25%
	2019	485,312	121,802	9,473	19,166	0	123,881	**759,634**	32%	16%
David Pegg	**2020**	**403,997**	**118,065**	**4,933**	**21,003**	**12,805**	**175,052**	**735,855**	40%	24%
	2019	364,469	92,862	7,096	20,531	8,459	81,394	**574,811**	30%	14%
Former Executive KMP										
Gary Mallett[4]	**2020**	**165,677**	**-**	**17,343**	**9,614**	**0**	**0**	**192,634**	**0%**	**0%**
	2019	479,469	124,350	38,901	20,531	0	0	663,251	19%	0%
Total Executive KMP	**2020**	**2,553,560**	**695,803**	**56,607**	**107,297**	**48,634**	**1,574,010**	**5,035,911**	**45%**	**31%**
	2019	2,523,188	846,327	81,390	101,290	38,741	919,671	4,510,607	39%	20%

1. Share based payments comprise equity settled share options and performance rights. These amounts were calculated in accordance with AASB2 – Share Based Payments. Share options were valued using the Black-Scholes option pricing model and performance rights are calculated using the Monte-Carlo valuation model. Although a value is ascribed and included in total KMP compensation, it should be noted this amount was not received in cash. Share based payment expenses recorded in previous periods have been reversed for any Executive KMP who have or will have ceased employment.
2. Bonuses comprise of STI that were awarded as cash in respect of short-term performance measures for FY20 and will be received after the end of FY20 (and FY19 for prior year). For FY20, in respect of the STI awarded to Executive KMP (other than for the MD/CEO where the maximum equity grant was approved by shareholders at the 2019 AGM), each Executive has elected to take shares in Senex in lieu of the cash component of the FY20 STI award.
3. Ms Hockey moved to a 0.8 full-time equivalent (FTE) role from 1 July 2019
4. Refer to Table 1 of this report for dates of service.

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

The employment agreement that the Company has entered into with each member of Executive KMP has no fixed-term of employment. Table 8 sets out the termination provisions applicable to the Executive KMP.

Table 8: Current Executive KMP Service Agreements

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

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

Table 9: KMP Shareholdings as at 30 June 2020

Name	Balance at start of year	Granted as compensation	Shares issued on exercised Rights/ SARs	Net other changes	Balance at the end of year
Non-executive Directors					
Trevor Bourne	552,619	-	-	1,000,000	1,552,619
Ralph Craven	500,000	-	-	250,000	750,000
Timothy Crommelin	4,074,431	-	-	300,000	4,374,431
Debra Goodin	242,435	-	-	117,011	359,446
John Warburton	512,133	-	-	128,541	640,674
Vahid Farzad[1,2]	-	-	-	-	-
Executive KMP					
Ian Davies	6,369,030	-	479,729	614,000	7,462,759
Suzanne Hockey	277,335	-	-	-	277,335
Mark McCabe[2]	-	-	-	250,000	250,000
Peter Mills	-	-	-	-	-
David Pegg	257,739	-	433,073	-	690,812
Gary Mallett[2]	-	-	-	-	-

1. Mr Farzad is a nominee of EIG Group which held a relevant interest in shares.
2. Refer to Table 1 of this report for dates of service.

Shareholding guidelines

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

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

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

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

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

A summary of the Performance Rights and SARs held by Executive KMP is set in Tables 10 and 11.

Refer to page 25 of the Directors' Report for further details of the vesting dates and expiry dates. There has been no change to the terms and conditions of the Performance Rights in FY20.

Table 10: Performance Rights

Name	Balance at start of year	Granted as compensation	Vested	Forfeited	Exercised	Balance at end of year	Value of rights granted $	Value of rights vested $	Value of rights forfeited $	Vested %	Forfeited %
Executive KMP											
Ian Davies	8,511,076	2,309,783	-	-	(479,729)	10,341,130	441,169	-	-	-	-
Suzanne Hockey	1,669,049	624,118	324,494	-	-	2,293,167	190,092	86,640	-	19%	-
Mark McCabe[1]	-	1,020,116	-	-	-	1,020,116	247,973	-	-	-	-
Peter Mills	670,503	1,093,591	-	-	-	1,764,094	310,935	-	-	-	-
David Pegg	851,551	779,320	433,073	-	(433,073)	1,197,798	224,635	134,732	-	51%	-
Gary Mallett[1]	893,478	-	-	(893,478)	-	-	-	-	(318,236)	-	(100%)
Total	**12,595,657**	**5,826,928**	**757,567**	**(893,478)**	**(912,802)**	**16,616,305**	**1,414,804**	**221,372**	**(318,236)**	**6%**	**(7%)**

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

Table 11: Share Appreciation Rights

Name	Balance at start of year	Granted as compensation	Vested	Forfeited	Exercised	Balance at end of year	Value of rights granted $	Value of rights vested $	Value of rights forfeited $	Vested %	Forfeited %
Executive KMP											
Ian Davies	3,590,400	-	2,607,362	(983,038)	-	2,607,362	-	278,206	(123,961)	73%	27%
Suzanne Hockey	2,830,696	-	1,165,644	(439,476)	-	2,391,220	-	133,000	(57,000)	41%	16%
Total	**6,421,096**	**-**	**3,773,006**	**(1,422,514)**	**-**	**4,998,582**	**-**	**411,206**	**(180,961)**	**59%**	**22%**

Note: No other Executive KMP except those named above hold SARs.

11. Additional information

Remuneration consultants

From time to time the Committee seeks certain information and advice regarding remuneration information and incentive arrangements for Non-Executive Directors, the CEO and Executives from external remuneration consultants. During FY20 the Committee engaged EY to provide general market information only, totalling $20,000. EY did not provide advice that contained recommendations relating to remuneration, benchmarking or performance outcomes.

Vesting on change of control

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

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

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

Method of purchasing or issuing shares

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

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

Clawback mechanism

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

In the event that:

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

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

Signed in accordance with a resolution of Directors.

Trevor Bourne	Ian Davies
Chairman	Managing Director

21 August 2020

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Building a better working world

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

As lead auditor for the audit of the financial report of Senex Energy Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

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

Ernst & Young

Ernst & Young

Anthony Jones
Partner
21 August 2020

5. Financial Statements

Senex Energy Limited

and its Controlled Entities

ABN 50 008 942 827

Financial Statements for the Year Ended 30 June 2020

Table of Contents

	Note	30 June 2020 $'000	30 June 2019 $'000
Revenue	2 (a)	121,519	95,350
Other income	2 (b)	3,019	7,161
Expenses excluding net finance costs	3 (a)	(110,962)	(86,105)
Oil and gas exploration expense		(2,782)	(11,327)
Impairment	3 (b)	(52,145)	-
Finance expenses	3 (c)	(10,016)	(1,784)
(Loss)/profit before tax		**(51,367)**	**3,295**
Income tax benefit/(expense)	16	-	-
(Loss)/profit after tax		**(51,367)**	**3,295**
Net (loss)/profit attributable to owners of the parent entity		**(51,367)**	**3,295**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss (net of tax)			
Change in fair value of cash flow hedges		3,657	4,550
Total comprehensive (loss)/income for the period attributable to owners of parent entity		**(47,710)**	**7,845**
(Loss)/earnings per share attributable to the ordinary equity holders of the parent entity:			
Basic (loss)/earnings (cents per share)	4	(3.53)	0.23
Diluted (loss)/earnings (cents per share)	4	(3.53)	0.22

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

	Note	30 June 2020 $'000	30 June 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	79,908	62,669
Prepayments		590	1,457
Trade and other receivables	5	19,965	27,385
Inventory		6,725	10,393
Other financial assets	11	9,558	3,429
		116,746	**105,333**
Assets held for sale	21	-	50,941
Total current assets		**116,746**	**156,274**
Non-current assets			
Trade and other receivables	5	49	49
Property, plant and equipment	7	249,196	57,683
Oil and gas properties	7	292,512	208,530
Exploration assets	7	46,707	75,018
Intangible assets	17	4,133	5,163
Other financial assets	11	348	949
Total non-current assets		**592,945**	**347,392**
TOTAL ASSETS		**709,691**	**503,666**
LIABILITIES			
Current liabilities			
Trade and other payables	6	31,444	31,877
Provisions	8	9,129	6,131
Other financial liabilities	11	872	348
Lease liabilities	10	2,649	-
		44,094	**38,356**
Liabilities directly associated with the assets held for sale	21	-	4,941
Total current liabilities		**44,094**	**43,297**
Non-current liabilities			
Provisions	8	66,290	63,352
Interest bearing liabilities	9	116,314	40,006
Other financial liabilities	11	1,700	1,215
Lease liabilities	10	170,883	-
Total non-current liabilities		**355,187**	**104,573**
TOTAL LIABILITIES		**399,281**	**147,870**
NET ASSETS		**310,410**	**355,796**
EQUITY			
Contributed equity	12	540,468	540,468
Reserves	13	28,804	22,823
Accumulated losses		(258,862)	(207,495)
TOTAL EQUITY		**310,410**	**355,796**

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

	Note	30 June 2020 $'000	30 June 2019 $'000
Cash flows from operating activities			
Receipts from customers		125,939	110,104
Payments to suppliers and employees		(75,613)	(60,061)
Payments for exploration expenditure		(5)	(9,348)
Payments for rehabilitation of wells		(349)	(295)
Interest received		775	1,281
Interest paid		(8,207)	(1,495)
Receipts from commodity hedges		6,579	100
Reimbursement of third-party costs		-	2,576
Other receipts		2,426	1,659
Net cash inflow from operating activities	19	**51,545**	**44,521**
Cash flows from investing activities			
Payment for oil and gas assets, plant and equipment and intangibles		(160,794)	(112,367)
Proceeds from free carry funding		4,794	21,006
Proceeds from sales of oil and gas properties and plant and equipment		50,154	431
Net cash outflow from investing activities		**(105,846)**	**(90,930)**
Cash flows from financing activities			
Proceeds from shares issues		-	255
Proceeds from debt funding		75,000	50,000
Payments for debt facility costs		(343)	(7,769)
Payment of principal portion of lease liabilities		(2,984)	-
Payments to Halliburton under tight oil agreement		(164)	(239)
Net cash inflow from financing activities		**71,509**	**42,247**
Net increase/(decrease) in cash and cash equivalents		17,208	(4,162)
Net foreign exchange differences		31	290
Cash and cash equivalents at the beginning of the period		62,669	66,541
Cash and cash equivalents at the end of the period	9	**79,908**	**62,669**

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

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

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

The following table presents the Consolidated Statement of Changes in Equity for the year ended 30 June 2019:

	Contributed equity $'000	Accumulated losses $'000	Share-based payments reserve $'000	Hedging reserve $'000	Total $'000
Balance at 1 July 2018	**540,213**	**(210,790)**	**17,992**	**(1,142)**	**346,273**
Profit for the year	-	3,295	-	-	**3,295**
Other comprehensive income	-	-	-	4,550	**4,550**
Total comprehensive income	**-**	**3,295**	**-**	**4,550**	**7,845**
Transactions with owners, recorded directly in equity:					
Shares issued	255	-	-	-	**255**
Share-based payments expense	-	-	1,423	-	**1,423**
Balance at 30 June 2019	**540,468**	**(207,495)**	**19,415**	**3,408**	**355,796**

About these financial statements

The financial statements of Senex Energy Limited (the Company) and its controlled entities (collectively known as “the Group”) for the year ended 30 June 2020 were authorised for issue on 21 August 2020 in accordance with a resolution of the Directors.

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

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

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

- has been prepared in accordance, and complies, with the requirements of the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)
- has been prepared on a historical cost basis, except for derivative financial instruments and contingent consideration that have been measured at fair value
- is presented in Australian dollars ($) and all values are rounded to the nearest thousand ($’000) except when otherwise indicated. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the ‘rounding off’ of amounts in the financial statements
- presents reclassified comparative information if required for consistency with the current year’s presentation
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2019. Refer to Note 29 for further details
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective

Basis of consolidation

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

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

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

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

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

Foreign currency translation

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

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

Other accounting policies

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

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

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

Significant accounting estimates and judgements

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

Note	Type of judgement or estimate
7	Impairment of oil and gas properties, exploration assets and inventory
8	Rehabilitation obligations

Reserves estimates

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

Changes in the estimate of reserves can impact:

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

NOTE 1: OPERATING SEGMENTS

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

Identification of reportable segments

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

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

Geographical segments

Surat Basin

The Surat Basin is a geological basin in Queensland and extending into New South Wales.

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.

Major customers

The Group sells gas and gas liquids to a range of customers including GLNG, ENGIE, Santos, CleanCo, CSR, Orora and Origin Energy.

Oil revenue is predominantly derived from the sale of crude oil to two major customers: the South Australian Cooper Basin Joint Venture (SACB JV) and IOR Petroleum. The SACB JV is a consortium of buyers made up of Santos Limited and, Beach Energy Limited and their subsidiaries.

All customers are located within Australia.

Accounting policies

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

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

NOTE 1: OPERATING SEGMENTS (Continued)

The following table presents the revenue and profit information for reportable segments for the year ended 30 June 2020 and 30 June 2019:

	Consolidated					
	Surat Basin		Cooper-Eromanga Basins		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue						
Oil sales[1]	-	-	59,126	76,567	59,126	76,567
Gas sales	54,147	12,968	6,996	4,559	61,143	17,527
Total segment revenue from contracts with customers	**54,147**	**12,968**	**66,122**	**81,126**	**120,269**	**94,094**
Flowline revenue	-	-	1,250	1,256	1,250	1,256
Total segment revenue and revenue per the statement of comprehensive income	**54,147**	**12,968**	**67,372**	**82,382**	**121,519**	**95,350**
Segment profit/(loss)[2]	**999**	**(1,465)**	**(36,662)**	**24,251**	**(35,663)**	**22,786**
Reconciliation of segment profit/(loss) before tax to total (loss)/profit before tax						
Corporate items:						
Interest income					558	927
Other income					2,041	(5)
Interest expense					-	(124)
Expenses excluding net finance costs					(18,303)	(20,289)
(Loss)/profit before tax per the statement of comprehensive income					**(51,367)**	**3,295**

[1] *Inclusive of $7.4 million hedge settlements, net of premium expense (2019: $0.2 million hedge settlement net of premium) and fair value gains/(losses) on provisionally priced trade receivables.*

[2] *Cooper-Eromanga Basin result is stated after $52.1 million impairment expense (2019: $nil).*

NOTE 1: OPERATING SEGMENTS (Continued)

The following table presents segment assets and segment liabilities at 30 June 2020 and 30 June 2019:

	Consolidated					
	Surat Basin		Cooper-Eromanga Basins		Total	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets						
Segment operating assets	**440,747**	**158,150**	**166,270**	**213,407**	**607,017**	**371,557**
Assets held for sale					-	50,941
Corporate assets - cash					79,908	62,669
Corporate assets - other					22,766	18,499
Total assets per the statement of financial position					**709,691**	**503,666**
Segment liabilities						
Segment operating liabilities	**313,497**	**69,535**	**56,080**	**55,480**	**369,577**	**125,015**
Liabilities directly associated with the assets held for sale					-	4,941
Corporate liabilities					29,704	17,914
Total liabilities per the statement of financial position					**399,281**	**147,870**
Additions and acquisitions of non-current assets (other than financial assets and deferred tax assets):						
Property, plant and equipment and intangibles[1]	169,973	3,872	3,051	7,072	173,024	10,944
Exploration assets	1,471	13,899	13,745	20,652	15,216	34,551
Oil and gas properties	135,457	82,076	819	8,670	136,276	90,746
Total segment additions	**306,901**	**99,847**	**17,615**	**36,394**	**324,516**	**136,241**
Corporate additions[1]					13,152	7,510
Total additions					**337,668**	**143,751**

[1] Inclusive of right of use asset additions of $160.9 million in the Surat Basin, $1.3 million in the Cooper-Eromanga Basin and $11.2 million in Corporate.

PERFORMANCE

NOTE 2: REVENUE

Recognition, measurement and performance obligations

Revenue

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

Revenue from contracts with customers

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

Gas and gas liquids sales

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

Oil sales

The performance obligation for sales to the SACB JV is satisfied when physical possession of the oil is taken by the customer. Payment is generally received within 80 to 100 days. Oil revenue is provisionally priced until approximately 60 to 80 days after delivery and is recognised as 'Trade receivables (subject to provisional pricing)' during this period. When pricing is finalised, oil sales are transferred to 'Trade receivables (not subject to provisional pricing)'.

The performance obligation for sales to IOR Petroleum is satisfied when physical possession of the oil is taken. Payment is generally received 30 days from delivery and is recognised directly in 'Trade receivables (not subject to provisional pricing)'.

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 the third party has used the flowline.

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.

Farm-outs and terminations outside the exploration and evaluation phase

When a farm-out is completed outside the exploration and evaluation phase, the Group derecognises the proportion of the asset disposed of and recognises the consideration received or receivable from the farmee. A gain or loss on the transaction is recognised for the difference between the net disposal proceeds and the carrying amount of the asset disposed of.

The proceeds receivable from disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value. If payment for the item is deferred, the proceeds are recognised initially at the cash price equivalent. The difference between the nominal proceeds and the cash price equivalent is recognised as interest revenue.

NOTE 2: REVENUE (Continued)

		Consolidated 2020 $'000	2019 $'000
(a)	**Revenue from contracts with customers**		
	Oil sales[1]	59,126	76,567
	Gas and gas liquids sales	61,143	17,527
		120,269	**94,094**
	Other revenue		
	Flowline revenue	1,250	1,256
		121,519	**95,350**
(b)	**Other income**		
	Net gain on sale of assets	312	54
	Net gain on termination of unconventional gas joint venture	-	5,400
	Interest income	558	927
	Other	2,149	780
		3,019	**7,161**

[1] Inclusive $7.4 million hedge settlements, net of premium expense (2019: $0.2 million hedge settlement net of premium) and fair value gains/(losses) on provisionally priced trade receivables.

Disaggregated revenue information

Disaggregated revenue information by segment can be found in Note 1. All revenue from customer contracts is derived in Australia and relates to goods transferred at a point in time.

Contract balances

Contract balances, including trade receivables (not subject to provision pricing), are disclosed in Note 5.

NOTE 3: EXPENSES

		Note	Consolidated 2020 $'000	Consolidated 2019 $'000
(a)	**Expenses excluding net finance costs**			
	Operating costs		29,891	23,699
	Other operating costs			
	Pipeline and processing tariffs		13,981	10,213
	Royalties		8,995	7,549
	Depreciation and amortisation			
	Oil and gas properties		24,593	16,320
	Other property, plant and equipment and intangibles		14,633	10,457
	Third party product purchases		4,921	-
	Flowline operating costs		1,173	830
	Other expenses			
	Employee expenses not included in operating costs		4,539	6,056
	Restructuring expense		2,638	2,109
	Foreign exchange gain		(31)	(290)
	Operating lease expense		-	1,759
	Other		5,629	7,403
	Total expenses excluding net finance costs[1]		**110,962**	**86,105**
(b)	**Impairment**			
	Impairment charge	7	52,145	-
			52,145	**-**
(c)	**Finance expenses**			
	Rehabilitation accretion	8	960	1,429
	Debt facility accretion		461	124
	Lease and bank interest		8,595	231
			10,016	**1,784**
(d)	**Employee costs[2]**			
	Wages, salaries and bonuses		36,093	36,359
	Share based payments		2,324	1,423
	Employee administration expenses		2,811	4,200
	Restructuring expense		2,638	2,013
			43,866	**43,995**

[1] *Includes $0.8 million reduction in expenses from State and Federal government measures to assist businesses during the COVID-19 pandemic such as Jobkeeper payment and payroll tax rebates.*

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

NOTE 3: EXPENSES (Continued)

Recognition and measurement

Employee benefits expense

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

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

Finance costs

Finance costs are recognised as an expense when they are incurred. Provisions and other payables are discounted to their present value when the effect of the time value of money is significant.

Capitalisation of borrowing costs

Borrowing costs relating to assets currently under development, which have been capitalised in 'oil and gas properties' during the period, amounted to $4.3 million (30 June 2019: $2.1 million) at an interest rate of the Bank Bill Swap Bid Rate (BBSY) plus margin.

NOTE 4: EARNINGS PER SHARE

	Consolidated	
	2020	**2019**
Net (loss)/profit attributable to the owners of the parent entity ($'000)	**(51,367)**	**3,295**
Weighted average number of shares (thousands)		
Basic (loss)/earnings per share	1,455,877	1,451,658
Diluted (loss)/earnings per share	1,455,877	1,479,360
(Loss)/earnings per share (cents)		
Basic (loss)/earnings per share	(3.53)	0.23
Diluted (loss)/earnings per share	(3.53)	0.22

Recognition and measurement

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

There are no dilutive shares at 30 June 2020. For the purposes of calculating diluted earnings per share at 30 June 2019, 27.6 million dilutive shares were taken into account. The Group's only potential dilutive ordinary shares are share awards granted under the employee share ownership plans for which terms and conditions are described in Note 15.

At 30 June 2020, there are no instruments which are considered antidilutive (2019: nil).

WORKING CAPITAL

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Trade receivables (not subject to provisional pricing)	2,190	902
Trade receivables (subject to provisional pricing)	17,775	20,712
Deferred consideration owed by Beach Energy	-	4,794
Sundry receivables non-interest bearing and unsecured	-	977
Current trade and other receivables	**19,965**	**27,385**
Sundry receivables non-interest bearing and unsecured	49	49
Non-current trade and other receivables	**49**	**49**

Recognition and measurement

With the exception of trade receivables (subject to provisional pricing), trade and other receivables are classified as financial assets held at amortised cost on the basis that they are held with the objective of collecting contractual cash flows and the cash flows relate to payments of principal and interest on the principal amount outstanding.

Trade receivables (subject to provisional pricing)

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

Trade receivables (not subject to provisional pricing)

Trade receivables (not subject to provisional pricing) generally have terms of 30 days. They are recognised at fair value. Customers who wish to trade on credit terms are subject to credit verification procedures. Receivables are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Impairment of trade receivables

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

In 2020 and 2019 all of the Group's trade receivables and other current receivables which the Group measures at amortised cost are short term (ie expected settlement within 12 months) and the Group has credit assessment and risk management policies in place. The expected credit losses on trade receivables was not considered material (<0.5 per cent).

NOTE 5: TRADE AND OTHER RECEIVABLES (Continued)

Other debtors

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

The consideration for the termination of the Senex-Beach Energy joint venture unconventional gas project agreement was transferred as a free-carry commitment whereby the Group's share of cash calls was paid by Beach Energy for a program of work in the Senex-operated Cooper Basin western flank areas.

NOTE 6: TRADE AND OTHER PAYABLES

		Consolidated	
		2020	**2019**
		$'000	**$'000**
Current trade and other payables			
Other creditors and accruals - unsecured		26,255	23,667
Unexpended government grant		-	1,400
Payables to joint operations creditors	20	5,189	6,810
		31,444	**31,877**

Recognition and measurement

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

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an asset, which was the case for grants at 30 June 2019, it is offset against the asset being constructed.

RESOURCE ASSETS

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

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

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

	Consolidated at 30 June 2019					
	Property, plant and equipment					
	Property, plant and equipment	Assets under construction	Right of use assets	Oil and gas properties	Exploration assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening 30 June 2018						
Cost	116,356	7,672	-	280,888	314,545	**719,461**
Accumulated depreciation, amortisation and impairment	(35,834)	-	-	(148,586)	(243,441)	**(427,861)**
Net book value	**80,522**	**7,672**	**-**	**132,302**	**71,104**	**291,600**
Additions	5,653	12,799	-	90,746	34,553	**143,751**
Disposals	(19)	-	-	-	(704)	**(723)**
Transfers	(17,910)	(16,832)	-	48,153	(18,741)	**(5,330)**
Transfers to assets held for sale	(4,712)	-	-	(46,229)	-	**(50,941)**
Written off to the profit and loss	-	(299)	-	(122)	(11,194)	**(11,615)**
Depreciation and amortisation charge	(9,191)	-	-	(16,320)	-	**(25,511)**
Closing net book value	**54,343**	**3,340**	**-**	**208,530**	**75,018**	**341,231**
At 30 June 2019						
Cost	97,263	3,340	-	373,437	318,522	**792,562**
Accumulated depreciation, amortisation and impairment	(42,920)	-	-	(164,907)	(243,504)	**(451,331)**
Net book value	**54,343**	**3,340**	**-**	**208,530**	**75,018**	**341,231**

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

Recognition and measurement

Property, plant and equipment

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

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

Oil and gas properties

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

Exploration assets

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

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

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

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

Depreciation and amortisation

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

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

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

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

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

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

Impairment

Recognition and measurement

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

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

How the Group calculates recoverable amount

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

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

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

Valuation methods

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

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Group's continued use and does not consider future development.

Key judgements and estimates

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

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

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

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

Future prices (real) used in the 2020 impairment assessment are set out below. Real prices are escalated at between 1.0 per cent to 2.0 per cent per annum:

	FY21	FY22	FY23	FY24	Long term
Brent oil – USD	47	51	55	59	63
FX rate	0.69	0.69	0.69	0.70	0.70
Brent oil – AUD	68	74	80	84	90

The discount rates applied to the future forecast cash flows are based on the weighted average cost of capital, adjusted for risks where appropriate. The post-tax discount rate applied is 10.5 per cent.

In assessing FVLCD recent market transactions are considered as counterfactual indicators of value.

Due to adverse changes in applied assumptions during the year ended 30 June 2020, significantly as a result of volatility and uncertainty from COVID-19, the Group has recorded an impairment of $35.1m relating to oil and gas property and PP&E within the Cooper-Eromanga Basin CGU. Prior year comparatives are not applicable as no indicators of impairment were identified in 2019.

In the event that future circumstances vary from these assumptions, the recoverable amount of the Group's Cooper-Eromanga Basin CGU could change materially and result in further impairment losses or the reversal of previous impairment losses.

With regards to the other CGUs within the Group, the Group has determined no reasonable possible change in assumptions results in any impairment at 30 June 2020.

Exploration assets

At 30 June 2020, the Group performed a review of indicators of impairment for exploration assets which gave rise to an impairment charge of $13.0 million against the Cooper-Eromanga Basin CGU (30 June 2019: $nil). The value to which the exploration assets were written down reflects the Group's view as to what is economically recoverable based on consideration of internal and external factors, including expected Brent oil price and third party offers.

Inventory

The Group has performed a review of its inventory balances at 30 June 2020. Based on impairments identified to oil and gas properties and exploration assets the Group has impaired $4.0 million (30 June 2019: $nil) of inventory items that are not expected to be required for future activity.

Impairment expense

A reconciliation of impairment expense recorded against the Cooper-Eromanga Basin CGU for the current financial year is presented below:

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Oil and gas properties	31,408	-
Property, plant and equipment	3,733	-
Exploration assets	13,041	-
Inventory	3,963	-
	52,145	**-**

NOTE 8: PROVISIONS

		Consolidated 2020 $'000	2019 $'000
Current			
Rehabilitation		1,729	1,974
Other provisions	18	7,400	4,157
		9,129	**6,131**
Non-current			
Rehabilitation		64,999	62,589
Other provisions	18	1,291	763
		66,290	**63,352**
Rehabilitation			
Balance at the beginning of the year		64,563	51,216
Additional provision recognised during the year		10,289	8,986
Changes in cost estimate and discount rate adjustment		(8,871)	8,157
Transfer to assets held for sale	21	-	(4,941)
Completion of rehabilitation activity		(213)	(284)
Interest unwind of liability		960	1,429
Balance at the end of the year		**66,728**	**64,563**

Recognition and measurement – rehabilitation provisions

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

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

On initial recognition, the present value of the estimated rehabilitation cost is capitalised to oil and gas properties or PP&E and depreciated over the useful life of the associated assets (between three and 30 years).

Changes in estimates to rehabilitation costs for sites which do not have a future economic benefit, are expensed.

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

NOTE 8: PROVISIONS (Continued)

Key judgements and estimates

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 assumptions to be made on removal data, current and future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating future cost, future removal technologies in determining the removal cost and inflation rates. The rehabilitation obligation is discounted to present value using a ten-year government bond discount rate which is considered reflective of the risk-free rate.

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

FINANCIAL MANAGEMENT

NOTE 9: NET CASH

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

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current interest-bearing liabilities		
Bank loan	-	-
Interest bearing loans and borrowings	-	-
	-	**-**
Non-current interest-bearing liabilities		
Bank loan	(125,000)	(50,000)
Debt facility transaction costs	8,686	9,994
Total interest-bearing liabilities	**(116,314)**	**(40,006)**
Less: cash and cash equivalent		
Cash at bank and in hand	79,908	62,669
Total cash and cash equivalents	**79,908**	**62,669**
Net (debt)/cash excluding transaction costs	**(45,092)**	**12,669**

Recognition and measurement

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

NOTE 9: NET CASH (Continued)

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

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

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

NOTE 10: LEASES

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

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

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

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

	Consolidated at 30 June 2020				
	Gas processing facilities $'000	Office leases $'000	Motor vehicles $'000	Other equipment $'000	Total $'000
Initial recognition at 1 July 2019	-	10,945	930	1,283	**13,158**
Additions	160,059	275	-	-	**160,334**
Disposal	-	(78)	-	(117)	**(195)**
Depreciation charge	(1,785)	(1,925)	(440)	(1,120)	**(5,270)**
At 30 June 2020	**158,274**	**9,217**	**490**	**46**	**168,027**

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

	Consolidated	
	2020 $'000	2019 $'000
At 1 July 2019 (initial recognition)	13,158	-
Addition	160,334	-
Interest expense	7,089	-
Lease surrender	(232)	-
Payments	(6,817)	-
At 30 June 2020	**173,532**	
Current	2,649	-
Non-current	170,883	-
At 30 June 2020	**173,532**	-

NOTE 10: LEASES (Continued)

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Lease liabilities mature as follows:		
Within one year	11,310	
After one year but more than five years	83,893	-
More than five years	216,950	-
Minimum lease payments	**312,153**	**-**
Future finance charges	(138,621)	**-**
Total lease liabilities	**173,532**	**-**

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	4,747	-
Interest expense on lease liabilities	7,089	-
Expense relating to short-term leases (included in operating costs)	11	-
Expense relating to leases of low-value assets (included in other expenses)	3	-
Variable lease payments (included in operating costs)	1,227	-
Total amount recognised in profit or loss	**13,077**	**-**

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

The Group had total cash outflows for leases of $6.8 million in 2020 (2019: $nil).

Variable lease payments

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

NOTE 10: LEASES (Continued)

Opening balance reconciliation

The lease liability at 1 July 2019 can be reconciled to the operating lease commitments in Note 24 of Senex Energy Limited's 30 June 2019 Annual Report as follows:

Operating lease commitments as at 1 July 2019 (undiscounted lease payments) ($'000)	15,624
Weighted average incremental borrowing rate as at 1 July 2019	5.40 per cent
Discounted operating lease commitments at 1 July 2019 ($'000)	13,171
Less: commitments relating to short term leases ($'000)	(13)
Lease liability at 1 July 2019 ($'000)	**13,158**

The increase in the lease liabilities from 1 July 2019 is due to the recognition of new leases for the Roma North and Atlas gas processing facilities which span between 20 and 25 years and other office leases.

Recognition and measurement

The Group accounts for leases by:

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

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

NOTE 11: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk exposures and management

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

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

Commodity price risk

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

To mitigate commodity price risk, the Group has entered into monthly settled oil price swaps covering 317,731 barrels for the period 1 July 2020 to 30 June 2021. The monthly quantity of barrels swapped is designed to cover a portion of highly probable forecast sales and is expected to reduce the volatility attributable to price fluctuations of Brent oil. The oil price swaps mature as follows:

	Maturity as at 30 June 2020		Maturity as at 30 June 2019	
Oil price swaps	**Within 1 year**	**1 – 2 years**	**Within 1 year**	**1 – 2 years**
Notional amounts ($'000)	28,655	-	43,479	27,299
Average Brent price (AUD)	90.19	-	93.46	87.87

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

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

The Board will continue to monitor commodity price risk and seek to mitigate it if considered necessary. The effect on profit before tax disclosure below takes into consideration any commodity price derivatives in place at 30 June 2020 and is based on the commodity risk exposures in existence at the reporting date.

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Effect on profit before tax		
Change on year-end oil price +10%	788	1,700
Change on year-end oil price -10%	(804)	(1,758)
Effect on equity		
Change on year-end oil price +10%	(1,071)	(4,881)
Change on year-end oil price -10%	1,092	4,224

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

Foreign currency risk

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

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

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Financial assets		
Cash and cash equivalents	4,226	3,223
Trade and other receivables	17,775	21,383
Trade and other payables	(1,605)	(579)
Net exposure	**20,396**	**24,027**

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

	Consolidated higher/(lower)	
	2020	**2019**
	$'000	**$'000**
Effect on profit before tax		
AUD / USD +10%	(1,066)	(2,023)
AUD / USD -10%	1,050	1,964
Effect on equity		
AUD / USD +10%	829	3,959
AUD / USD -10%	(809)	(4,616)

Liquidity risk

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

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

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

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

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

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

At 30 June 2020 the Group has drawn down $125 million (FY19: $50 million) of Facility A and has utilised $25.9 million (FY19: $21.3 million) of Facility B and C to back performance guarantees issued by the Group.

The SFA contains certain covenants that the Group must comply with on a quarterly basis and the Director's continue to monitor the Group's compliance with these requirements. The Group was in compliance with its covenants at 30 June 2020.

The remaining contractual maturities of the Group's financial liabilities at 30 June 2020 is:

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

The remaining contractual maturities of the Group's financial liabilities at 30 June 2019 is:

	Consolidated				
2019 $'000	**Trade and other payables**	**Other financial liabilities**	**Interest bearing liabilities**	**Lease liabilities**	**Total**
Due for payment					
In six months or less or on demand	31,877	195	2,349	-	**34,421**
In greater than six months but less than one year	-	153	2,349	-	**2,502**
In one to five years	-	1,215	61,341	-	**62,556**
In greater than five years	-	-	-	-	**-**
	31,877	**1,563**	**66,039**	**-**	**99,479**

Interest rate risk

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

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

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

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

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

	Consolidated higher/(lower)	
	2020	**2019**
	$'000	**$'000**
Effect on profit before tax		
BSSY +0.5%	(250)	(10)
BSSY -0.5%	250	10
Effect on equity before tax		
BSSY +0.5%	268	140
BSSY -0.5%	(268)	(140)

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

Credit risk

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

Financial instruments and cash deposits

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

Trade receivables

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

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

Capital management and going concern

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

At 30 June 2020 the Group had net current assets of $72.7 million, including cash of $79.9 million and had substantially completed its multi-year, transformational, Surat Basin capital program. The Group has been confirmed as operating in an essential services industry since the outbreak of COVID-19 and has been able to operate at full capacity with minimal impact on its operations or supply chains.

The financial performance of the business is monitored against an approved annual budget and approved work plans to ensure that adequate funding will be available to carry out planned activities and business continuity. In assessing going concern the Directors have considered projected cash flow information for the 12 months from the date of approval of these financial statements, taking into account an estimation of the potential impacts of COVID-19 through lower realised pricing. These forecasts indicate that, taking into account reasonably possible downsides in price, existing oil price hedging, minimal committed capital expenditure and existing long-term fixed price gas sales agreements, the Group is expected to continue to operate within available cash levels and the terms of its debt facilities.

The Directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis and have a reasonable expectation that the Group will be able to pay its debts as and when they fall due for at least the next 12 months. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Financial assets and liabilities

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

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

Fair values

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

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

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

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

	As at 30 June 2020			As at 30 June 2019		
	Amortised cost	Fair value through profit or loss	Fair value through OCI	Amortised cost	Fair value through profit or loss	Fair value through OCI
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	79,908	-	-	62,669	-	-
Trade and other receivables	2,239	-	-	1,928	-	-
Deferred consideration owed by Beach Energy	-	-	-	4,794	-	-
Trade and other receivables - subject to provisional pricing[1]	-	17,775	-	-	20,712	-
Other financial assets:						
Crude oil price swaps - current[2]	-	-	9,558	-	-	3,429
Crude oil price swaps - non-current[2]	-	-	348	-	-	949
	82,147	**17,775**	**9,906**	**69,391**	**20,712**	**4,378**
Financial liabilities						
Trade and other payables	31,444	-	-	31,877	-	-
Interest bearing liabilities	125,000	-	-	50,000	-	-
Lease liabilities	173,532	-	-	-	-	-
Other financial liabilities - current:						
Haliburton tight oil[4]	190	-	-	190	-	-
Interest rate swaps[3]	-	-	682	-	-	158
Other financial liabilities - non-current:						
Haliburton tight oil[4]	575	-	-	740	-	-
Interest rate swaps[3]	-	-	1,125	-	-	475
	330,741	**-**	**1,807**	**82,807**	**-**	**633**

See notes to table on the next page.

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

1) Level 2

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

2) Level 2

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

3) Level 2

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

4) Level 3

The carrying value of the Halliburton tight oil agreement approximates fair value at 30 June 2020. Fair value has been determined by reference to the initial amount funded by Halliburton and discounted cash flows across the term of the agreement, with reference to expected production from the wells subject to the agreement, Brent ICE forward price (USD), forward exchange rate (AUD:USD), forecast operating costs and royalties and other commercial terms under the agreement.

The Group does not have any level 1 financial instruments as at 30 June 2020 or 30 June 2019.

Recognition and measurement - hedging

The Group uses derivative financial instruments including AUD and USD denominated Brent oil swaps and put options, to hedge its foreign currency and commodity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and on each subsequent reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

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

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

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

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

CAPITAL STRUCTURE

NOTE 12: CONTRIBUTED EQUITY

	Parent entity			
	2020		2019	
Movement in ordinary fully paid shares on issue	**Number of shares**	**$'000**	**Number of shares**	**$'000**
Balance at the beginning of the period:	1,453,069,535	540,468	1,447,271,094	540,213
Issues of shares during the period:				
Exercise of unlisted options[1]	-	-	1,000,000	255
Employee shares				
Performance and share appreciation rights (nil consideration)[2]	4,750,332	-	4,798,441	-
Balance at the end of the period	**1,457,819,867**	**540,468**	**1,453,069,535**	**540,468**

[1] No ordinary fully paid shares were issued (FY19: 1,000,000 for a price of 25.5 cents) for the exercise of unlisted options during the year held by the Managing Director.

[2] 4,750,332 ordinary fully paid shares were issued (FY19: 4,798,441) during the year to senior executives in relation to short- and long-term incentive rights and for employee retention rights.

Recognition and measurement

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

Ordinary fully paid shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held. Ordinary fully paid shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value.

NOTE 13: RESERVES

	Consolidated		
	2020 $'000	**2019 $'000**	**Recognition and measurement**
Share-based payment reserve	21,739	19,415	The share-based payments reserve represents the accrued employee entitlements to share awards that have been charged to profit or loss.
Hedge reserve	7,065	3,408	The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to transactions that have not yet occurred and changes in the time value of instruments. Amounts in the reserve are recycled to profit or loss as the underlying hedged transactions occur.
	28,804	**22,823**	

EMPLOYEE MATTERS

NOTE 14: KEY MANAGEMENT PERSONNEL

Compensation of Key Management Personnel comprises:

	Consolidated	
	2020 $	**2019 $**
Short-term	4,146,207	5,285,712
Post-employment	182,501	234,674
Share-based payments	1,574,010	1,047,934
	5,902,718	**6,568,320**

Other transactions with Key Management Personnel

During the financial year, the Group made payments of $12,250 (FY19: $12,928) to Morgans Financial Limited, a company associated with Mr Tim Crommelin (a non-executive director), for provision of data services. None of the services were provided by Mr Crommelin as a director of the Group. There were no other transactions with Key Management Personnel or their related parties during the current or prior year.

NOTE 15: SHARE-BASED PAYMENTS

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

Plan	Share Appreciation Rights	Performance Rights
Overview	The Company has adopted a share appreciation rights (SARs) plan for executives and employees, which directly links equity-based incentives to performance conditions.	From FY18, the Company has adopted performance rights plans for executives and employees, which directly links equity-based incentives to pre-defined performance conditions.
Vesting conditions	Service and performance conditions. *<u>FY17 SAR's (vested)</u>* 70 per cent of SARs are subject to a long term incentive (LTI) performance condition (relative TSR performance condition) that the Company achieves total shareholder return (TSR) at or above the 50th percentile of the TSR of a comparator group of companies (S&P/ASX 300 Energy Index) over the three year performance period. 30 per cent of SARs are subject to an LTI performance condition (production run rate performance condition) that the Company achieve a 30 consecutive day production run rate in the 6 months ended 30 June 2020 of 2.5 – 3.0 mmboe. *<u>FY16 SAR's (vested)</u>* 70 per cent of SARs are subject to an LTI performance condition (relative TSR performance condition) that the Company achieves a TSR at or above the 50th percentile of the TSR of a comparator group of companies (S&P/ASX 300 Energy Index) over the three year performance period. 30 per cent of SARs are subject to an LTI performance condition of achievement of 2P Reserves target (mmboe) over the three year performance period.	Service and performance conditions. *<u>FY19 and FY20 LTI performance rights</u>* 100 per cent of FY19 and FY20 performance rights are subject to relative TSR performance condition that the Company achieves TSR growth that is positive and at or above the 50th percentile of the TSR of a comparator group of companies (S&P/ASX 300 Energy Index) over the three-year performance period. *<u>FY19 strategic business milestone rights</u>* The Company issued rights to the Chief Executive Officer during the period that are subject to natural gas projects in the Surat Basin being delivered through the construction of key infrastructure, completion of the initial phase of development drilling and the commencement of commercial gas sales from each project. Vesting will be based on achievement of the milestone, subject to there being a positive TSR over the milestone delivery period. *<u>FY18 LTI performance rights</u>* 70 per cent of FY18 LTI performance rights are subject to relative TSR performance condition that the Company achieves TSR growth that is positive and at or above the 50th percentile of the TSR of a comparator group of companies (S&P/ASX 300 Energy Index) over the three-year performance period. 30 per cent of FY18 LTI performance rights are subject to the achievement of identified strategic and financial goals linked to material project delivery and company transition over the three year performance period. *<u>FY18, FY19 and FY20 short-term incentive performance rights</u>* Performance rights issued to executive and non-executive employees in conjunction with their short-term incentive entitlements are subject to service and performance conditions. *<u>FY18 (vested), FY19 and 2019 retention rights</u>* The Company has a retention rights plan designed to retain and incentivise existing employees and attract key new employees. The retention rights have service conditions only.
Vesting period	3 years	2 - 3 years
Expiry period	7 years	6 - 7 years

NOTE 15: SHARE-BASED PAYMENTS (Continued)

A reconciliation of outstanding awards is contained below:

2020	At 1 July 2019 (number)	Issued (number)	Exercised (number)	Forfeited (number)	At 30 June 2020 (number)	Vested and exercisable at 30 June 2020 (number)	Weighted average remaining contractual life (years)
SARs	18,506,101	-	(3,440,888)	(2,928,597)	12,136,616	12,136,616	2.7
Performance rights	20,810,797	13,477,792	(2,587,738)	(5,223,343)	26,477,508	2,274,196	2.4

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

2020	Weighted average fair value ($)	Risk-free interest rate (%)	Estimated life (years)	Share price at grant date ($)	Estimated volatility (%)	Dividend yield (%)
Performance rights	0.21	0.68% - 0.75%	2.6 – 3.0	0.32 – 0.40	50	0.48% - 0.65%
Retention rights	0.37	0.60% - 0.73%	1.9 – 3.0	0.32 – 0.39	50	0.49% - 0.65%

Employee share awards expense was $2,324,000 (2019: $1,423,000).

Recognition and measurement

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

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

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

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

OTHER FINANCIAL DISCLOSURES

NOTE 16: INCOME TAX

	Consolidated 2020 $'000	2019 $'000
Income tax expense		
The major component of income tax expense is:		
Deferred tax benefit/(liability)	15,410	(601)
Net tax (asset)/liability not brought to account	(15,410)	601
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	**-**	**-**

NOTE 16: INCOME TAX (Continued)

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

	Consolidated	
	2020 $'000	**2019 $'000**
(Loss)/profit before income tax	**(51,367)**	**3,295**
At the Group's statutory income tax rate of 30% (2019: 30%)	15,410	(989)
Research and development benefit	-	425
Assessable grant	(938)	-
Other	(15)	(37)
Derecognition of deferred tax on (losses)/gains	(14,457)	601
Income tax benefit/(expense) reported in the Statement of Comprehensive Income	**-**	**-**

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

	Consolidated			
	Statement of Financial Position		Statement of Comprehensive Income	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Deferred tax assets/(liabilities)				
Receivables	1,223	34	1,189	-
Property, plant and equipment, intangibles, exploration assets and oil and gas properties	(16,865)	(30,965)	14,100	(9,985)
Trade and other payables	-	(153)	154	(883)
Provisions	13,362	10,611	2,750	5,514
Other	(846)	167	(1,012)	(1,566)
Income tax losses and offsets	77,990	79,446	(1,457)	4,333
Deferred tax assets/(liabilities)	**74,864**	**59,140**	**15,724**	**(2,587)**
Income tax losses and offsets not recognised as realisation is not probable	(74,864)	(59,140)	(15,724)	2,587
Net deferred income tax asset/(liability) recognised	**-**	**-**	**-**	**-**

Tax transparency

The Group operates and has subsidiaries in Australia. During the financial year, the Group paid $12 million of state taxes, fringe benefits tax and royalties in Australia (2019: $8.7 million).

Recognition and measurement

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

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date and include state taxes, fringe benefits tax and royalties in Australia.

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

NOTE 16: INCOME TAX (Continued)

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

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

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

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

Income tax consolidation legislation

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

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

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

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

Income tax losses

At 30 June 2020, the Group had $259,965,000 (2019: $264,820,000) of carry-forward tax losses that are available for offset against future taxable profits of the income tax consolidated group, subject to the relevant tax loss recoupment requirements being met.

The carry-forward tax losses and offsets give rise to a deferred tax asset (which has not been recognised at 30 June 2020) of $77,990,000 (2019: $79,446,000).

NOTE 17: INTANGIBLE ASSETS

		Consolidated	
		2020	**2019**
	Note	**$'000**	**$'000**
At the beginning of the year			
Cost		11,983	6,653
Accumulated amortisation		(6,820)	(5,554)
Net book amount		**5,163**	**1,099**
Movement for the year ended 30 June			
Opening net book value		5,163	1,099
Transfer from assets under construction	7	389	5,330
Amortisation charged for the year		(1,419)	(1,266)
Net book amount		**4,133**	**5,163**
At 30 June			
Cost		12,372	11,983
Accumulated amortisation		(8,239)	(6,820)
Net book amount		**4,133**	**5,163**

Recognition and measurement

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

NOTE 18: OTHER PROVISIONS

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Current		
Annual and long service leave	2,366	1,821
Restructuring provision	2,638	2,013
Building rectification	2,396	-
Other provisions	-	323
	7,400	**4,157**
Non-current		
Long service leave	766	763
Other provisions	525	-
	1,291	**763**

NOTE 18: OTHER PROVISIONS (Continued)

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

	Consolidated	
	2020 $'000	2019 $'000
Building rectification and other provisions		
Balance at the beginning of the year	323	389
Provision recognised/(released) during the year	2,985	(66)
Payments made during the year	(387)	-
Balance at the end of the year	**2,921**	**323**

Building rectification and other provisions include provisions relating to the Group's obligation to rectify defects identified from the construction of the Roma North gas compression facility that was disposed of during the financial year (refer to Note 21), legal disputes, contractors' claims and lease liability adjustments.

Recognition and measurement

Provisions are recognised when:

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

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

Liabilities for employee service up to the reporting date such as un-paid wages and salaries including non-monetary benefits, annual leave and long service leave are measured at the expected future payment. Liabilities for restructuring activities communicated prior to the reporting date are also recognised at the expected future payment. Restructuring activities provided for at 30 June 2019 were completed in the year ended 30 June 2020. Restructuring activities provided for at 30 June 2020 are expected to be completed in financial year 2021.

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

NOTE 19: CONSOLIDATED STATEMENT OF CASH FLOWS RECONCILIATION

	Consolidated	
	2020	2019
	$'000	$'000
Reconciliation of the net (loss)/profit after tax to net cash flows used in operations		
Net (loss)/profit	**(51,367)**	**3,295**
Adjustments:		
Depreciation and amortisation	39,226	26,777
Impairment expense	52,145	-
(Gain)/loss on foreign exchange translation	(31)	(290)
Gain on termination of unconventional joint venture	-	(5,400)
(Gain)/loss on disposal of assets	(312)	318
Unwind of the effect of discounting on provisions	1,425	1,429
Share-based payments	2,324	1,423
Write-off of exploration assets	4,641	1,831
Other	(623)	(1,334)
Changes in assets and liabilities:		
Decrease in prepayments	2,056	190
Decrease in trade and other receivables	1,643	10,830
Decrease in inventory	20	87
Increase in other financial assets	(1,380)	-
Increase in trade and other payables	2,460	2,785
(Decrease)/increase in provisions	(682)	2,580
Net cash flows from operating activities	**51,545**	**44,521**

NOTE 20: 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.

	Consolidated	
	2020	2019
Exploration	Percentage	Percentage
Surat		
ATP 1190 (Weribone)	20.7%	20.7%
Cooper-Eromanga Basin		
PEL 90* (Kiwi)	100%	75%
PEL 94	15%	15%
PEL 182*	57%	-

** denotes operatorship*

NOTE 20: INTEREST IN JOINT OPERATIONS (Continued)

	Consolidated	
	2020	2019
Production	**Percentage**	**Percentage**
Cooper-Eromanga		
PPL 206 (Derrilyn)	35%	35%
PPL 207 (Worrior)*	70%	70%
PPL 208 (Derrilyn)	35%	35%
PPL 211 (Reg Spring West)	25%	25%
PPL 215 (Toparoa)	35%	35%
PPL 240 (Snatcher)*	60%	60%
PPL 242 (Growler)*	60%	60%
PPL 243 (Mustang)*	60%	60%
PPL 258 (Spitfire)*	60%	60%
PPL 263 (Marlet North)*	60%	60%
PPL 264 (Martlet)*	60%	60%
PPL 265 (Marauder)*	60%	60%
PPL 266 (Breguet)	60%	-
PPL 268 (Vanessa)	57%	-

	Consolidated	
	2020	2019
Retention	**Percentage**	**Percentage**
Cooper-Eromanga		
PRL 15*	60%	60%
PRL 108*	100%	50%
PRL 109*	100%	50%
PRL 110*	100%	50%
PRL 120*	80%	80%
PRL 124*	80%	80%
PRL 128*	80%	80%
PRL 135 (Vanessa)*	57%	57%
PRL 136 (Marauder)*	60%	60%
PRL 137 (Martlet)*	60%	60%
PRL 138-150*	60%	60%
PRL 183-190*	80%	80%
PRL 207-209*	55%	55%
PRL 211	15%	100%
PRL 231-233	70%	70%
PRL 237	70%	70%
PRL 238-244	57%	57%

** denotes operatorship*

NOTE 20: INTEREST IN JOINT OPERATIONS (Continued)

The Group's share of the joint operation and revenue and expenses consist of:

	Consolidated 2020 $'000	2019 $'000
Revenue		
Oil sales	48,718	70,795
Gas and gas liquids sales	1,250	4,559
	49,968	**75,354**
Expenses		
Expenses excluding net finance costs	37,194	43,269
Oil and gas exploration expenses	3,263	10,491
	40,457	**53,760**

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

	Note	Consolidated 2020 $'000	2019 $'000
Current assets			
Trade and other receivables		8,542	19,459
Non-current assets			
Property, plant and equipment		33,804	35,772
Exploration assets		19,442	21,982
Oil and gas properties		42,132	68,661
TOTAL ASSETS		**103,920**	**145,874**
Current liabilities			
Trade and other payables	6	5,189	6,810
Provisions - rehabilitation		61	-
Non-current liabilities			
Provisions - rehabilitation		17,746	17,482
TOTAL LIABILITIES		**22,996**	**24,292**
NET ASSETS		**80,924**	**121,582**

Recognition and measurement

The Group has interests in joint arrangements that are joint operations. In a joint operation the parties with 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.
- expenses - including its share of any expenses incurred jointly.

NOTE 21: ASSETS HELD FOR SALE

On 12 September 2019 Senex Energy Limited completed the disposal of Senex Pipeline & Processing Pty Ltd (SPP) for $50 million. SPP's primary business was the construction and operation of the Roma North gas compression facility and associated pipeline. SPP did not contribute to the Group's result during the year ended 30 June 2020.

The Group recognised a gain on disposal of SPP of $0.2 million.

NOTE 22: SUBSIDIARIES

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

	Country of incorporation	Equity interest % 2020	Equity interest % 2019
Parent entity			
Senex Energy Limited	Australia	100	100
Directly controlled by Senex Energy Limited			
Azeeza Pty Ltd	Australia	100	100
Victoria Oil Pty Ltd	Australia	100	100
Senex Weribone Pty Ltd	Australia	100	100
Permian Oil Pty Ltd	Australia	100	100
Victoria Oil Exploration (1977) Pty Ltd	Australia	100	100
Stuart Petroleum Pty Ltd	Australia	100	100
Senex Assets Pty Ltd	Australia	100	100
Senex Energy Employee Share Trust	Australia	100	100
Senex QLD Exploration Pty Ltd	Australia	100	100
Senex Pipeline & Processing Pty Ltd[1]	Australia	-	100
Directly controlled by Stuart Petroleum Pty Ltd			
Stuart Petroleum Cooper Basin Oil Pty Ltd	Australia	100	100
Stuart Petroleum Cooper Basin Gas Pty Ltd	Australia	100	100

[1]On 12 September 2019 Senex Energy Limited completed the disposal of Senex Pipeline & Processing Pty Ltd. Refer to Note 21 for additional details.

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 23: DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Relief Instrument), Victoria Oil Exploration (1977) Pty Ltd (wholly-owned subsidiary) is a party to a deed of cross guarantee with Senex Energy Limited (holding company) and was granted relief from the *Corporations Act 2001* requirement for preparation, audit and lodgement of financial statements, and directors' reports for the year ended 30 June 2020.

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

NOTE 23: DEED OF CROSS GUARANTEE (Continued)

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

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

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'.

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

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

	Consolidated	
	2020 $'000	**2019 $'000**
Continuing operations		
Revenue	121,519	95,350
Other income	3,019	7,161
Expenses excluding net finance costs	(110,962)	(86,105)
Oil and gas exploration expense	(2,782)	(11,327)
Impairment	(52,145)	-
Finance expenses	(10,016)	(1,784)
(Loss)/profit before tax	**(51,367)**	**3,295**
Income tax benefit/(expense)	-	-
(Loss)/profit after tax	**(51,367)**	**3,295**
Net (loss)/profit attributable to owners of the parent entity	**(51,367)**	**3,295**
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss (net of tax)		
Change in fair value of cash flow hedges	3,657	4,550
Total comprehensive (loss)/income for the period attributable to owners of parent entity	**(47,710)**	**7,845**

NOTE 23: DEED OF CROSS GUARANTEE (Continued)

(b) Consolidated Statement of Financial Position

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

	Consolidated	
	2020	**2019**
	$'000	**$'000**
ASSETS		
Current assets		
Cash and cash equivalents	79,908	62,669
Prepayments	590	1,457
Trade and other receivables	19,965	27,385
Inventory	6,725	10,393
Other financial assets	9,558	3,429
	116,746	**105,333**
Assets held for sale	-	50,941
Total current assets	**116,746**	**156,274**
Non-current assets		
Trade and other receivables	49	49
Property, plant and equipment	249,196	57,683
Oil and gas properties	292,512	208,530
Exploration assets	46,707	75,018
Intangible assets	4,133	5,163
Other financial assets	348	949
Total non-current assets	**592,945**	**347,392**
TOTAL ASSETS	**709,691**	**503,666**
LIABILITIES		
Current liabilities		
Trade and other payables	31,444	31,877
Provisions	9,129	6,131
Lease liabilities	872	348
Other financial liabilities	2,649	-
	44,094	**38,356**
Liabilities directly associated with the assets held for sale	-	4,941
Total current liabilities	**44,094**	**43,297**
Non-current liabilities		
Provisions	66,290	63,352
Interest bearing liabilities	116,314	40,006
Lease liabilities	1,700	1,215
Other financial liabilities	170,883	-
Total non-current liabilities	**355,187**	**104,573**
TOTAL LIABILITIES	**399,281**	**147,870**
NET ASSETS	**310,410**	**355,796**
EQUITY		
Contributed equity	540,468	540,468
Reserves	28,804	22,823
Accumulated losses	(258,862)	(207,495)
TOTAL EQUITY	**310,410**	**355,796**

NOTE 24: AUDITORS REMUNERATION

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

	Consolidated 2020 $'000	2019 $'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	285	419
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm.	90	81
Fees for other services • tax compliance • due diligence • IT implementation controls assessment • remuneration review • debt compliance	27	312
	402	**812**

NOTE 25: COMMITMENTS

Leasing commitments

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

	Consolidated 2020 $'000	2019 $'000
Minimum lease and financing payments		
No later than one year	949	3,020
Later than one year and not later than five years	-	8,038
Later than five years	-	4,692
	949	**15,750**

Capital commitments

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

	Consolidated 2020 $'000	2019 $'000
Not later than one year	6,262	19,561
Later than one year and not later than five years	-	20,330
Later than five years	-	118,833
	6,262	**158,724**

NOTE 26: CONTINGENCIES

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

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

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

There were no other unrecorded contingent assets or liabilities in place for the Group at 30 June 2020.

NOTE 27: EVENTS AFTER THE REPORTING DATE

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

NOTE 28: PARENT ENTITY INFORMATION

(a) Summary financial information

	Consolidated	
	2020 **$'000**	**2019** **$'000**
Total current assets	269,200	263,410
Total non-current assets	70,117	119,856
Total assets	**339,317**	**383,266**
Total current liabilities	22,092	14,730
Total non-current liabilities	12,719	3,848
Total liabilities	**34,811**	**18,578**
NET ASSETS	**304,506**	**364,688**
EQUITY		
Contributed equity	540,722	540,722
Share-based payments reserve	21,485	19,161
Other reserve	7,065	3,408
Accumulated losses	(264,766)	(198,603)
TOTAL EQUITY	**304,506**	**364,688**
Net loss	(66,163)	(18,011)
Other comprehensive income of the parent entity	3,657	4,550
Total comprehensive loss of the parent entity	**(62,506)**	**(13,461)**

(b) Guarantees entered into by the parent entity

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

NOTE 28: PARENT ENTITY INFORMATION (Continued)

(c) Contingent assets and liabilities of the parent entity

Aside from those disclosed in Note 26, there are no unrecorded contingent assets or liabilities in place for the parent entity at 30 June 2020 (2019: nil).

(d) Contractual commitments for capital acquisitions

The parent entity had contractual commitments for capital acquisitions at 30 June 2020 of $nil (2019: $nil).

NOTE 29: NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

A number of other new standards are effective from 1 July 2019, and, with the exception of AASB 16 *Leases* (AASB 16) discussed below, they do not have a material impact on the Group's financial statements.

The group has adopted AASB 16 as at 1 July 2019 using the modified retrospective approach where the right of use asset has been recognised at an amount equal to the lease liability. Refer to Note 10 for the Group's accounting policy and impact for the financial year.

6. Directors Declaration

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

(1) In the opinion of the Directors:

(a) the financial statements, Notes and additional disclosures included in the Directors' Report designated as audited of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

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

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

On behalf of the Board

Trevor Bourne
Chairman

Ian Davies
Managing Director

Brisbane, Queensland
21 August 2020

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Senex Energy Limited (the "Company') and its subsidiaries (collectively the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

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

1. Carrying value of oil and gas properties and property, plant & equipment (producing assets)

Why significant	How our audit addressed the key audit matter
During the period ended 30 June 2020, the Group recorded an impairment charge of $35 million in respect of oil & gas properties and property, plant & equipment, leaving the Group with remaining oil & gas properties of $293 million and property, plant & equipment of $294 million at 30 June 2020. Australian Accounting Standards require the Group to assess at the end of each reporting period whether there is any indication that an asset may be impaired, or whether the reversal of a previously recognised impairment charge may be required. If any such indication exists, the Group is required to estimate the recoverable amount of the asset.	Our audit procedures included the following: ► Assessed the Group's definition of cash generating units in accordance with Australian Accounting Standards. ► Assessed the completeness of the Group's consideration of potential impairment indicators. ► Considered the relationship between asset carrying values and the Group's market capitalisation.

The Group operates in an industry with exposure to fluctuations in commodity prices, foreign exchange rates and estimation of reserves, impacting the Group's revenues and operating cash flows. Impairment assessments involve forecasts in these areas, all of which are highly judgmental and ultimately impact on carrying value of producing oil and gas properties. Accordingly, this was considered a key audit matter. The Group has performed an impairment indicator assessment, concluding indicators were present as a result of a market capitalisation deficiency at 30 June 2020 and a decline in global oil prices. As a result of indicators being present, Senex's management team ("Management") performed impairment testing and assessed the recoverable value of the Cooper Basin Cash Generating Unit to be below the carrying value. Disclosures regarding this matter can be found in Note 7 to the financial statements.	► Evaluated the modelling methodology use by Management with reference to Australian Accounting Standards and with normal industry practice. ► Recalculated the carrying amount for each cash generating unit to ensure they were prepared on a comparable basis with the cash flows in Management's model; ► Tested the mathematical accuracy of Management's model. ► Compared key forecast assumptions such as commodity prices, discount rates, inflation rates, and foreign exchange rates to external observable market data. ► Considered the recoverability of proved and probable oil & gas reserves by agreeing the Group's reserves estimates to third party subsurface engineer reports and current year production. We also assessed the qualifications, competence and objectivity of the third-party experts used by the Group. ► Discussed with operational management the performance of the underlying assets and any indication of underperformance, obsolescence, significant future capital requirements or physical damage to assets. ► Considered if operation cost and capital assumptions included within Management's model are acceptable considering current performance, historical actuals and future capital expansion including secondary recoveries (waterfloods). ► Considered the carrying value of producing assets against recent comparable market transactions and the market value of comparable companies. ► Assessed the adequacy of the disclosures in Note 7 of the financial statements

2. Impairment assessment of capitalised exploration and evaluation expenditure (non-producing assets)

Why significant	How our audit addressed the key audit matter
During the period ended 30 June 2020, the Group recorded an impairment charge of $13 million in respect of capitalised exploration and evaluation assets, leaving the Group with remaining capitalised exploration and evaluation expenditure of $47 million at 30 June 2020. For impairment purposes the carrying value of exploration assets is impacted by the Group's ability, and intention, to continue to explore its exploration assets. The results of exploration work also determines to what extent the oil and gas reserves and resources may or may not be commercially viable for extraction. The impairment testing process in respect of these assets is complex and	Our audit procedures included the following: ► Considered the Group's right of tenure to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements and correspondence with relevant government agencies. ► Examined the Group's analysis of exploration and evaluation results relating to activities carried out in the relevant license areas, including an evaluation of

judgmental and commences with an assessment of whether any indicators of impairment are present. Accordingly, this was considered a key audit matter.

Given the decline in global commodity prices during the period, Management undertook a process to identify any exploration expenditure previously capitalised which was unlikely to be recovered through development or by sale. Although capitalised expenditure remains in a number of key geographical areas of focus, Management concluded that future production at current oil pricing forecasts would be unlikely to recover the capitalised expenditure in full at certain areas of interest.

Disclosures regarding this matter can be found in Note 7 to the financial statements.

drilling results and updates to the Group's reported reserve and resources.

- Considered the Group's intention to carry out significant exploration and evaluation activities in relevant exploration areas or plans to transfer the assets to oil & gas properties. This included the review of budgets, strategic plans and drilling plans in addition to enquiries with executive and operational management.
- Considered whether any other data or information available indicated the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full, from either successful development or by sale.
- Assessed the Group's ability to finance any planned future exploration and evaluation activity in areas where impairment indicators where not otherwise identified.
- Considered the fair value of the Group's exploration and evaluation assets with reference to the Group's market capitalisation and broker reports.
- Considered the carrying value of exploration and evaluation assets against recent comparable market transactions and the market value of comparable companies.

Assessed the adequacy of the disclosures in Note 7 of the financial statements.

3. Accrued oil revenue

Why significant

As at 30 June 2020 the Group has $8.4 million of accrued oil revenue (30 June 2019: $18.6 million), which represents a significant portion (14%) of total annual oil revenue (30 June 2019: 24.5%).

In accordance with contractual terms within the Crude Oil Sale and Purchase Agreement ('COSPA'), risk and title of oil produced in the Cooper-Basin is transferred to the South Australian Cooper Basin Joint Venture ("SACBJV") when the oil reaches the Moomba processing facility. The supply of oil to the Moomba processing facility is the point the Group satisfies its performance obligation to the SACBJV in respect of the supply of oil. Revenue is calculated using forecast oil prices when title has passed, with actual invoices raised when the oil has shipped from Port Bonython.

Given the complexity in calculating volume of oil supplied and judgement in the application of the estimated transaction price, minor variations can lead to significant

How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessed the point of revenue recognition with reference to the executed contracts between the parties.
- Obtained directly from the SACBJV an independent confirmation of the barrels of oil received at the Moomba processing facility, but not yet shipped via Port Bonython.
- For all accrued revenue barrels sold, assessed the estimated sales price applied by the Group to forward commodity price assumptions together with estimates of quality premiums and exchange rates for the period in which settlement is likely to occur with reference to contractual arrangements and Brent oil price futures.

changes in the calculated revenue recorded. As such, this was considered a key audit matter.

Disclosures regarding this matter can be found in Note 5 to the financial statements.

- Selected shipments which occurred close to the period end and assessed whether revenue was recorded in the correct period.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020 other than the financial statements and our auditor's report thereon. We obtained the Directors' Report, Operating and Financial Review, Material Risks, Glossary and Corporate Directory, that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 44 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Senex Energy Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

Anthony Jones	Matthew Taylor
Partner	Partner
Sydney	Brisbane
21 August 2020	21 August 2020

8. Glossary

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

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

PRL	Petroleum Retention Licence granted under the *Petroleum and Geothermal Energy Act 2000* (SA)
Production	The volume of hydrocarbons produced in production operations
RRR	Reserves replacement ratio, which is the sum of estimated reserves additions and revisions divided by estimated production for the period before acquisitions and divestments
Reserve	Commercially recoverable resources which have been justified for development, as defined in the SPE's PRMS
SACB JV	The South Australian Cooper Basin Joint Venture that involves Santos (as operator), Beach and Origin
Sales gas	The output following processing to remove production water and impurities. Sales gas is transported by pipeline to customers
Sales volumes	Equal to production less volumes of hydrocarbons used as fuel in operations; flared; vented; other shrinkages; and inventory movements
Santos	Santos Limited
SAR	A share appreciation right issued by the company to an eligible employee of the Group under the company's Share Appreciation Rights Plan (SARs Plan). The right is subject to an expiry date and other conditions that may include performance conditions and service conditions, entitling the holder to receive a reward if the SAR vests by exercising the vested SAR before the expiry date. The value of the reward is calculated by reference to the positive increase in the market price of shares from the day the SAR is granted to the day it is exercised. The company provides the reward to the holder in the form of shares unless the company elects to provide part or all of the reward in cash.
Seismic survey	A survey used to gain an understanding of rock formations beneath the Earth's surface.
Senex	Senex Energy Ltd
Share	Fully paid ordinary share issued by the company
Surat Basin	The sedimentary geological basin of Jurassic to Cretaceous age in southern Queensland and northern New South Wales.
SXY	Senex's code on the Australian Securities Exchange
tcf	Trillion cubic feet of gas
TJ	Terajoule
TRIFR	Total recordable injury frequency rate. The total number of fatalities, lost time injuries, alternate work, and other injuries requiring medical treatment per million hours worked
TSR	Total shareholder return
Underlying EBITDA	Earnings before interest, taxes, impairment, depreciation (or depletion) and amortisation excluding the impacts of asset acquisitions and disposals, as well as

	items that are subject to significant variability from one period to the next, including the Beach Energy transaction and restructuring
Underlying NPAT	Underlying net profit after tax excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the Beach Energy transaction and restructuring
Waterflood	A means of improving oil recovery by maintaining pressure in the formation and improving sweep, or displacement, efficiency. Maintaining pressure is accomplished by injecting water of suitable quality into the target formation in sufficient quantity to compensate for the fluid removed from the reservoir through production

9. Corporate Directory

SENEX ENERGY LIMITED

Australian Business Number

50 008 942 827

Directors

Trevor Bourne (Chairman)

Ian Davies (Managing Director and Chief Executive Officer)

Ralph Craven (Non-executive Director)

Timothy Crommelin (Non-executive Director)

Debra Goodin (Non-executive Director)

Glenda McLoughlin (Non-executive Director)

John Warburton (Non-executive Director)

Company Secretary

David Pegg

Principal place of business

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Australia

Telephone +61 7 3335 9000

Facsimile +61 7 3335 9999

Website www.senexenergy.com.au

Share registry

Computershare Investor Services Pty Limited

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West End, Queensland, 4101

Telephone: 1300 850 505 (toll free within Australia)

Email web.queries@computershare.com.au

Website www.computershare.com

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

Securities exchange

Australian Securities Exchange (ASX) Code: SXY

Bankers

ANZ

Level 20, 111 Eagle Street

Brisbane, Queensland 4000

Auditors

Ernst & Young

Level 51, 111 Eagle Street

Brisbane, Queensland 4000

Senex Energy Limited

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