



ABN 50 008 942 827

**Notice of annual general meeting
Explanatory memorandum
Proxy form**

Date of meeting

23 November 2011

Time of meeting

10.00am

Place of meeting

Brisbane Polo Club
Naldham House
Corner Eagle and Felix Streets
Waterfront Place
Brisbane Queensland 4000

Notice of annual general meeting

Senex Energy Limited ACN 008 942 827

Notice is given that the annual general meeting of Senex Energy Limited (**Company**) will be held at:

Location	Brisbane Polo Club, Naldham House, Corner Eagle and Felix Streets, Waterfront Place, Brisbane Queensland 4000
Date	23 November 2011
Time	10.00am

Ordinary business

Financial statements and reports

To receive and consider the Company's financial reports and the reports of the directors and the auditor for the financial year ended 30 June 2011.

Resolution 1 – Re-election of Mr Ben McKeown

To consider and, if in favour, to pass the following as an ordinary resolution:

'That Mr Ben McKeown, who retires by rotation under rule 58 of the Company's constitution, and being eligible, be re-elected as a director of the Company.'

Note: Information about Mr McKeown appears in the Explanatory Memorandum.

Note: The chairman intends to vote all undirected proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Resolution 2 – Re-election of Dr Ralph Craven

To consider and, if in favour, to pass the following as an ordinary resolution:

'That Dr Ralph Craven, who was appointed to the Board following the last annual general meeting of the Company be elected as a director of the Company under rule 57 of the Company's constitution.'

Note: Information about Dr Craven appears in the Explanatory Memorandum.

Note: The chairman intends to vote all undirected proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Resolution 3 – Directors' remuneration report

To consider and, if in favour, to pass the following resolution under section 250R(2) *Corporations Act 2001* (Cth) (**Corporations Act**):

'That the remuneration report of the directors for the financial year ended 30 June 2011 be adopted.'

Note: This resolution will be decided as if it were an ordinary resolution, but under section 250R(3) *Corporations Act* the vote on this resolution is advisory only and does not bind the directors or the Company.

Voting exclusion

The Company will disregard any votes cast on this Resolution by key management personnel whose remuneration details are contained in the remuneration report (and their closely related parties) in accordance with section 250R(4) *Corporations Act*.

However, the Company will not disregard a vote if it is cast by a director or other member of the key management personnel (including the chairman) as proxy for a person who is entitled to vote.

If you appoint a director or other member of the key management personnel (not including the chairman) as your proxy for this resolution, you **MUST** direct your proxy how to vote, otherwise your vote will not be counted.

If you appoint the chairman as your proxy, you must direct the chairman how to vote, or authorise the chairman to vote in accordance with his intentions. The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote in accordance with his intentions, or otherwise direct your proxy how to vote, please follow the instructions on the proxy form carefully.

Special business

Resolution 4 – Ratification and approval of previous allotment and issue of securities

To consider and, if in favour, to pass the following resolution as an ordinary resolution:

'That for the purposes of ASX Listing Rule 7.4, shareholders ratify and approve the previous issue of securities as detailed in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who participated in the issues of ordinary shares described in the Explanatory Memorandum and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Resolution 5 – Approval of the employee performance rights plan

To consider, and if in favour, to pass the following as an ordinary resolution:

‘That the issue of securities in the Company under the employee performance rights plan be approved for the purposes of the ASX Listing Rule 7.2, exception 9.’

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Ian Davies and any associate of Mr Davies.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Resolution 6 – Issue of options to a director

To consider and, if in favour, to pass the following as an ordinary resolution:

‘That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, shareholders approve the granting of 2,000,000 options to subscribe for shares in the Company to Mr Ian Davies, Managing Director, which are to be granted on the terms summarised in the Explanatory Memorandum.’

Note: If approval is obtained under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

Note: The options referred to in resolution 6 will be issued within one month after the date of the general meeting.

Note: The options will be issued free of charge and no funds will be raised from the issue.

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Ian Davies and any associate of Mr Ian Davies.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Resolution 7 – Amendment of constitution

To consider and, if in favour, to pass the following resolution as a special resolution under section 136(2) Corporations Act:

'That the Company's constitution be amended as set out in the Explanatory Memorandum.'

Note: The chairman intends to vote all undirected proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Dated 24 October 2011

By order of the board



Frank Connolly
Company secretary

Notes

- (a) A shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a shareholder of the Company. A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form.
- (d) A corporation may elect to appoint a representative, rather than appoint a proxy, under the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The Company has determined under regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of shareholders as at 7.00pm (Sydney time) on 21 November 2011.
- (f) If you have any queries on how to cast your votes call Frank Connolly on +61 7 3837 9914 during business hours.
- (g) The Chairman intends to vote all undirected proxies in favour of resolutions 1, 2 and 7 and all available proxies in favour of resolutions 3, 4, 5 and 6. In relation to resolutions 3, 4, 5 and 6, proxies will only be available if the proxy form appointing the chairman expressly authorises the chairman to vote in accordance with his intentions.

Explanatory memorandum

Senex Energy Limited ACN 008 942 827 (**Company**)

Financial statements and reports

- 1 The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the report of the directors, the auditor's report and the financial report be laid before the annual general meeting. In addition, the Company's constitution provides for these reports to be received and considered at the meeting.
 - 2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's constitution requires a vote of shareholders at the annual general meeting on the financial statements and reports.
 - 3 Shareholders will be given reasonable opportunity at the meeting to raise questions and make comments on these reports.
 - 4 In addition to asking questions at the meeting, shareholders may address written questions to the chairman about the management of the Company, or to the Company's auditor, Ernst & Young, if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the meeting.
- Note: Under section 250PA(1) Corporations Act a shareholder must submit the question to the Company no later than the fifth business day before the day on which the AGM is held.
- 5 Written questions for the auditor must be delivered on or before 16 November 2011. Please send any written questions for Ernst & Young to the address listed in section 5 of the proxy form attached to this notice of meeting.

Resolution 1 – Re-election of Mr Ben McKeown

- 6 Rule 58 of the Company's constitution requires that, at the end of every annual general meeting, one-third of the directors (excluding the managing director) must retire from office and stand for re-election. Where the number of directors is not a multiple of three, then the number nearest to but not more than one third of the directors (not including any director appointed as an additional director, but not yet elected) must retire.
- 7 The directors to retire under rule 58 are those who have been in office the longest since being last elected. As between directors who were elected on the same day, the directors to retire are (in default of agreement between them) determined by ballot.
- 8 The board has determined that Mr Ben McKeown will retire from office under rule 58 of the Company's constitution and stand for re-election.

- 9 Mr McKeown is a Chartered Engineer with over 20 years of experience in the petroleum and mining sectors. He is a member of the Energy Institute (UK) and the Institute of Materials, Mining and Metallurgy. During the past 10 years, Mr McKeown has been involved in private equity investments primarily in the upstream oil and gas sectors. He is currently a partner with The Sentient Group, an independent equity investment fund specialising in the global resources industry.
- 10 The directors recommend you vote for this resolution.
- 11 The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.
-

Resolution 2 – Re-election of Dr Ralph Craven

- 12 Rule 57 of the Company's constitution allows the directors to appoint any person as an additional director of the Company. Unless that director is an executive director and the ASX Listing Rules do not require that director to be subject to retirement as set out in rule 57, a director appointed under rule 57 will hold office until the end of the next annual general meeting of the Company. At the next annual general meeting, the director may be re-elected.
- 13 Dr Ralph Craven was appointed on 28 September 2011 in accordance with a resolution of the directors, authorising and approving his appointment. The resolution was passed at a board meeting on 21 September 2011. As a result, Dr Craven stands for re-election at this meeting.
- 14 Dr Ralph Craven has a professional background which encompasses the energy and resources sector. Dr Craven has been a professional Director since 2007. He is the current Chairman of Ergon Energy Corporation Limited and previously served as the Deputy Chairman of coal seam gas company Arrow Energy Limited (now part of the Shell group of companies).
- 15 Before electing to focus on directorships, Dr Craven held numerous executive management positions with energy companies in Australia and New Zealand. He was formerly the Chief Executive Officer with Transpower New Zealand Ltd, Executive Director with NRG Asia-Pacific and General Manager Power Marketing and Development with Shell Coal Pty Ltd.
- 16 The directors recommend you vote for this resolution.
- 17 The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.
-

Resolution 3 – Directors' remuneration report

- 18 The Corporations Act requires that the section of the directors' report dealing with remuneration of directors and certain senior executives, including the key management personnel, (**Remuneration Report**) be put to the vote of shareholders for adoption.

- 19 The resolution of shareholders is advisory only and **not binding** on the Company. However, as a result of recent changes to the Corporations Act, if more than 25% of the votes cast on this resolution are against the adoption of the remuneration report, the remuneration report for the following year must either address any comments received from shareholders or explain why no action has been taken in response to those comments. If, at the following annual general meeting, the remuneration report is again voted against by 25% or more of votes cast, a 'spill resolution' will be put to shareholders. If at least 50% of the votes cast are in favour of the 'spill resolution' a special meeting of the Company will be held within 90 days at which the directors in office at the time of the second annual general meeting must resign and stand for re-election.
- 20 The Remuneration Report is in the annual report. It is also available on the Company's website (www.senexenergy.com.au). It:
- (a) explains the board's policies in relation to the nature and level of remuneration paid to directors, senior executives and other key management personnel within the Company group;
 - (b) discusses the link between the board's policies and the Company's performance;
 - (c) sets out the remuneration details for each director and for each member of the Company's senior executive management team; and
 - (d) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.
- 21 The chairman will give shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.
- 22 The directors recommend you vote for this resolution.
- 23 The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Note *If you appoint a director or other member of the key management personnel (not including the chairman) as your proxy for this resolution, you **MUST** direct your proxy how to vote, otherwise your vote will not be counted. If you appoint the chairman as your proxy, you must direct the chairman how to vote, or authorise the chairman to vote in accordance with his intentions. To authorise the chairman to vote in accordance with his intentions, or otherwise direct your proxy how to vote, please follow the instructions on the proxy form carefully.*

Resolution 4 – Ratification and approval of previous allotment and issue of securities

- 24 The purpose of resolution 4 is for shareholders to approve and ratify, under ASX Listing Rule 7.4, those security issues which occurred during the 12 months before the date of this Annual General Meeting which count toward the Company's 15% limit under ASX Listing Rule 7.1.

- 25 ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of the securities at the commencement of that 12 month period.
- 26 The allotment and issue of securities detailed in this resolution 4 did not exceed the 15% threshold. However, ASX Listing Rule 7.4 provides that where an entity ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby replenishing that entity's 15% capacity and enabling it to issue further securities up to that limit.
- 27 Resolution 4 proposes the ratification and approval of the allotment and issue of securities for the purpose of satisfying the requirements of ASX Listing Rule 7.4.
- 28 The information required to be given to shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.
- 29 In compliance with the information requirements of ASX Listing Rule 7.5, shareholders are advised of the following particulars in relation to the allotment and issue:

Date of issue	Number of securities	Issue price per security	Terms of securities issued	Persons to whom securities were issued	Basis for determining allottees and use of funds raised by the issue
26 November 2010	70,271,000 fully paid ordinary shares	\$0.37	Securities rank equally with the existing securities on issue.	Institutional and sophisticated investors	The securities were issued through a private placement. The funds used to accelerate exploration and development of the Company's Cooper Basin oil assets and to fund aggressive reserves development programs across its CSG assets in Queensland's Surat Basin.
12 April 2011	147,566 fully paid ordinary shares	Nil (the shares were issued as consideration for the acquisition of options)	Securities rank equally with the existing securities on issue.	The Company issued shares to seven holders of options issued by Stuart Petroleum Limited (Stuart) as consideration for the acquisition of their options by the Company.	The securities were issued as consideration for the acquisition of Stuart options by the Company, as foreshadowed in the Company's bidder's statement for the off-market takeover offer for Stuart announced on 21 February 2011.

Date of issue	Number of securities	Issue price per security	Terms of securities issued	Persons to whom securities were issued	Basis for determining allottees and use of funds raised by the issue
12 April 2011	833,340 options	Nil (the shares were issued as consideration for the acquisition of options)	The options were exercisable at \$0.356 with an expiry of 26 July 2011. For further information, see the summary of the option terms in schedule 1.	The options were issued to four holders of options issued by Stuart exercisable at \$0.89 each expiring 26 July 2011, as consideration for the acquisition of their options by the Company.	The securities were issued as consideration for the acquisition of Stuart options by the Company, as foreshadowed in the Company's bidder's statement for the off-market takeover offer for Stuart announced on 21 February 2011.
12 April 2011	1,875,003 options	Nil (the shares were issued as consideration for the acquisition of options)	The options are exercisable at \$0.356 and expire on 16 November 2011. For further information, See the summary of the option terms in schedule 1.	The options were issued to three holders of options issued by Stuart exercisable at \$0.89 each expiring 26 July 2011, as consideration for the acquisition of their options by the Company.	The securities were issued as consideration for the acquisition of Stuart options by the Company, as foreshadowed in the Company's bidder's statement for the off-market takeover offer for Stuart announced on 21 February 2011.
29 June 2011	1,133,333 performance rights	Nil	See the summary of the employee performance rights plan in schedule 2	Five senior managers of the Company under the employee performance rights plan	The rights were issued to incentivise the senior managers' performance and retain their services over the medium to long term. The employees were not required to pay for the grant of rights, and for each right that vests the employees will be entitled to receive one share in the Company without payment.
29 June 2011	1,433,102 fully paid ordinary shares	\$0.3489	Securities rank equally with the existing securities on issue.	Traditional Oil Pty Ltd	The securities were issued as consideration for the acquisition of a 50% undivided participating interest in South Australia Petroleum Exploration Licence 88 and a 5% undivided participating interest in South Australia Petroleum Exploration Licence 100 under an agreement dated 15 December 2010.

30 The Directors recommend you vote for this resolution.

31 The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Resolution 5 – approval of the employee performance rights plan

- 32 ASX Listing Rule 7.1 prohibits the Company from issuing equity securities which, in aggregate, exceed 15% of the fully paid ordinary share capital of the Company in any 12 month period.
- 33 ASX Listing Rule 7.2 exception 9 provides that ASX Listing Rule 7.1 does not apply in respect of securities issued by the Company under an employee incentive scheme, if the scheme has been approved by shareholders within the three years before the date of issue of the relevant securities. As a result, the Company seeks shareholder approval so that the future issue of securities under the employee performance rights plan (**EPRP**) will not be counted for the purposes of ASX Listing Rule 7.1.
- 34 The plan will be offered to senior managers in accordance with the exemptions to disclosure under part 6D.2 of the Corporations Act. The Company has also applied for relief from the disclosure provisions of the Corporations Act for offers under the EPRP made to persons other than senior managers. If relief is granted by the Australian Securities and Investments Commission (**ASIC**) in the form requested by the Company, the number of shares which may be issued under the plan in reliance upon ASIC's relief is subject to an effective limit of 5% of the Company's total issued capital. Offers under the exemptions in part 6D.2 of the Corporations Act will not count towards this 5% limit.
- 35 Rights are granted under the EPRP at the discretion of the directors. A summary of the terms of the EPRP for the year ending 30 June 2011 is contained in schedule 2 of this Explanatory Memorandum. The terms of the plan may be updated or amended from time to time at the absolute discretion of the directors.
- 36 As at the date of this Notice of Meeting 1,900,000 rights have been granted in relation to the performance of employees during the year ending 30 June 2011. 566,667 of those rights have vested and 200,000 of those rights have lapsed under the EPRP.
- 37 The Company expects to grant further performance rights to employees in respect of the year ending 30 June 2012.
- 38 The directors (other than Mr Davies) recommend you vote for this resolution.
- 39 The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.
-

Resolution 6 – Issue of options to a director

Background

- 40 The board has chosen to issue options to the Managing Director, Mr Ian Davies, as a key component of the incentive portion of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company. As such, the board believes that the number of options to be granted to Mr Davies is commensurate with his value to the Company.

Proposed Shareholder approval

- 41 Shareholder approval is sought for the issue of a total of 2,000,000 options to Mr Ian Davies.
- 42 Mr Davies is a related party for the purpose of Chapter 2E of the Corporations Act.
- 43 The issue of options to Mr Davies will constitute the giving of a financial benefit to a related party under section 229(3)(e) of the Corporations Act and consequently, approval under section 208 of the Corporations Act is sought.
- 44 Listing Rule 10.11 also requires the approval of Shareholders before equity securities (which include options) can be issued to Mr Davies.
- 45 If Resolution 6 is passed, approval for the issue of the options will not be required under ASX Listing Rule 7.1.

Information required by Listing Rule 10.13 and section 219 of the Corporations Act

- 46 For the purposes of Listing Rule 10.13 and section 219 of the Corporations Act information regarding the options is provided as follows:

Terms and Conditions of the options

- 47 A summary of the terms and conditions of the options is set out below:

Options	Exercise price	Date of vesting	Date of expiry
667,000	\$0.40	Immediately on issue	1 July 2014
667,000	\$0.40	1 July 2012	1 July 2015
666,000	\$0.40	1 July 2013	1 July 2016

- 48 The terms and conditions of the options are set out in more detail in Schedule 3 of the Explanatory Memorandum.

Maximum Number of options to be issued

- 49 2,000,000 options to be issued to Mr Davies.

Consideration paid for the options

- 50 The options would be granted for nil consideration and as such, no funds will be raised by the issue of the options. A total of \$800,000 would be raised if all of the options were exercised in full.

Issue of options

- 51 If Resolution 6 is passed, the Company will issue the options no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).

Managing Directors' Remuneration

- 52 Mr Davies' total annual fixed remuneration (including salary and superannuation) is \$550,000.
- 53 Mr Davies is also entitled to an annual short term incentive (**STI**) payable in cash. The maximum value of the STI payable to Mr Davies for each calendar year is the greater of \$300,000 or the monetary equivalent of 861,012 shares in the Company when valued at the 20 day volume weighted average price up to, and including, 30 June 2012. The STI incentive payment will be payable, in full or in part, where Mr Davies achieves agreed key performance indicators. These performance indicators relate to safety, production of oil and the Company's reserves.
- 54 Mr Davies' total annual fixed remuneration is expected to be fixed for three years (from 1 July 2011). Annual STI and long term incentives (such as the options the subject of Resolution 6) will be at the board's discretion.

Managing Directors' Current Shareholding

- 55 Mr Davies current shareholding (held directly or indirectly) is 700,860 shares and 4,000,000 options.

Valuation of the options

- 56 Consistent with the accounting standards, and in particular AASB2 Share Based Payments, the Company discloses the following information concerning the valuation in order for shareholders to consider the options to be issued to Mr Davies under ASX Listing Rule 10.11.
- 57 Based on a Black Scholes valuation method, the Company estimates that, as at 30 June 2011, the options have the following values per option tranche:

	Value per option	Number of options	Total value of options
Options with expiry of 1 July 2014	\$0.1206	667,000	\$80,440.20
Options with expiry of 1 July 2015	\$0.1432	667,000	\$95,514.40
Options with expiry of 1 July 2016	\$0.1625	666,000	\$108,225.00
Total		2,000,000	\$284,179.60

- 58 The total value for the options to be issued is \$284,179.60.
- 59 The key assumptions used in arriving at the valuation were:
- (a) Exercise price : 40 cents
 - (b) Volatility factor : 50%

- (c) Share price : \$0.348¹
- (d) Risk-free interest rate : 5.75%
- (e) Dividend yield : Nil

- 60 The Board believes, having taken appropriate advice on the matter, that this valuation model is appropriate in the circumstances. The Board has not used any other valuation or model in proposing the terms or number of the options.
- 61 The directors draw shareholders' attention to the fact the stated valuation does not constitute and must not be taken as audited financial information. The reportable value of the employee benefit expense in subsequent financial periods may vary due to a range of timing and other factors.

Dilutionary Effect

- 62 The following table demonstrates the dilution of all other Shareholders' holdings in the Company upon the vesting and exercise of Mr Davies' options issued under Resolution 6:

Shares on issue at date of this Notice	915,159,081
Shares issued assuming vesting and exercise of all options under Resolution 6	2,000,000
Total Shares on issue assuming vesting of all options under Resolution 6	917,159,081
Dilutionary effect (approximately)	0.21%

- 63 Mr Davies currently holds, directly or indirectly, 760,800 shares and 4,000,000 options. If all of the options the subject of Resolution 6 vest and are exercised, he will hold 2,760,800 shares and 4,000,000 options. Subject to no further shares being issued between the date of this Notice of Meeting and the date that the last of his options the subject of Resolution 6 are exercised, Mr Davies' holding will represent 0.29% of the issued capital of the Company.

Other Information

- 64 Under the accounting standard AASB 2 'Share Based Payments', the Company would recognise the fair value of options granted to Mr Davies as an expense of the Company in its income statement with a corresponding adjustment to equity. This valuation is not and should not be taken to be audited financial information.
- 65 In the period since last year's annual general meeting, the Company's shares traded on the ASX in a range from \$0.305 to \$0.515. As at the close of trading on 19 October 2011, the Company's shares were quoted at \$0.450.

¹ 20 day volume weighted average price to 30 June 2011

Voting Exclusion

- 66 In accordance with Listing Rule 14.11 and section 224(1) Corporations Act, Mr Davies and any associate of Mr Davies are excluded from voting on this Resolution.

Recommendation

- 67 Mr Davies has an interest in the resolution and therefore does not make a recommendation. The other directors unanimously recommend that you vote in favour of this resolution.
- 68 The chairman intends to vote all available proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Resolution 7 – Amendment of the constitution

- 69 The Company proposes to make the following amendments to the Company's constitution (**Constitution**):
- (a) an amendment to the notice provisions (rule 97 of the Constitution) to enable the Company to give notice to a shareholder who is not contactable at their address on the Company's register, by displaying the notice at the Company's registered address; and
 - (b) an amendment to the non-marketable parcels provisions (rule 11 of the Constitution) to align those provisions with prevailing market practice.
- 70 The Directors recommend you vote for this resolution.
- 71 The chairman intends to vote all undirected proxies in favour of this resolution. To authorise the chairman to vote as your proxy in accordance with his intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

Amendment to the notice provisions

- 72 It has come to the Director's attention that a number of shareholders are not contactable at the address listed in the Company's register. The result of this is that:
- (a) some shareholders are not physically receiving notices, despite the Constitution deeming that those notices have been received; and
 - (b) the Company is incurring expenses sending notices to those shareholders when it appears that they are not receiving the notices.
- 73 To remove the need to incur the expense of giving notices to shareholders in circumstances where the Company believes the shareholder's address on the register is incorrect, the Company proposes that the following is inserted in the Constitution after the rule 97.1(c):
- '97.1A Where a Member does not have a registered address or where the Company believes that Member is not known at the Member's registered address, all notices are taken to be:*

(a) *given to the Member if the notice is exhibited in the Company's registered office for a period of 48 hours; and*

(b) *served at the commencement of that period,*

unless and until the Member informs the Company of the Member's address.'

Amendment to the non-marketable parcel provisions

74 Rule 11 of the Company's constitution sets out a process for the Company to sell a member's shares where the member has less than a 'marketable parcel' of shares. 'Marketable parcel' is defined by reference to the business rules of the ASX which, in relation to the Company's shares, is a parcel of securities which has a value of not less than \$500 based on the closing price of the shares on the ASX.

75 Currently, to sell a member's shares under the non-marketable parcel provisions the value of the member's shares must be tested at two points in time; when an initial notice is given and when the shares are sold. This method is not consistent with prevailing market practice and is not required by the Corporations Act or the ASX Listing Rules. As a result, to improve the efficiency of the non-marketable parcel sale provisions, the Company proposes to remove rule 11 of the Constitution as it currently stands, and replace it with the rule set out in Schedule 4 of the Explanatory Memorandum.

Schedule 1

Summary of option terms – refer to the table in paragraph 29

Exercise Period:	From the date of grant of the option until 5:00pm (Brisbane time) on the expiry date.
Grant price:	Options are granted in consideration for the acquisition of options held by the option holder over unissued shares in Stuart Petroleum Limited ACN 059 146 226.
Disposal restrictions:	Options cannot be sold, assigned, transferred, conveyed or a legal or beneficial interest otherwise disposed of by the option holder without the consent of Senex Energy Limited.
Other conditions:	- Options will not be quoted on ASX or any other stock exchange. - The rights of the option holder will be changed to the extent necessary to comply with the Listing Rules of ASX Limited applying to a reorganisation of the capital of Senex. - Subject to item 2, the option holder has no rights to a change in the exercise price or a change to the number of shares in Senex over which the options can be exercised. - The option holder has no right to participate in new issues of securities by Senex without exercising the option.

Schedule 2

Summary of employee performance rights plan

What are performance rights?

A performance right is a right (**Right**) granted to an eligible employee of Senex Energy Limited (**Company**) or any Senex subsidiary (**Group Company**) under the Company's Employee Performance Rights Plan (**Plan**). Under the rules of the Plan (**Rules**), each Right confers on the employee an entitlement to receive a share in the Company on the vesting date for that Right (**Vesting Date**), provided the performance conditions for that Right (**Performance Conditions**) are satisfied on the testing date for those Performance Conditions (**Testing Date**). The employee is not required to pay for the grant of Rights, and for each Right that vests the employee is entitled to receive one share in the Company without payment.

Grant of Rights

Under the Rules the Company may, at the discretion of the directors, grant Rights to an employee or the employee's associate. If an employee or their associate is granted Rights the employee becomes a participant in the Plan (**Participant**).

No shareholder rights

A Participant is not entitled to vote, to receive dividends, or to have any other rights of a shareholder in relation shares the subject of a Right. A Participant only acquires the rights of a shareholder if Company shares are transferred to the Participant, and only has those rights in respect of shares that the Participant holds.

Lapse of Rights

A Participant's Rights may lapse if the employee ceases employment with a Group Company (subject to some exceptions), if a Performance Condition applicable to those Rights is not satisfied by the Testing Date, or if the Board determines that a Right should lapse. If a Right lapses, it is immediately cancelled and is not capable of vesting.

Vesting

A Right only confers an entitlement to receive a Share upon vesting of the rights (**Vesting**).

A Right only Vests if:

- the Performance Conditions (if any) applicable to that Right are fulfilled on the Testing Date, and
- the Participant is still an employee of a Group Company on the Vesting Date for that Right.

Performance Conditions

Under the Plan the Board can impose a Performance Condition on a Right. The Performance Condition is a condition that must be satisfied before the Performance Rights Vest. The terms of any Performance Conditions imposed on a Participant's Rights are notified in a certificate, which is issued as soon as practicable after the Rights are granted.

Change of Control and corporate events

If a Change of Control occurs (for example, a takeover) all Rights will immediately Vest. However, no immediate vesting will occur if the Change of Control does not involve a significant change in the identity of the ultimate shareholders of the Company.

If the Company has a bonus issue, rights issue or a reconstruction, the Board will determine whether any amendments are required to the Performance Rights.

Amendment

The Board may amend the Plan at any time. However, any change that is prejudicial to the rights of Participants requires Participant consent.

Schedule 3

Terms of options to be issued to Mr Ian Davies

- 1 Each option entitles the holder to subscribe for and be allotted one ordinary share in the Company for the exercise price of 40 cents per option (**Exercise Price**).
- 2 Once vested, the options are exercisable by notice in writing to the Company accompanied by payment of the Exercise Price. The options expire on their expiry date. The options will vest and expire as follows:

Options	Date of vesting	Date of expiry
667,000	Immediately on issue	1 July 2014
667,000	1 July 2012	1 July 2015
666,000	1 July 2013	1 July 2016

- 3 The options will automatically lapse and expire on the earliest of:
 - a) the expiry date; or
 - b) Mr Davies' resigning from his position or his employment with the Company being terminated with cause.
- 4 If Mr Davies' employment is terminated without cause, the options which have been granted and have vested will not lapse and expire automatically.
- 5 The Board may, in its absolute discretion, make a further annual offer of options to Mr Davies.
- 6 The options are not transferable and no application will be made to the ASX for official quotation of the options.
- 7 There are no participating rights or entitlements inherent in the options and Mr Davies will not be entitled to participate in new issues of capital offered or made to the shareholders.
- 8 There are no rights to a change in the Exercise Price or in the number of shares over which options can be exercised in the event of a pro rata issue or a bonus issue by the Company prior to the exercise of the options.
- 9 In the event of a re-organisation of the issued capital of the Company on or prior to the expiry date, Mr Davies' rights will be changed to the extent necessary to comply with the Listing Rules.
- 10 On a change of control of the Company, any options which have not yet been granted will be granted and all options will immediately vest. A change of control will include where a takeover bid for the Company is recommended or declared unconditional by the bidder, the board resolves to seek a court order for a meeting to approve a scheme of arrangement in respect of the Company or where a person may become bound or entitled to compulsorily acquire shares in the Company.
- 11 The options are exercisable by notice in writing to the Company accompanied by payment of the Exercise Price.

Schedule 4

Amendment to rule 11 of the Company's constitution

11. Non-marketable parcels

- 11.1. The Company may sell a Share that is part of a Non-Marketable Parcel if it does so under this rule. The Company's power to sell lapses if a takeover (as defined in the ASX Listing Rules) is announced after the Directors give notice under rule 11.4 and before the Directors enter into an agreement to sell the Share.
- 11.2. The Directors may, before a sale is effected under this rule, revoke a notice given or suspend or terminate the operation of this rule either generally or in specific cases.
- 11.3. If a Member is registered for more than one parcel of shares, the Directors may treat the member as a separate member for each of those parcels so that this rule operates as if each parcel is held by different persons.
- 11.4. Once in any 12 month period, the Directors may decide to give written notice to a Member who holds a Non-Marketable Parcel. If they do so, the notice must:
- a) state that the Company intends to sell the Non-Marketable Parcel; and
 - b) specify a date at least six weeks (or any lesser period permitted under the Corporations Act or the ASX Listing Rules) after the notice is given by which the Member may give the Company written notice that the Member wishes to retain the holding.
- 11.5. If the Directors' power to sell lapses under rule 11.1, any notice given by the Directors under this rule is taken never to have been given and the Directors may give a new notice after the close of the offers made under the takeover.
- 11.6. The Company must not sell a Non-Marketable Parcel if, in response to a notice given by the Company under this rule, the Company receives written notice that the Member wants to keep the Non-Marketable Parcel.
- 11.7. A sale of Shares under this rule includes all Dividends payable on and other rights attaching to them. The Company must pay the costs of the sale. Otherwise, the Directors may decide the manner, time and terms of sale.
- 11.8. For the purpose of giving effect to this rule, each Director and each Secretary has the power to initiate, sign or otherwise effect a transfer of a Share as agent for a Member who holds a Non-Marketable Parcel.

11.9. The Company must:

- a) deduct any called amount for the Shares sold under this rule from the proceeds of sale and pay the balance into a separate bank account it opens and maintains for that purpose only;
- b) hold that balance in trust for the previous holder of the Shares;
- c) as soon as practical give written notice to the previous holder of the Shares stating:
 - i) what the balance is; and
 - ii) that it is holding the balance for the previous holder of the Shares while awaiting the previous Members' instructions and return of the certificate (if any) for the Shares sold or evidence of its loss or destruction;
- d) if the Shares sold were certificated, not pay the proceeds of sale out of the trust account until it has received the certificate for them or evidence of its loss or destruction; and
- e) subject to paragraph 11.9(d), deal with the amount in the account as the previous holder of the Shares instructs.

11.10. The title of the new holder of a Share sold under this rule is not affected by any irregularity in the sale. The sole remedy of any person previously interested in the Share is damages which may be recovered only from the Company.