

Form 603

Corporations Act 2001 Section 671B

Notice of initial substantial holder

To: Company Name/Scheme **Orca Energy Limited**
ACN/ARSN **009 121 644**

1. Details of substantial holder (1)

Name **Senex Energy Limited**
ACN/ARSN (if applicable) **008 942 827**

The holder became a substantial holder on 01/02/12

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary shares	115,000,000	115,000,000	19.99%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Senex Energy Limited	Relevant interest under section 608(1) of the Corporations Act 2001 (Cth) as registered holder of the securities. Refer to Subscription Agreement between Orca Energy Limited and Senex Energy Limited dated 31 January 2012 attached as Annexure A.	115,000,000 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Senex Energy Limited	Senex Energy Limited	Senex Energy Limited	115,000,000 ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Senex Energy Limited	1 February 2012	\$4,025,000	Nil	115,000,000 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of the persons named in this form are as follows:

Name	Address
Senex Energy Limited	Level 11, 144 Edward Street, Brisbane QLD 4000

Signature

print name Francis Leo Connolly

capacity Company Secretary

sign here

date 03/02/12

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg, a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of the relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

Subscription Agreement

This is Annexure A of 25 pages (including this page) referred to in the ASIC Form 603 (Notice of initial substantial holder).

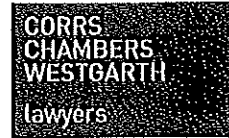
Signed and dated 3 February 2012.



Name: ~~Frank Leo Connolly~~ FRANCIS LEO CONNOLLY

Position: Company Secretary

Waterfront Place
1 Eagle Street Brisbane QLD 4000
GPO Box 9925 QLD 4001
Tel (07) 3228 9333
Fax (07) 3228 9444
www.corrs.com.au



Sydney
Melbourne
Brisbane
Perth

Execution version

Orca Energy Limited

Senex Energy Limited

Subscription Agreement

Contents

1	Interpretation	1
1.1	Definitions	1
1.2	Construction	3
2	Conditions	5
2.1	Conditions	5
2.2	Waiver of Conditions	5
2.3	Fulfilment of Conditions	5
2.4	Reasonable endeavours to satisfy conditions	5
2.5	Effect of termination	5
3	Share Subscription and related obligations	5
3.1	Agreement to subscribe and issue	5
3.2	Time and place for Subscription Completion	6
3.3	Constitution	6
3.4	Subscription Completion	6
3.5	Quotation of Shares	6
3.6	Cleansing notice	7
4	Participation in further non-pro rata issues of Shares	7
4.1	ASX waiver for top-up right	7
4.2	Participation right	7
5	Use of Subscription Amount	8
6	Appointment of Senex Director	9
6.1	Right to nominate Senex Director	9
6.2	Appointment of Senex Director	9
6.3	Appointment of Replacement Senex Director	9
6.4	Terms of appointment	9
6.5	Operation of clause	10
7	Warranties	10
7.1	Warranties by Orca	10
7.2	Warranties by Senex	10
7.3	Warranties repeated at Subscription Completion	11
7.4	Breach before Subscription Completion Date	11
7.5	Actions prior to Subscription Completion Date	11
8	Confidentiality	11
8.1	Confidentiality	11
8.2	Exceptions	12
9	Termination rights	12
9.1	Senex termination events	12
9.2	Orca termination events	12
9.3	Effect of termination	13

10	Notices	13
10.1	General	13
10.2	How to give a communication	13
10.3	Particulars for delivery of notices	13
10.4	Communications by post	14
10.5	Communications by fax	14
10.6	After hours communications	14
10.7	Process service	14
11	GST	14
11.1	Construction	14
11.2	Consideration GST exclusive	14
11.3	Payment of GST	14
11.4	Timing of GST payment	15
11.5	Tax invoice	15
11.6	Adjustment event	15
11.7	Reimbursements	15
12	General	15
12.1	Duty	15
12.2	Legal costs	15
12.3	Amendment	16
12.4	Waiver and exercise of rights	16
12.5	No merger	16
12.6	Rights cumulative	16
12.7	Consents	16
12.8	Further steps	16
12.9	Governing law and jurisdiction	16
12.10	Assignment	16
12.11	Liability	16
12.12	Counterparts	17
12.13	Entire understanding	17
12.14	Relationship of parties	17
	Schedule 1 - Warranties	18

31 January 2012

Parties

Orca Energy Limited ABN 25 009 121 644 of Ground Floor, 1 Havelock Street, West Perth, Western Australia 6005 (Orca)

Senex Energy Limited ABN 50 008 942 827 of Level 11, 144 Edward Street, Brisbane, Queensland 4000 (Senex)

Background

- A Senex has agreed to subscribe for, and Orca has agreed to issue to Senex, ordinary shares in Orca in accordance with the terms of this document.
-

Agreed terms

1 Interpretation

1.1 Definitions

In this document:

ASX means ASX Limited ABN 98 008 624 691 or the securities exchange operated by it, as the context requires.

ASX Walver has the meaning given in clause 4.1(a).

Business Day means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia.

Change of Control Event means:

- (a) Senex proposes a scheme of arrangement with its creditors or members or any class of either of them pursuant to section 411 of the Corporations Act;
- (b) a takeover bid or other offer being made to acquire all of the ordinary shares in the capital of Senex, which becomes unconditional; or
- (c) a person or group of associated persons obtaining, subsequent to the date of this document, a relevant interest in sufficient ordinary shares in the capital of Senex to give it or them the ability, in general meeting, to replace all or a majority of the board of Senex in circumstances where

such ability was not already held by a person associated with such person or group of associated persons as at the date of this document.

Conditions means the conditions set out in clause 2.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Cut-Off Date means 3 February 2012 or such later date as agreed between the parties.

Director means a director of Orca.

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset; or
- (b) created or otherwise arising in or over any interest in any asset under any mortgage, charge, pledge, lien, hypothecation, trust or bill of sale, by way of security for the payment of a debt or other monetary obligation or the performance of any other obligation.

Execution Date means the date this document is executed by the parties.

Farmin Agreement means the Farmin Agreement – PEL 115 between Komodo and Victoria to be entered into on or about the Execution Date.

Insolvency Event means:

- (a) a party is or states that it is unable to pay from its own money all its debts as and when they become due and payable;
- (b) a party is taken or must be presumed to be insolvent or unable to pay its debts under any applicable legislation;
- (c) an application or order is made for the winding up or dissolution of a party or a resolution is passed or any steps are taken to pass a resolution for its winding up or dissolution;
- (d) an administrator, provisional liquidator, liquidator or person having a similar or analogous function under the laws of any relevant jurisdiction is appointed in respect of a party or any action is taken to appoint any such person and the action is not stayed, withdrawn or dismissed within seven days;
- (e) a controller (as defined in the Corporations Act) is appointed in respect of any property of a party;
- (f) a party is deregistered under the Corporations Act or notice of its proposed deregistration is given to the corporation;
- (g) execution is levied or becomes enforceable against any property of a party;
- (h) a party enters into or takes any action to enter into an arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of its creditors or members or a moratorium involving any of them; or

- (i) anything analogous to or of a similar effect to anything described above under the law of any relevant jurisdiction occurs in respect of a party.

Komodo means Komodo Energy Pty Ltd ABN 15 134 922 348.

Listing Rules means the Listing Rules of ASX.

Orca Board means the board of directors of Orca.

Orca Group means Orca and its Subsidiaries.

Orca Group Member means each member of the Orca Group.

Orca Shareholders means the holders of Shares or any of them as the case requires.

Replacement Senex Director has the meaning given in clause 6.3(a).

Senex Director means the Director appointed to the Orca Board in accordance with clause 6.2.

Senex Entitlement means the rights of Senex set out in clause 4.2(b).

Senex Shareholding Percentage means the number of Shares held by Senex or its Subsidiaries as a proportion of the total number of Shares on issue at the relevant time, expressed as a percentage.

Shares means fully paid ordinary shares in the capital of Orca.

Subscription Amount means \$0.035 multiplied by the number of Subscription Shares.

Subscription Completion means the settlement of the issue of the Subscription Shares under this document.

Subscription Completion Date means the date on which Subscription Completion occurs.

Subscription Shares means 115,000,000 Shares.

Subsidiary has the meaning given to it in the Corporations Act.

Trading Day has the meaning given to it in the Listing Rules.

Transaction means the:

- (a) subscription for and allotment of the Subscription Shares pursuant to this document; and
- (b) entry of Komodo and Victoria into the transactions contemplated by the Farmin Agreement.

Victoria means Victoria Oil Exploration (1977) Pty Ltd ABN 83 008 898 431.

1.2 Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;

- (c) If a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) "includes" means includes without limitation;
- (e) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it;
- (f) a reference to:
 - (i) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
 - (iii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
 - (iv) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
 - (v) a right includes a benefit, remedy, discretion or power;
 - (vi) time is to local time in Perth;
 - (vii) "\$" or "dollars" is a reference to Australian currency;
 - (viii) this or any other document includes the document as novated, varied or replaced and despite any change in the identity of the parties;
 - (ix) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions;
 - (x) this agreement includes all schedules and annexures to this document to the extent expressly incorporated by the terms of this agreement; and
 - (xi) a clause, schedule or annexure is a reference to a clause, schedule or annexure, as the case may be, of this document;
- (g) If the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day; and
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

2 Conditions

2.1 Conditions

The obligations of Orca and Senex under this document, with the exception of clauses 1, 2, 8, 9, 10 and 12, are conditional upon:

- (a) execution by Komodo and Victoria of the Farmin Agreement; and
- (b) ASX giving a written opinion for the purposes of Listing Rule 10.8 that the transactions under the Farmin Agreement would not require Orca shareholder approval under Listing Rule 10.1.

2.2 Waiver of Conditions

None of the Conditions can be waived without the approval in writing of both Orca and Senex.

2.3 Fulfilment of Conditions

If any Condition is not satisfied by the Cut-Off Date then this document may be terminated by notice given by either party to the other party.

2.4 Reasonable endeavours to satisfy conditions

- (a) Each of Orca and Senex must use its best endeavours to ensure that the Conditions are satisfied by the Cut-Off Date.
- (b) The parties must co-operate and act in good faith towards each other in obtaining satisfaction of the Conditions and keep each other informed of any circumstances which may result in any Condition not being satisfied in accordance with its terms or in such satisfaction being delayed.

2.5 Effect of termination

If the agreement evidenced by this document is terminated under clause 2.3, this document (except for clauses 1, 2, 8, 10 and 12) is of no further effect and:

- (a) the parties are released from any further obligations under this document; but
- (b) the parties remain liable for any breach committed before that termination.

3 Share Subscription and related obligations

3.1 Agreement to subscribe and issue

Senex must subscribe for the Subscription Shares for the Subscription Amount and Orca must issue the Subscription Shares to Senex free from any Encumbrances and on the terms of this document provided each party complies with its obligations under this clause 3.

3.2 Time and place for Subscription Completion

Subscription Completion must take place at the offices of Orca's solicitors at 10.00 am on the date which is two Business Days after satisfaction or waiver of the last of the Conditions or such other place, time and date as the parties agree in writing, provided that ASX has not indicated to Orca at any time before Subscription Completion that it will refuse to grant quotation of the Subscription Shares or otherwise make quotation conditional.

3.3 Constitution

On Issue of the Subscription Shares, Senex agrees that it will be bound by the constitution of Orca.

3.4 Subscription Completion

At Subscription Completion:

- (a) Senex must pay the Subscription Amount to Orca in immediately available and cleared funds by electronic transfer into a bank account nominated by Orca at least 24 hours before the time scheduled for Subscription Completion or, failing such direction, by bank cheque drawn on an Australian bank; and
- (b) Orca must:
 - (i) issue or procure the issue to Senex of the Subscription Shares free from all Encumbrances on the basis that they rank equally in all respects, including in respect of any rights, with Shares on issue on the Subscription Completion Date;
 - (ii) enter the name and address of Senex in the register of members of Orca in respect of the Subscription Shares;
 - (iii) give to Senex an extract of the minutes of a meeting of the Orca Board, certified by the company secretary of Orca as a true extract, resolving to approve:
 - (A) the issue of the Subscription Shares to Senex;
 - (B) the update of the register of Shareholders to take account of the issue of the Subscription Shares to Senex;
 - (C) subject to receiving a signed consent to act, the appointment of the Senex Director to the Orca Board with effect on and from the Subscription Completion Date;
 - (iv) give, at the election of Senex, a CHESS holding statement or an issuer-sponsored holding statement in respect of the Subscription Shares; and
 - (v) give to Senex a draft of the notice referred to in clause 3.6.

3.5 Quotation of Shares

- (a) Orca will apply to ASX for, and use all reasonable endeavours to obtain, official quotation of the Subscription Shares and any other Shares issued

to Senex pursuant to clause 4.2 within one Business Day of the relevant allotment to Senex.

- (b) Orca must use its best endeavours to ensure that its Shares continue to be quoted on ASX.

3.6 Cleansing notice

Orca must provide a notice given under section 708A(5)(e)(i) of the Corporations Act which complies with the requirements of section 708A(6) of the Corporations Act to ASX within one Business Day of:

- (a) the date the Subscription Shares are issued to Senex and such notice must confirm that Orca has not withheld any excluded information for the purposes of section 708A(6)(e); and
- (b) any date Shares are issued to Senex pursuant to clause 4.2.

4 Participation in further non-pro rata issues of Shares

4.1 ASX waiver for top-up right

- (a) Clause 4.2 is conditional on ASX providing a written waiver of Listing Rule 6.18 in relation to the rights granted to Senex under clause 4.2 (ASX Waiver).
- (b) Each of Orca and Senex must use its best endeavours to ensure that the ASX Waiver is obtained as soon as reasonably practicable.
- (c) The parties must co-operate and act in good faith towards each other in obtaining the ASX Waiver and keep each other informed of any circumstances which may result in the ASX Waiver not being obtained or being delayed.

4.2 Participation right

- (a) This clause 4.2 will terminate if, at any time after Subscription Completion:
 - (i) Senex and its Subsidiaries together hold less than 15% of the Shares on Issue at the relevant time for a period of at least 30 consecutive days;
 - (ii) the strategic relationship between Senex and Orca or any of their respective "related bodies corporate" (as that term is defined in the Corporations Act) ceases or changes in such a way that it effectively ceases; or
 - (iii) a Change of Control Event occurs.
- (b) Subject to clause 4.2(c), where Orca undertakes a private placement for cash of Shares, or other securities which by their terms are capable of being converted to, or redeemed for, Shares Orca must ensure that Senex is offered, on the same terms as all other participants to the

private placement and subject to clause 4.2(d), the right to subscribe for that proportion of the aggregate number of Shares or other securities to be offered under the private placement equal to the Senex Shareholding Percentage Immediately before the relevant issue of Shares or other securities, rounded down to the nearest whole Share or other security (Senex Entitlement).

- (c) Clause 4.2(b) does not apply where Orca issues Shares to employees or directors of the Orca Group as part of:
 - (i) the issue of Shares upon exercise of options issued to or for the benefit of any of Mark Gwynne, Scott Spencer or Jon Roestenburg, pursuant to the approvals obtained from Orca Shareholders at the annual general meeting on 19 November 2009; or
 - (ii) other remuneration arrangements which are approved by Orca Shareholders after Subscription Completion.
- (d) Orca must, subject to applicable laws, give Senex at least five Business Days notice of any proposal to issue Shares or other securities, other than as described in clause 4.2(c).
- (e) Senex may only transfer the Senex Entitlement to an entity that is a wholly owned Subsidiary of Senex.
- (f) If Orca Shareholder approval is required under the Corporations Act or the Listing Rules for the issue of Shares under this clause 4.2, Orca must as soon as practicable convene a meeting of Orca Shareholders to seek such approvals and take all steps reasonably necessary to obtain such approvals.

5 Use of Subscription Amount

- (a) Subject to the law and the Orca Directors' fiduciary duties, during the two years after the Subscription Completion Date, Orca agrees to use all reasonable endeavours to utilise the proceeds of the Subscription Amount only:
 - (i) to meet contributions required of an Orca Group Member under approved work programs and budgets for operations to be carried out within any of PEL110, PEL115 and the oil and gas project located in Matagorda County, Texas in which Orca has an interest; and then
 - (ii) in the ordinary course of business, including reviewing (but not implementing) business development opportunities.
- (b) Orca must not expend the proceeds of the Subscription Amount to provide an immediate benefit to Orca Shareholders, including:
 - (i) paying a special dividend;
 - (ii) performing a share buy-back; or

(iii) making a return of capital,

within two years after the Subscription Completion Date without the prior written consent of Senex.

6 Appointment of Senex Director

6.1 Right to nominate Senex Director

- (a) On and from Subscription Completion and subject to clause 6.5, Senex has the right, but not the obligation, to nominate a director to the Board (**Senex Director**), provided that such nominee director shall possess the requisite experience in oil and gas and/or corporate affairs to hold such a position.
- (b) Orca acknowledges that Senex may also nominate an alternate director to the Senex Director.

6.2 Appointment of Senex Director

- (a) Orca agrees that it will, within five Business Days of receiving a signed consent to act, appoint the Senex Director and any alternate director nominated by Senex to the Orca Board.
- (b) Senex acknowledges any Senex Director appointed under this clause 6.2 holds office only until the next general meeting and is then eligible for re-election at that meeting.
- (c) After the appointment of the Senex Director, Orca must use all reasonable endeavours to procure that the Orca Board:
 - (i) ensures that the Senex Director is proposed for election as a Director at the next general meeting of Orca Shareholders convened after the appointment; and
 - (ii) supports the election of the Senex Director at the next general meeting of Orca convened after the appointment of the Senex Director, and subject to each Director's fiduciary duties at all subsequent general meetings of Orca at which the Senex Director is due for re-election.

6.3 Appointment of Replacement Senex Director

- (a) If the Orca Shareholders do not approve the resolution to elect the Senex Director, Senex may nominate a replacement director (**Replacement Senex Director**).
- (b) If a Replacement Senex Director is nominated, clauses 6.2 and 6.3(a) will apply as if the references to "Senex Director" were to "Replacement Senex Director".

6.4 Terms of appointment

Any Senex Director or Replacement Senex Director appointed in accordance with this clause 6 must be appointed on the same terms as the other non-

executive directors of Orca, including terms of remuneration and the right to enter into a deed of access and indemnity with Orca on terms substantially the same as existing deeds of access and indemnity between Orca and the Directors.

6.5 Operation of clause

This clause 6 continues until the earlier of:

- (a) such time as Senex ceases to hold at least 15% of the total number of Shares on issue for a period of at least 30 consecutive days; and
- (b) a Change of Control Event occurring, after which it automatically expires.

7 Warranties

7.1 Warranties by Orca

- (a) Orca represents and warrants to Senex that each of the warranties set out in schedule 1 is true and complete.
- (b) Orca agrees to indemnify Senex from any liability or loss that may be incurred or sustained by Senex as a result of any of the warranties set out in schedule 1 not being true and complete when given.

7.2 Warranties by Senex

- (a) Senex represents and warrants to Orca that each of the warranties set out below is true and complete:
 - (i) it is a body corporate duly incorporated under the laws Australia;
 - (ii) it has the power to own its assets and to carry on its business as now conducted or contemplated;
 - (iii) it has the corporate power to enter into and perform or cause to be performed its obligations under this document and to carry out the transactions contemplated by this document;
 - (iv) it has taken or will take all necessary corporate action to authorise the entry into and performance of this document and to carry out the transactions contemplated by this document;
 - (v) this document is a valid and binding obligation enforceable in accordance with its terms, subject to any necessary stamping; and
 - (vi) the execution and performance by it of this document did not and will not breach its constitution or any other document or agreement that is binding on it or its assets or give any person any rights of termination or cancellation of any document or agreement.
- (b) Senex indemnifies Orca from any liability or loss that may be incurred or sustained by Orca as a result of any of the warranties set out in this clause 7.2 not being true and complete when made.

7.3 Warranties repeated at Subscription Completion

The warranties given by Orca and Senex are given:

- (a) in respect of each warranty which is expressed to be given on a particular date, on that date; and
- (b) in respect of each other warranty, on the Execution Date and immediately before Subscription Completion.

7.4 Breach before Subscription Completion Date

- (a) Until and including the Subscription Completion Date, Orca must not and must procure that each Orca Group Member does not act (or omit to act) in a manner which Orca knows, or ought reasonably to know, would constitute or give rise to a breach of a warranty that is to be given by it.
- (b) Orca must immediately and fully disclose to Senex any fact, matter or circumstance of which Orca becomes aware on or before the Subscription Completion Date and which is, or may reasonably be expected to give rise to, a breach of a warranty given by it.

7.5 Actions prior to Subscription Completion Date

Until and including the Subscription Completion Date, Orca must not, and must ensure that each Orca Group Member does not:

- (a) issue or grant an option or right to subscribe for any Shares or securities convertible into Shares or agree to make such an allotment or issue or grant such an option or right;
- (b) make or declare any distribution whether by way of dividend or capital reduction or otherwise and whether in cash or in specie;
- (c) convert all or any Shares into a larger or smaller number of Shares;
- (d) reduce its share capital in any way or enter into or resolve to enter into a buy-back agreement;
- (e) dispose, or agree to dispose, of the whole, or a substantial part, of its business or property;
- (f) charge, or agree to charge, the whole, or a substantial part, of its business or property; or
- (g) resolve to be wound up.

8 Confidentiality

8.1 Confidentiality

Subject to clause 8.2:

- (a) the negotiations of the parties relating to the Transaction and subject matter and terms of this document must be kept confidential and may only be disclosed by a party to its professional advisers on condition that

they agree to be bound by the terms of this clause, or to other persons with the prior approval of all the other parties;

- (b) no party may make any press release or announcement in relation to the Transaction without the prior approval of the other party (which must not be unreasonably withheld); and
- (c) where Orca consults with the Directors generally in relation to any announcements that it proposes to make to the ASX, Orca must consult with the Senex Director to the same extent as the other Directors prior to making such announcements.

8.2 Exceptions

Clause 8.1 does not apply to the extent reasonably necessary:

- (a) to enable a party to comply with the law or the requirements of any stock exchange; and
- (b) to enable it to enforce its rights or to defend any claim under or in connection with this document.

In each of the above circumstances the parties will, to the extent that it is practicable to do so, endeavour to keep the other reasonably informed about the circumstances giving rise to the disclosure obligation and notify the other of the disclosure requirement and consult with that party prior to making the disclosure.

9 Termination rights

9.1 Senex termination events

Senex may terminate this document by notice in writing to Orca if any of the following events occur:

- (a) there is a material breach by Orca of any warranty given by Orca in this document or of any of its obligations under this document and Orca has failed to remedy that breach following notice from Senex specifying the breach and requiring remedy of the breach by the earlier of the time scheduled for Subscription Completion and the date which is five Business Days after the notice is given; or
- (b) there is an Insolvency Event in relation to any Orca Group Member.

9.2 Orca termination events

Orca may terminate this document by notice in writing to Senex if any of the following events occur:

- (a) there is a material breach by Senex of any warranty given by Senex in this document or of any of its obligations under this document and Senex has failed to remedy that breach following notice from Orca specifying the breach and requiring remedy of the breach by the earlier of the time scheduled for Subscription Completion and the date which is five Business Days after the notice is given; or

- (b) there is an Insolvency Event in relation to Senex.

9.3 Effect of termination

If the agreement evidenced by this document is terminated under this clause 9, this document (except for clauses 8 and 12) is of no further effect and:

- (a) the parties are released from any further obligations under this document; but
- (b) the parties remain liable for any breach committed before that termination.

10 Notices

10.1 General

A notice, demand, certification, process or other communication relating to this document must be in writing in English and may be given by an agent of the sender.

10.2 How to give a communication

In addition to any other lawful means, a communication may be given by being:

- (a) personally delivered;
- (b) left at the party's current address for notices;
- (c) sent to the party's current address for notices by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail; or
- (d) sent by fax to the party's current fax number for notices.

10.3 Particulars for delivery of notices

- (a) The particulars for delivery of notices are initially:

Orca

Address: Ground Floor, 1 Havelock Street, West Perth, Western Australia

Fax: (08) 9324 2400

Attention: Company Secretary

Senex

Address: Level 11, 144 Edward Street, Brisbane, Queensland

Fax: (07) 3837 9999

Attention: Company Secretary

- (b) Each party may change its particulars for delivery of notices by notice to each other party.

10.4 Communications by post

Subject to clause 10.6, a communication is given if posted:

- (a) within Australia to an Australian address, three Business Days after posting; or
- (b) In any other case, ten Business Days after posting.

10.5 Communications by fax

Subject to clause 10.6, a communication is given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

10.6 After hours communications

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

It is taken as having been given at 9.00 am on the next day which is not a Saturday, Sunday or bank or public holiday in that place.

10.7 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this document may be served by any method contemplated by this clause 10 or in accordance with any applicable law.

11 GST

11.1 Construction

In this clause 11, and unless the context requires otherwise in this document:

- (a) words and expressions which are not defined in this document but which have a defined meaning in GST Law have the same meaning as in the GST Law; and
- (b) GST Law has the same meaning given to that expression in the *A New Tax System (Goods and Services Tax) Act 1999*.

11.2 Consideration GST exclusive

Unless otherwise expressly stated, all prices or other sums payable or consideration to be provided under this document are exclusive of GST.

11.3 Payment of GST

If GST is payable by a supplier or by the representative member for a GST group of which the supplier is a member, on any supply made under this document, the recipient will pay to the supplier an amount equal to the GST payable on the supply.

11.4 Timing of GST payment

The recipient will pay the amount referred to in clause 11.3 in addition to and at the same time that the consideration for the supply is to be provided under this document.

11.5 Tax invoice

The supplier must deliver a tax invoice or an adjustment note to the recipient before the supplier is entitled to payment of an amount under clause 11.3. The recipient can withhold payment of the amount until the supplier provides a tax invoice or an adjustment note, as appropriate.

11.6 Adjustment event

If an adjustment event arises in respect of a taxable supply made by a supplier under this document, the amount payable by the recipient under clause 11.3 will be recalculated to reflect the adjustment event and a payment will be made by the recipient to the supplier or by the supplier to the recipient as the case requires.

11.7 Reimbursements

Where a party is required under this document to pay or reimburse an expense or outgoing of another party, the amount to be paid or reimbursed by the first party will be the sum of:

- (a) the amount of the expense or outgoing less any input tax credits in respect of the expense or outgoing to which the other party, or to which the representative member for a GST group of which the other party is a member, is entitled; and
- (b) if the payment or reimbursement is subject to GST, an amount equal to that GST.

12 General

12.1 Duty

- (a) Orca as between the parties is liable for and must pay all duty (including any fine or penalty except where it arises from default by the other party) on or relating to this document, any document executed under it or any dutiable transaction evidenced or effected by it.
- (b) If a party other than Orca pays any duty (including any fine or penalty) on or relating to this document, any document executed under it or any dutiable transaction evidenced or effected by it, Orca must pay that amount to the paying party on demand.

12.2 Legal costs

Except as expressly stated otherwise in this document, each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this document.

12.3 Amendment

This document may only be varied or replaced by a document executed by the parties.

12.4 Waiver and exercise of rights

- (a) A single or partial exercise or waiver by a party of a right relating to this document does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

12.5 No merger

The warranties, undertakings and indemnities in this document do not merge on Subscription Completion.

12.6 Rights cumulative

Except as expressly stated otherwise in this document, the rights of a party under this document are cumulative and are in addition to any other rights of that party.

12.7 Consents

Except as expressly stated otherwise in this document, a party may conditionally or unconditionally give or withhold any consent to be given under this document and is not obliged to give its reasons for doing so.

12.8 Further steps

Each party must promptly do whatever the other party reasonably requires of it to give effect to this document and to perform its obligations under it.

12.9 Governing law and jurisdiction

- (a) This document is governed by and is to be construed in accordance with the laws applicable in Western Australia.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

12.10 Assignment

- (a) A party must not assign or deal with any right under this document without the prior written consent of the other parties.
- (b) Any purported dealing in breach of this clause is of no effect.

12.11 Liability

An obligation of two or more persons binds them separately and together.

12.12 Counterparts

This document may consist of a number of counterparts and, if so, the counterparts taken together constitute one document.

12.13 Entire understanding

- (a) This document and the Farmin Agreement contain the entire understanding between the parties as to the subject matter of this document.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this document are merged in and superseded by this document and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this document; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

12.14 Relationship of parties

This document is not intended to create a partnership, joint venture or agency relationship between the parties.

Schedule 1

Warranties

1 Disclosure

Orca warrants that it is in compliance with its continuous disclosure obligations under the Corporations Act and the Listing Rules and no information which is being withheld from disclosure pursuant to the exceptions listed in Listing Rule 3.1A is likely to have a material adverse effect on the price or value of the Shares.

2 Corporate structure and power

Orca warrants that:

- (a) It and each other Orca Group Member is a body corporate duly incorporated under the laws of its country of incorporation;
- (b) It and each other Orca Group Member has the power to own its assets and to carry on its business as now conducted or contemplated;
- (c) it has the corporate power to enter into and perform or cause to be performed its obligations under this document and to carry out the transactions contemplated by this document;
- (d) It has taken or will take all necessary corporate action to authorise the entry into and performance of this document and to carry out the transactions contemplated by this document;
- (e) this document is a valid and binding obligation enforceable in accordance with its terms, subject to any necessary stamping;
- (f) the execution and performance by it of this document and the transactions contemplated by it did not and will not breach its constitution or any other document or agreement that is binding on it or its assets or give any person any rights of termination or cancellation of or right to accelerate any payment under any document or agreement or any right to be issued further shares;
- (g) Orca's issued securities as at the Execution Date are as follows:

Type of security	Number
Listed ordinary fully paid shares (ASX: OGY)	322,533,775
Ordinary fully paid shares, subject to 12 months escrow from the date of issue (15 August 2012)	137,500,000
Unlisted Options (\$0.26; 3 December 2012)	3,875,000
Unlisted Options (\$0.16; 3 December 2014)	500,000

- (h) Neither Orca nor any other Orca Group Member is under any obligation (including, any obligation which is conditional or which may arise in the future upon the occurrence or non-occurrence of any event) to issue any Shares or securities convertible into shares to any person other than the issue of Shares upon exercise of the unlisted options referred to in warranty 2(g) above;
- (i) the Subscription Shares will be issued free from any Encumbrance and will rank equally with all other Shares on issue in all respects, including in respect of any rights; and
- (j) the Subscription Shares will comprise 19.99% of the total number of Shares on issue immediately following their issue under this document.

3 Conduct warranties

Orca warrants that:

- (a) no Orca Group Member is engaged in or has been threatened with any material legal action or other proceedings, and there are no facts or matters known to Orca that are likely to give rise to any material legal action or other proceedings; and
- (b) it has satisfied all conditions necessary to enable it to lodge with ASX a notice under section 708A(5)(e)(i) of the Corporations Act which complies with section 708A(6) of the Corporations Act.

4 Business warranties

Orca warrants that:

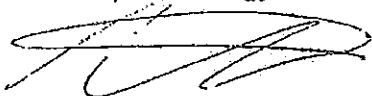
- (a) no Orca Group Member has any interest, vested, contingent or future in any oil and gas or uranium permits, licences or concessions in the Kyrgyz Republic, Krygyzstan (**Krygyz Licences**);
- (b) no Orca Group Member has any continuing, undischarged, contingent or future liability of any type whatsoever (including in respect of environmental matters) arising out of or relating to any previously held interests in or previously held Krygyz Licences;
- (c) Sugarbay Investments Pty Ltd ACN 151 782 866 (**Sugarbay**) has met all its obligations (including expenditure obligations) under any and all participation, farmin and operating agreements to which it is a party in respect of oil and gas operations within Matagorda County, Texas, USA (**Seabiscuit Project**) other than an obligation to meet 20% of the drilling costs of one well to a depth of 17,500 feet;
- (d) Sugarbay is not in breach of any obligation it has in respect of the Seabiscuit Project;
- (e) As far as Orca is aware, the materials delivered, and statements made, by Orca and its representatives to Senex in connection with the Transaction (**Due Diligence Materials**) are materially accurate and

complete and not misleading whether by inclusion or omission as at the date of the relevant document or provision of the information;

- (f) The Due Diligence Materials contain disclosure of all current, contingent or, as far as Orca is aware as at the date of this document, future material liabilities or commitments of the Orca Group;
- (g) Other than as fairly disclosed to ASX or in the Due Diligence Materials, since 19 September 2011 (being the date Orca's most recent audited accounts were lodged with ASX) there has been there has been no material adverse change in the assets, liabilities, cash position, financial condition, affairs or prospects of the Orca Group; and
- (h) No Orca Group Member has any continuing or undischarged liability arising out of either the entry into or the termination of the agreements relating to an acquisition of interests in SOCA Petroleum (SOCA) and the oil leases within Trinidad in which SOCA and its subsidiaries have interests.

Executed as a deed.

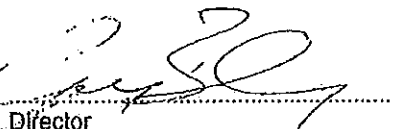
Executed by Orga-Energy Limited



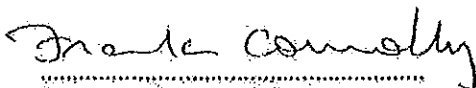
Company Secretary/Director

JASON SENTENAC
Name of Company Secretary/Director
(print)

Director


GREG BANDY
Name of Director (print)

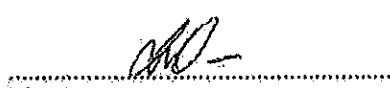
Executed by Senex Energy Limited



Company Secretary/Director

FRANCIS LEO CONNOLLY
Name of Company Secretary/Director
(print)

Director


IAN RICHARD DAVIES
Name of Director (print)