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Institutional Placement and Entitlement Offer

19 June 2012

Senex

Senex Energy Limited

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Maps and diagrams contained in this presentation are provided to assist with the identification and description of Senex's tenements and Senex's intended targets and potential exploration areas within those tenements. The maps and diagrams may not be drawn to scale and Senex's intended targets and exploration areas may change in the future.

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Reserves

Unless otherwise indicated, the statements contained in this presentation about Senex's reserves estimates have been prepared by Dr Steven Scott BSc (Hons), PhD, who is General Manager – Exploration, a full time employee of Senex, in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (**SPE PRMS**). Dr Scott consents to the inclusion of the reserves estimates in the form and context in which they appear. Senex's reserves are consistent with the SPE PRMS. Resource estimates provided in relation to PEL 516 have been prepared by MHA Petroleum Consultants LLC and are not consistent with the SPE PRMS.

Investors should note that the petroleum resource and reserve systems of different jurisdictions employ different definitions and permit or require different assumptions, and that identical geological and engineering data can produce different results under different reporting systems. We provide no assurance that the reserves and resources stated in this presentation would be equivalent to the reserves and resources we would be required to state under any other reporting system. In particular, investors in the United States are cautioned that our reserves and resource methodologies vary in certain respects from those required to be used by SEC reporting companies, including the reporting requirements set out in SEC Industry Guide 2, Regulations S-K and S-X and related SEC disclosure requirements.

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Executive summary

The Offer

- Equity offering to raise approximately $155 million (the "**Equity Raising**") at $0.74 per share, comprising:
  - A placement to institutional investors to raise approximately $50 million ("**Institutional Placement**");
  - A 2 for 13 Accelerated Non-Renounceable Entitlement Offer to raise approximately $105 million (the "**Entitlement Offer**")
- Major shareholder, The Sentient Group ("**Sentient**"), has committed to participate in the Equity Raising to retain its 16.6% shareholding. Sentient entities will subscribe for their pro-rata shares under the Institutional Placement and take up their full entitlements under the retail component of the Entitlement Offer ("**Retail Entitlement Offer**")
- The Equity Raising is fully underwritten

Use of funds raised through the Offer

- Continued exploration and appraisal of Senex's Cooper Basin unconventional resources
- 12 vertical well exploration and appraisal campaign to further delineate material gas resource
- Investment in securing dedicated equipment and skilled resources, including investigating options to bring a new rig in country

2012/13 work program objectives

- Conventional oil business – ongoing exploration, appraisal and development in the Cooper Basin
- Unconventional gas business – substantial exploration and appraisal program in the Cooper Basin
- Coal seam gas – targeting extension of 2P reserves coverage of Surat Basin acreage

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Offer details

Offer structure, size and underwriting	▪ Equity Raising to raise approximately $155 million, comprising: — An Institutional Placement to raise approximately $50 million and — A 2 for 13 Entitlement Offer to raise approximately $105 million ▪ Approximately 210 million new Senex shares to be issued (approximately 23% of current issued capital) ▪ The Equity Raising is fully underwritten ▪ Major shareholder, Sentient, has committed to participate in the Equity Raising to retain its 16.6% shareholding. Sentient entities will subscribe for their pro rata shares under the Institutional Placement and take up their full entitlements under the Retail Entitlement Offer[1]
Offer price	▪ Offer price of $0.74 per new share, which represents a: — 14.5% discount to TERP[2] — 16.4% discount to the last traded price of $0.885 on 18 June 2012 — 14.9% discount to the 5 day VWAP[3] of $0.87
Institutional Placement and Institutional Entitlement Offer	▪ Institutional Placement and the institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**") will be conducted on 19-20 June 2012 ▪ Entitlements not taken up under the Institutional Entitlement Offer will be sold via the institutional bookbuild
Retail Entitlement Offer	▪ Retail Entitlement Offer opens 27 June 2012 and closes 11 July 2012 ▪ Eligible retail shareholders will be able to apply for additional shares over their entitlement under a "Top-Up Facility" as part of the Retail Entitlement Offer[4]
Ranking and eligibility	▪ New shares issued under the Equity Raising will rank equally in all respects with existing ordinary shares from allotment. New shares issued under the Institutional Placement will not be eligible to participate in the Entitlement Offer ▪ The Entitlement Offer is open to existing Senex shareholders with a registered address in Australia, New Zealand and the Cayman Islands on the register as at 7.00pm AEST on the Record Date of 22 June 2012

(1) The underwriters will pay Sentient a fee for its commitment to take up its full entitlement under the Retail Entitlement Offer
(2) The Theoretical Ex-rights Price ("TERP") is calculated by reference to Senex's closing price on 18 June 2012 of $0.885 per share, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Senex's shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not approximate TERP. TERP excludes the new shares issued under the Institutional Placement
(3) 5 day volume weighted average price ("VWAP") calculated over the 5 days trading in Senex shares up to and including 18 June 2012
(4) The conditions of the Top-Up Facility will be set out in the Retail Information Booklet, expected to be lodged with ASX on 27 June 2012

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FY13 work program fully funded post-raising

Capital Expenditure Program (2012/13)		Estimated net capex ($m)
Conventional oil	▪ 20+ well drilling campaign including exploration and appraisal targets ▪ Seismic programs across greenfield acreage ▪ Development of facilities and in-field support for producing fields ▪ Conventional oil capex requirements to be funded by oil cash flows	$60-$70m
Unconventional gas	▪ Material appraisal of southern Cooper Basin permits (~$100m) ▪ Early stage exploration in north Cooper Basin permits (~$20m) ▪ 12 vertical well campaign over ~18 months targeting tight sands, shales and coals ▪ Investment in securing rigs, equipment and skilled labour to accelerate appraisal ($20-$30m)	$140-$150m
Coal seam gas	▪ 16 well campaign including core and pilot wells ▪ Field development planning commencing in advance of pilot production ▪ Coal seam gas capex requirements to be funded by oil cash flows	$10m
Total 2012/13 capital expenditure		**$210-$230m**
Cash on balance sheet and OCF[1] net of 2011/12 capex commitments, corporate expenses and issue costs associated with the Equity Raising		$55-$75m
Net funding requirement		**$155m**

(1) Operating cash flows from conventional oil business over 2012/13

- **Cash balance as at 31 May 2012 of c. $60 million (including cash held in JVs, and cash held on behalf of Senex in non-operated JVs)**

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Indicative timetable

Key dates	
Announcement and trading halt	19 June 2012
Institutional Placement and Institutional Entitlement Offer opens	19 June 2012
Institutional Placement and Institutional Entitlement Offer closes	20 June 2012
Senex shares re-commence trading on ex-entitlement basis	21 June 2012
Record Date for the Entitlement Offer (7.00pm AEST)	22 June 2012
Retail Entitlement Offer opens	27 June 2012
Settlement of Institutional Placement and Institutional Entitlement Offer	28 June 2012
Allotment and normal trading of new shares issued under the Institutional Placement and Institutional Entitlement Offer	29 June 2012
Retail Entitlement Offer closes (5.00pm AEST)	11 July 2012
Settlement of Retail Entitlement Offer shortfall	18 July 2012
Allotment of new shares issued under the Retail Entitlement Offer	19 July 2012
Normal trading of new shares issued under the Retail Entitlement Offer	20 July 2012

All dates are indicative and subject to change. Senex and the underwriters reserve the right to withdraw or vary the timetable without notice

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Strategic and operational overview

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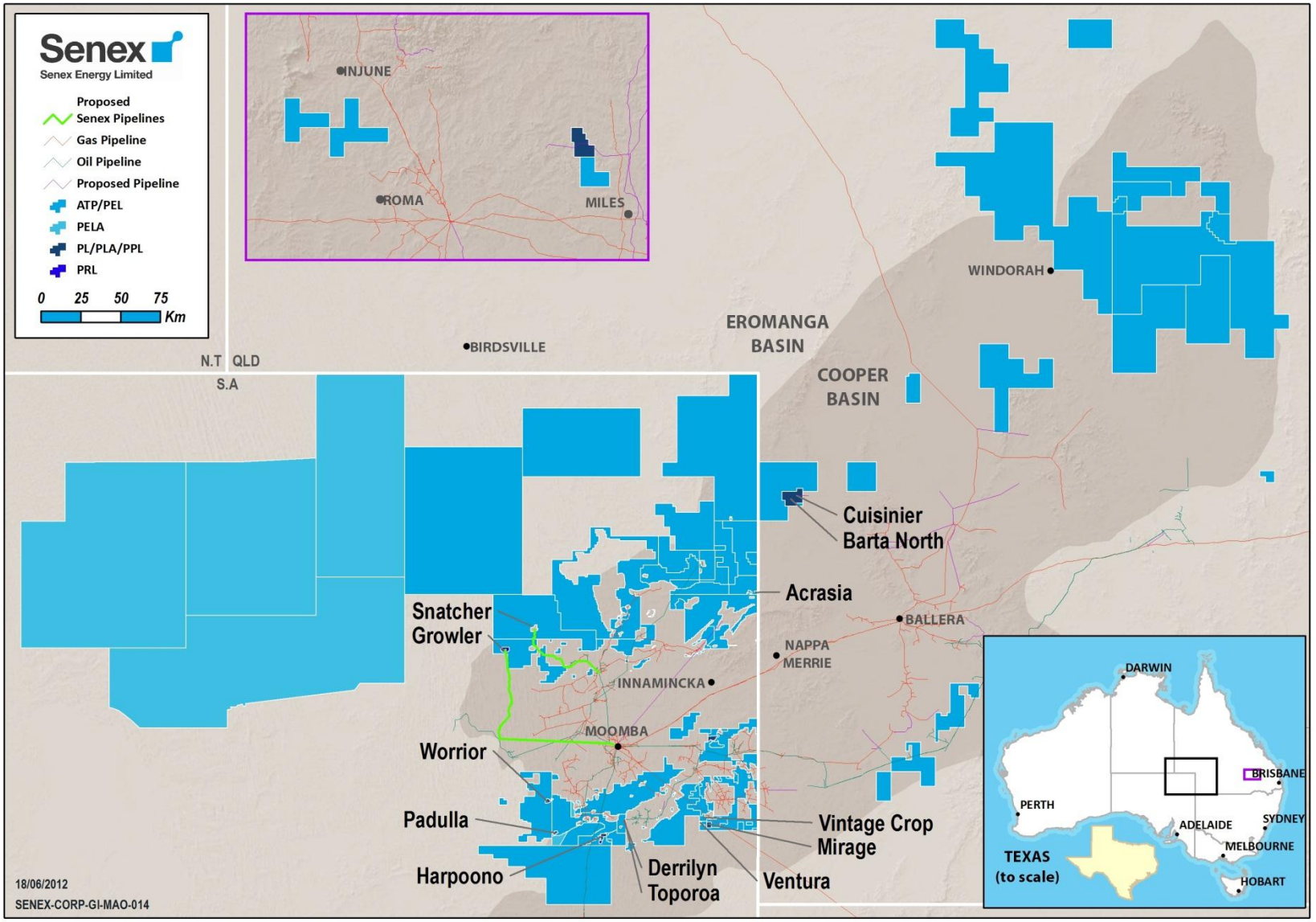
Material asset position in conventional oil, unconventional gas and coal seam gas



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Investment highlights

- ✓ Strong independent Cooper Basin oil producer with new and mature oil fields
  - Net production target for 2011/12 of ~600,000 barrels of oil, with net production of one million barrels of oil targeted for 2012/13 – an increase of ~67%
  - High margin oil business with rapid investment payback on exploration success
- ✓ Large acreage position in the lucrative western flank oil province with exciting near term exploration potential
- ✓ Material unconventional gas resource potential in the proven onshore hydrocarbon province, the South Australian Cooper Basin
  - Over 100 Tcf Gas-in-Place resource estimate[1] in PEL 516 (Senex 100%) from shales and coals alone, with other Senex held permits also highly prospective
  - Excellent results from current drilling program – gas flow to surface achieved from Sasanof-1 with evidence of heavy gases and condensate
  - Existing infrastructure and service sector within Cooper Basin provide excellent incubator for potential large-scale gas projects
- ✓ Valuable CSG position in the LNG feedstock region of Queensland's Surat Basin
  - Joint venture partners with two LNG project proponents - BG Group and Arrow
  - Strong independently certified coal seam gas reserves position
- ✓ Strong board and management team in place with successful track record

[1] **Source: MHA Petroleum Consultants LLC**

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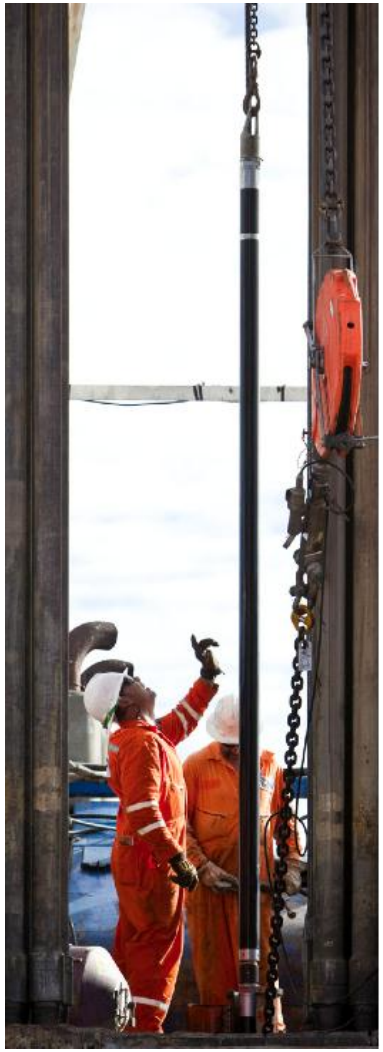
A focused and compelling strategy…



1. **Growing the oil business to generate cash flow**
   - Record production in 2011/12, growth continuing
   - Success in the 14 well western flank exploration and appraisal program for 2011/12
   - Substantial oil reserves upgrade achieved in April 2012
   - Record production rates achieved
2. **Unlocking a potential world class unconventional gas resource**
   - Commenced definition of material gas resource
   - Successful injectivity testing at Allunga Trough-1
   - Sasanof-1 exploration well drilled and fracture stimulated – flow testing ongoing with gas to surface
   - Talaq-1 exploration well cased and suspended awaiting hydraulic fracture stimulation
3. **Appraising and developing Surat Basin coal seam gas**
   - Significant 3P reserves position of 314 PJ (net)
   - Material 2P reserve increase to 138 PJ (net) in 2012
   - 2012/13 focus on further increasing 2P reserves

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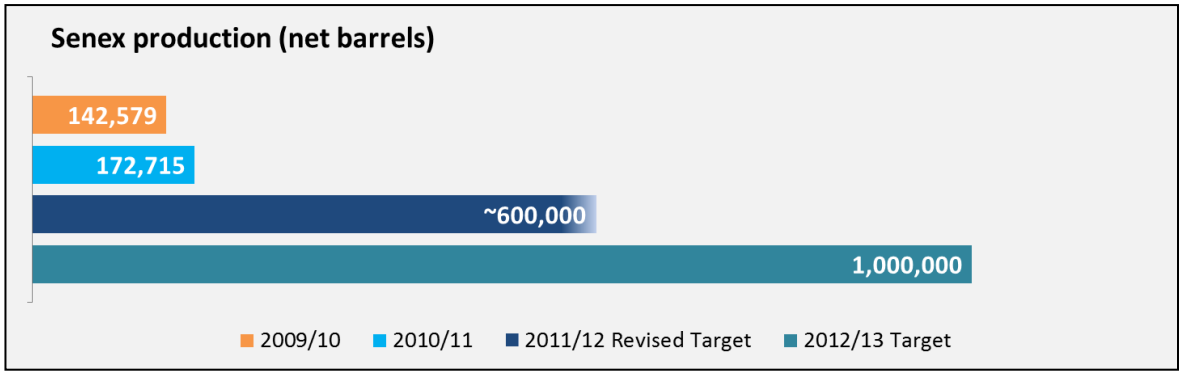
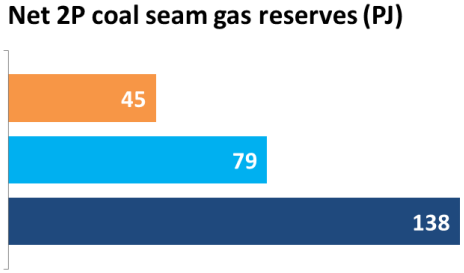
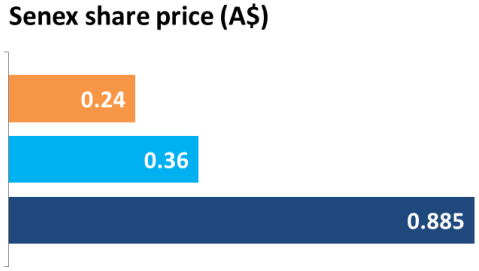
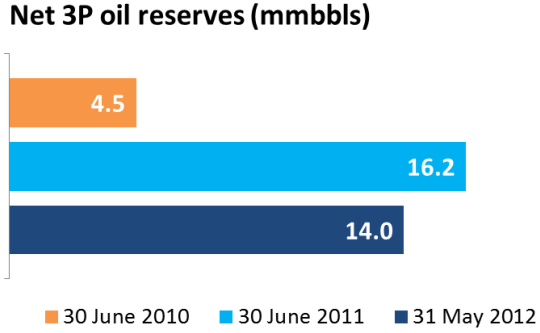
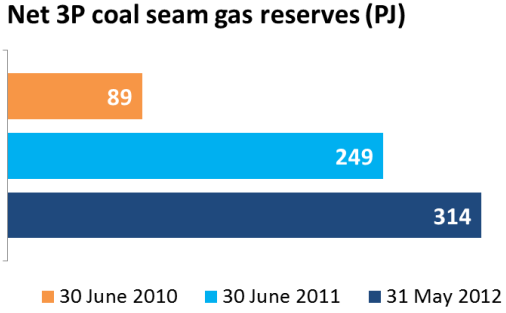
…with excellent success to date on all key metrics

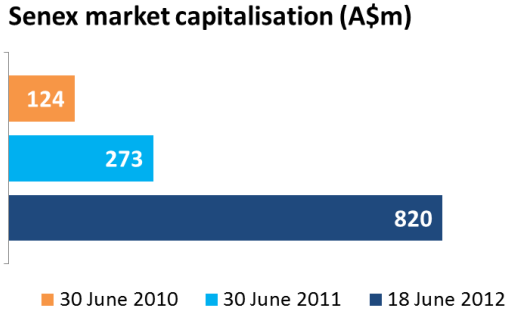












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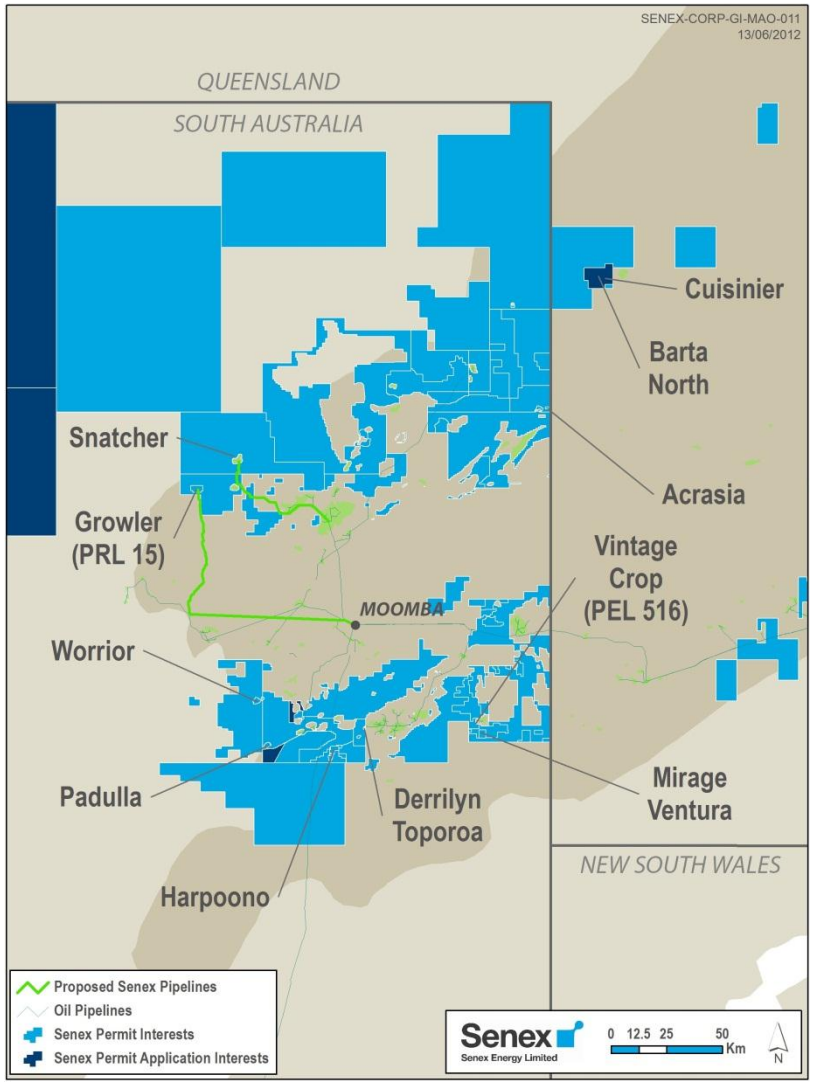
Oil production generating solid cash flows…

- Strong oil pricing (Brent)
- High net back of ~A$70 per barrel[1]
- Major land position with operatorship
- Net 2P oil reserves of 8.1 mmbbl with peak production of over 6,000 bopd[2]
- Fast drill and tie-in with high flow rates
- Pipelines under construction to increase production and secure delivery
- Low risk exploration on 3D seismic
- Aggressive exploration & appraisal programs to boost oil production and cash flow commenced in 2011/12



Note [1] At Brent oil price of A$100/barrel, with delivered opex
[2] Reserves as at 29 February 12; gross production peak during May 2012

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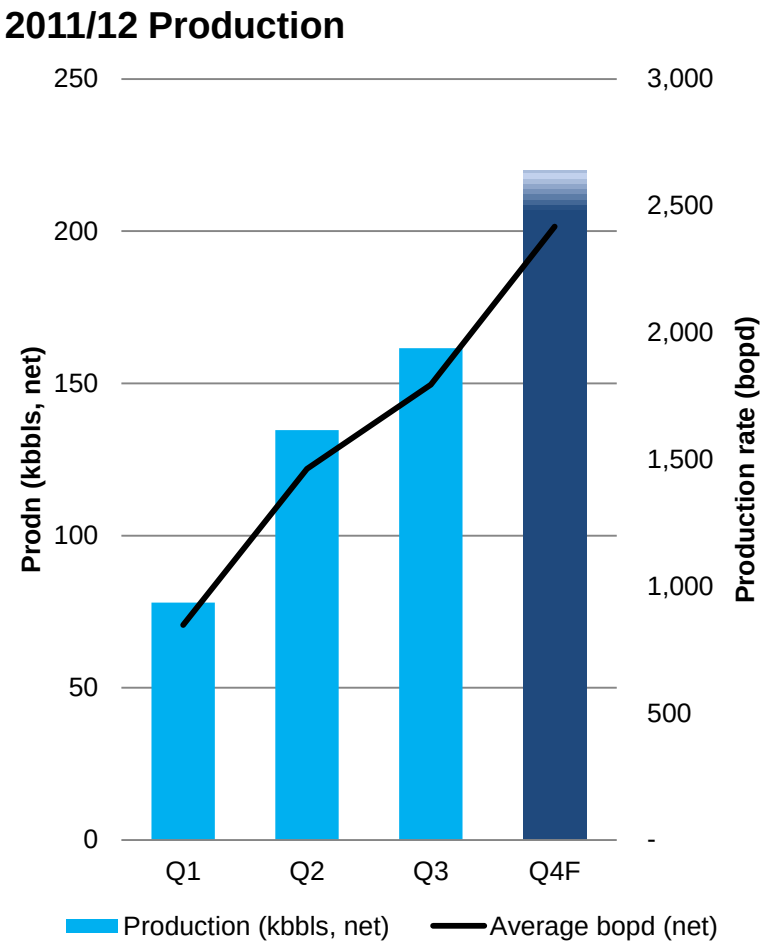
...following a year of strong project execution and delivery in 2011/12



- 2011/12 production forecast of ~600,000 net barrels of oil despite weather impacts
- Seven successful appraisal wells drilled, with 8th appraisal well to be spudded in June 2012
- Four exploration wells drilled with encouraging results
- Commenced 790 km^2 Cordillo 3D seismic program
- Construction advanced on critical pipeline infrastructure to reduce weather related delays
- Material investment in oil production facilities at key sites

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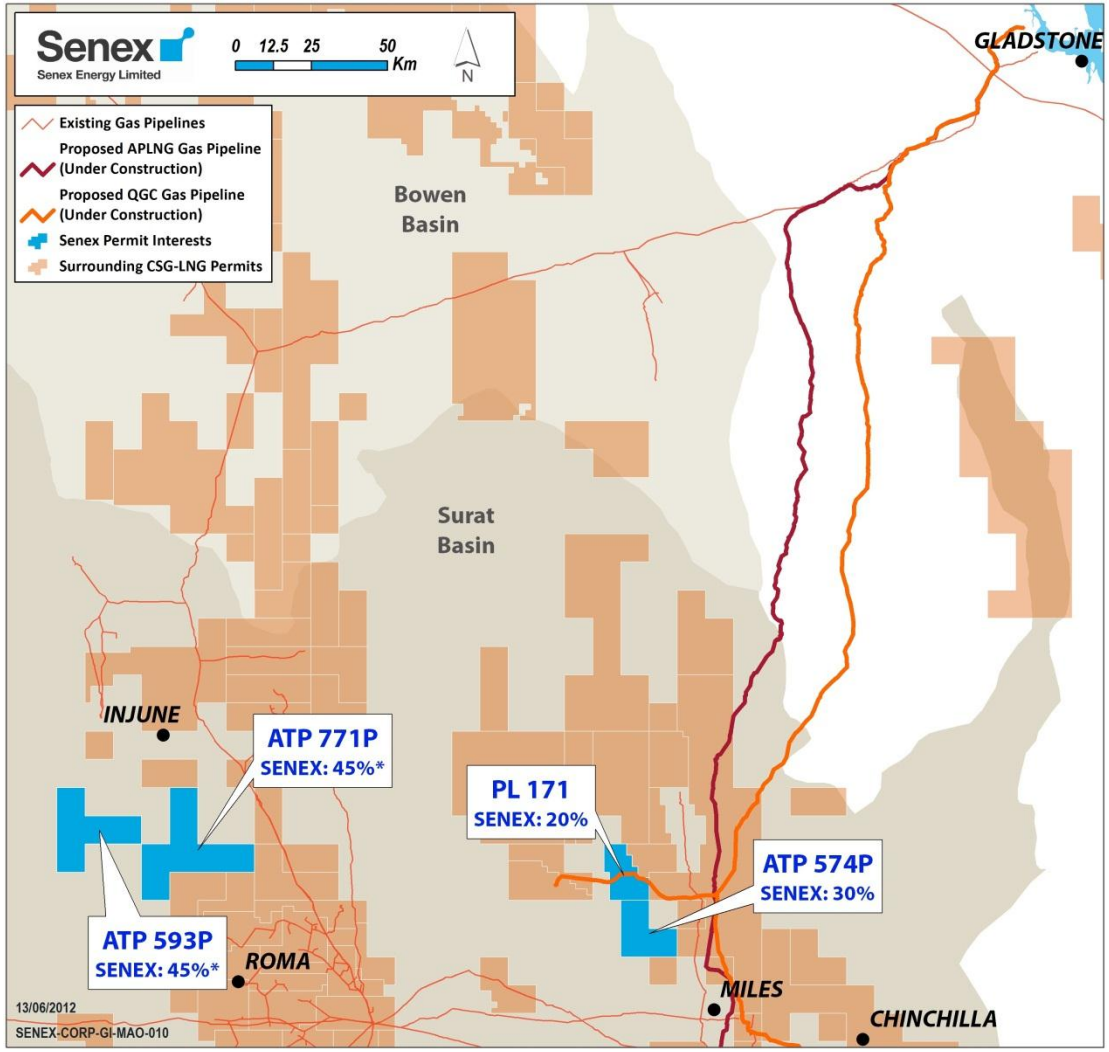
Strategically located coal seam gas assets in the Surat Basin in Queensland



- Permits adjacent to fields under development for LNG projects in Gladstone
- 2011/12 work programs successfully targeted material reserves upgrades
- Upgrades announced in May 2012:
  - Net 2P reserves ▲75% to 138 PJ
  - Net 3P reserves ▲26% to 314 PJ
  - More than 500 PJ of net CSG reserves and resources[1]

[1] Source: MHA Petroleum Consultants LLC

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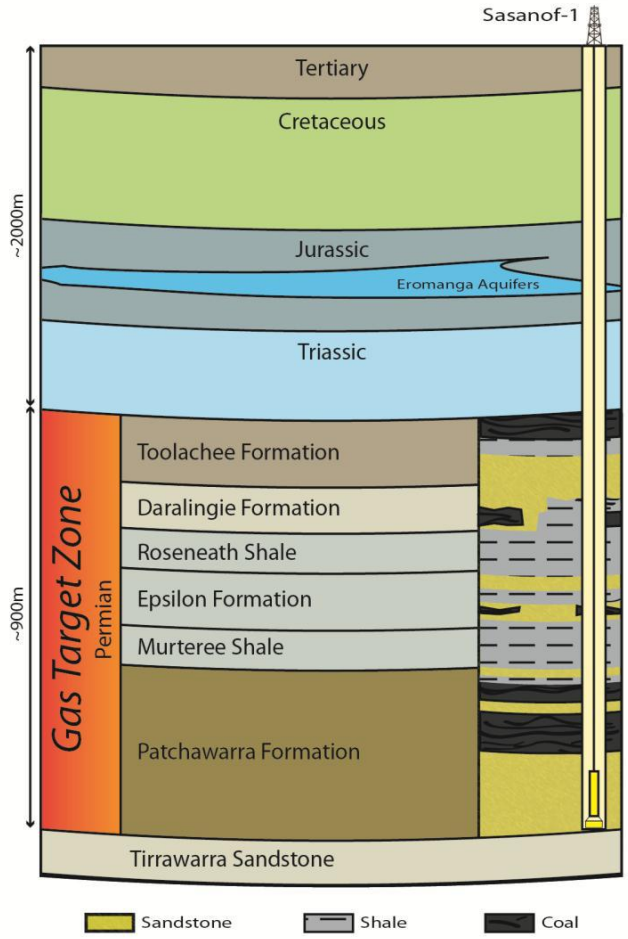
Material unconventional gas potential across tight sands, shales and coals



Stratigraphic column showing target formations for unconventional gas

Tight sands

- Toolachee, Epsilon and Patchawarra tight sand / coal sequences
- Basin centred gas plays
- North American analogues

Shales

- Thick, mature Roseneath and Murteree shales
- North American analogues

Coals

- Thick, mature Toolachee and Patchawarra coals

Over 100 Tcf of gas-in-place resource[1] in Senex's southern Cooper Basin permits, with heavy gases and condensate present

[1] **Source: MHA Petroleum Consultants LLC, shales and coals in PEL 516 (Senex 100%)**

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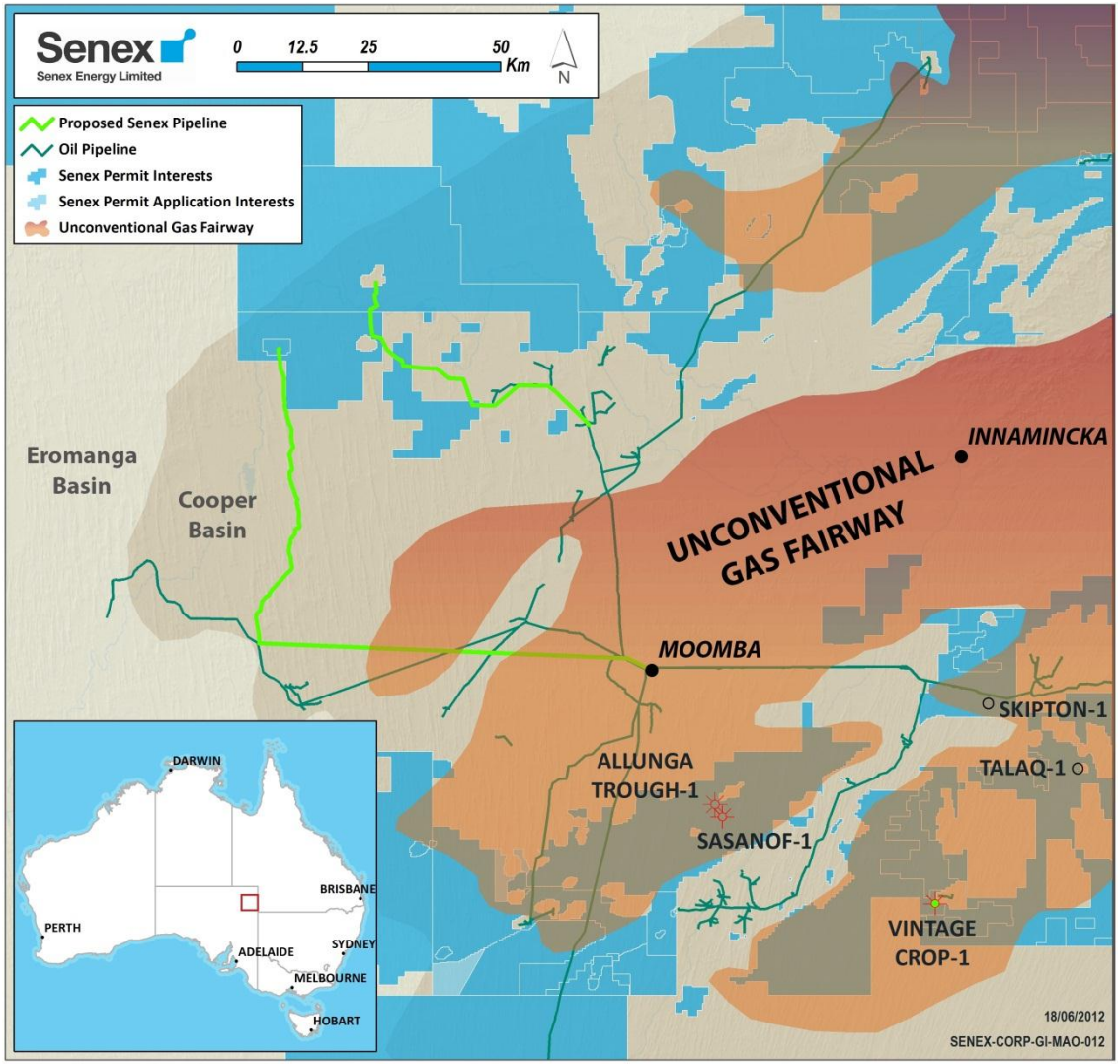
Over 1.2 million acres of prospective Cooper Basin unconventional gas acreage



- Strong potential across multiple permits in both the north and south of the South Australian Cooper Basin
- Close to existing gas infrastructure
- PEL 516: Net Gas-in-Place resource of over 100 Tcf[1]
- Demonstrated liquid hydrocarbon production potential

[1] Source: MHA Petroleum Consultants LLC, shales and coals in PEL 516 (Senex 100%)

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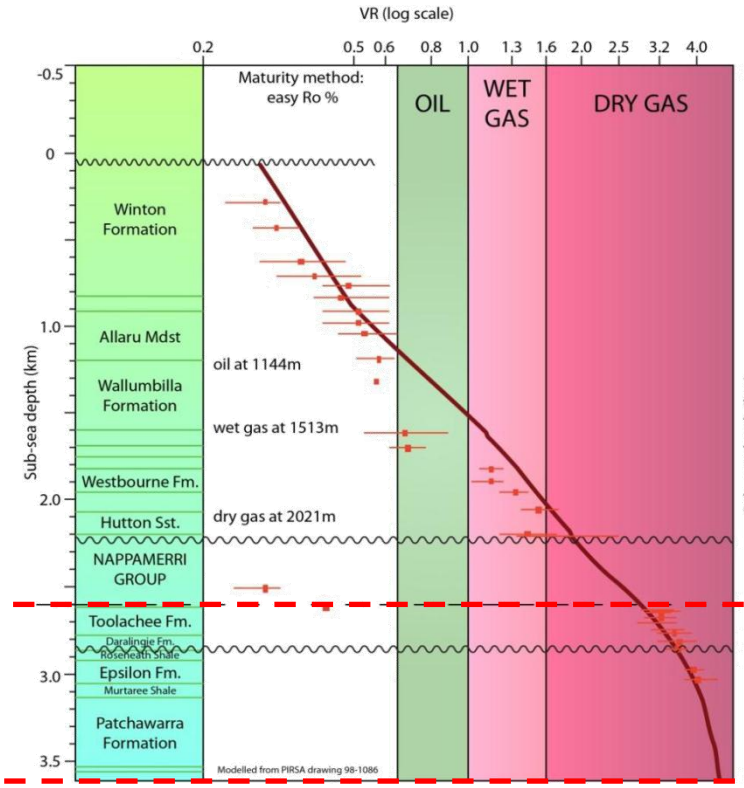
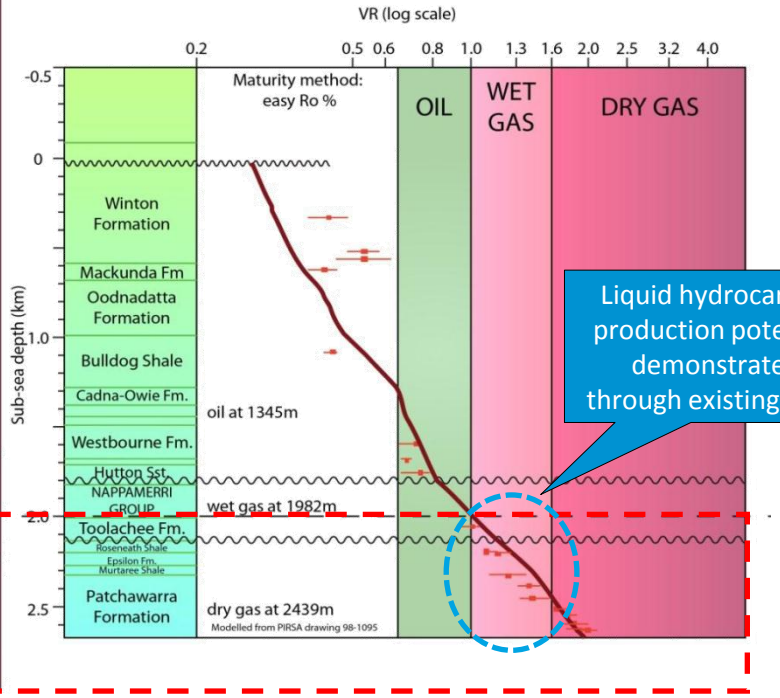
Southern Cooper Basin permit PEL 516 is a material liquids-rich gas resource

- Senex drilling results have demonstrated the presence of liquid hydrocarbons
- Liquid hydrocarbon significantly improves gas project economics

Nappamerri Trough:
Burley-2 conventional gas well (1984)



Mettika Embayment (PEL 516)
Dullingari-1 conventional gas well (1962)



Liquid hydrocarbon production potential demonstrated through existing wells

Gas Target Zone

Source: DMITRE

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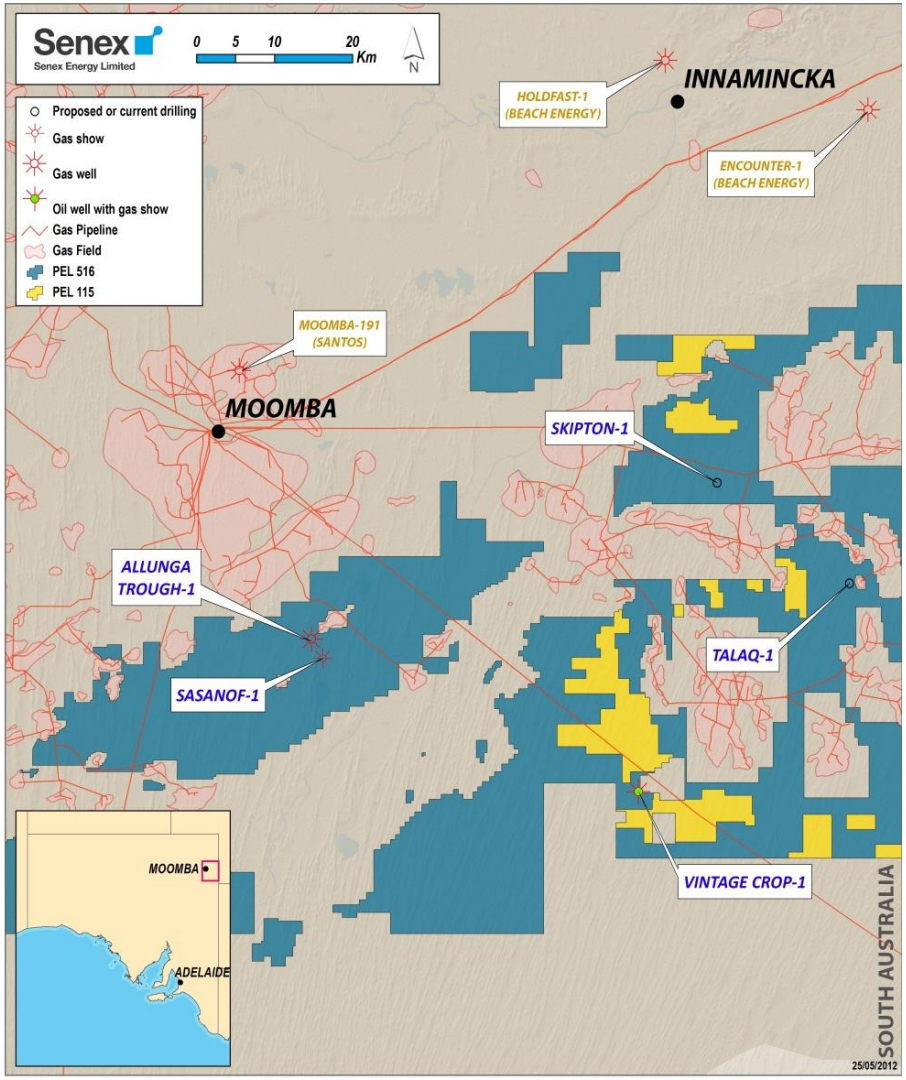
Senex achieves successful 2011/12 unconventional gas exploration program

Focused exploration program in PEL 516:

- Detailed desktop studies:
  - Historic wells in surrounding area, with North American analogues reviewed
- *Vintage Crop-1* – cored, full desorption analysis, rock mechanics and mineralogy testing
- *Allunga Trough-1* – diagnostic fracture injection testing successful
- *Sasanof-1* – drilled and fracture stimulated, currently flow testing
  - Gas to surface achieved
  - Liquid hydrocarbon production potential demonstrated
- *Talaq-1* – drilled, cased, and suspended awaiting hydraulic fracture stimulation
  - High gas readings with liquid hydrocarbons demonstrated
- *Skipton-1* - planning well advanced



Location of Senex's unconventional gas wells in PEL 516

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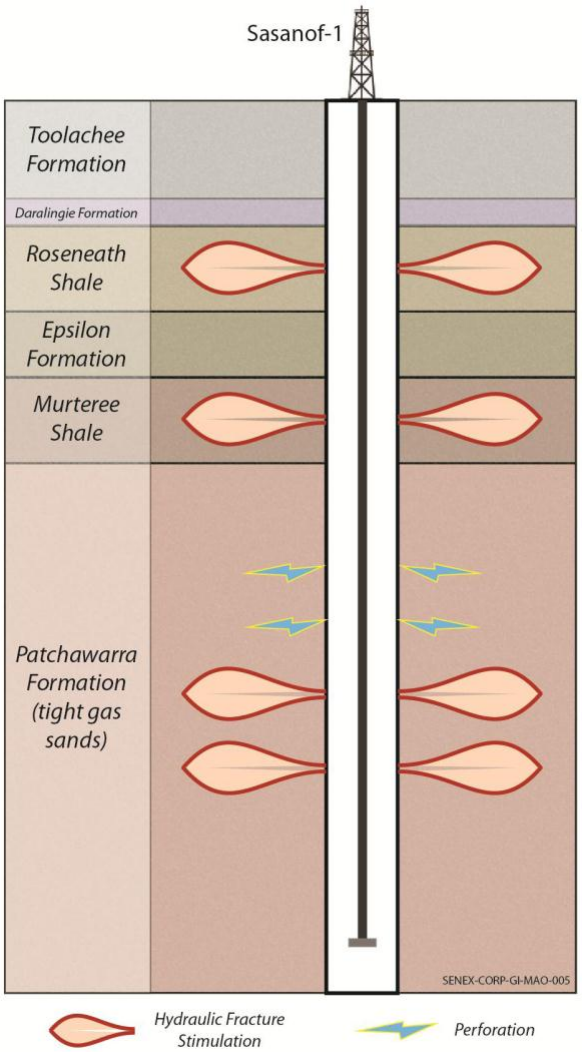
Sasanof-1 flow testing underway



- **Sasanof-1** large scale fracture stimulation successfully completed
  - Fracture stimulation intervals in both Roseneath and Murteree shales
  - Two fracture stimulation intervals in Patchawarra tight gas sands
- Flow testing is currently underway at Sasanof-1, with the well producing both fracture stimulation fluids and formation gas to surface
- The well is expected to continue to clean up with Senex operations staff working to optimise gas flows
- Early indications from drilling and core analysis support the presence of heavy hydrocarbons
- Gas analysis undertaken on gas flows to surface also indicate the presence of condensate (C_5-C_9)

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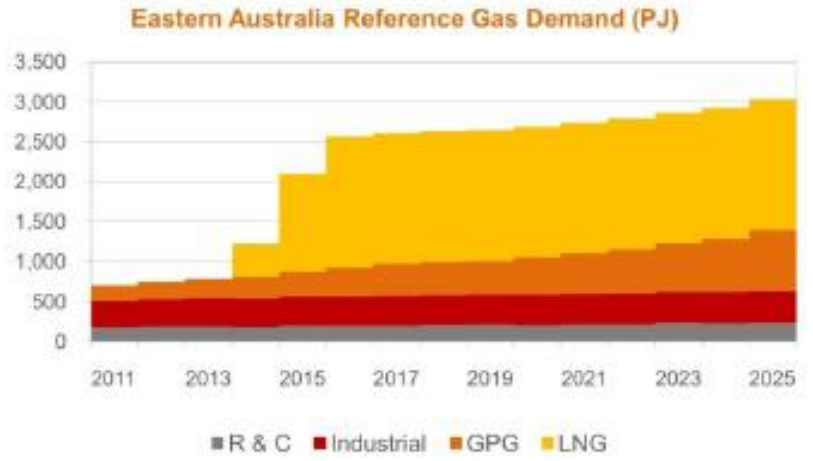
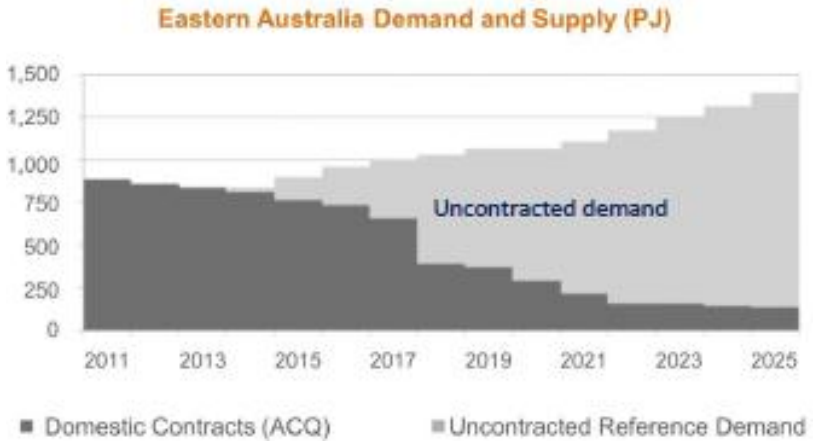
Unprecedented domestic and LNG demand provides Senex a major supply opportunity

- Domestic growth in gas consumption fuelled by gas fired power generation
- LNG provides material additional demand and access to oil-linked pricing
- Brownfields expansion of sanctioned LNG Projects in Gladstone provides potential for major gas off-take
- Gas prices trending to $6 to $9 per gigajoule





Source: Core Energy Group

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2012/13 work program

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FY13 strategic priorities

Conventional oil	Build on the momentum of 2011/12 to continue to strengthen the oil business and grow production ▪ Maturation of western flank oil fields, focusing on exploration and appraisal drilling, facilities, and production support ▪ Optimisation of non-western flank, mature oil fields ▪ New oil field exploration Oil capex requirements to be funded by oil cash flows
Unconventional gas	Accelerate appraisal of Senex's Cooper Basin unconventional acreage ▪ Campaign appraisal drilling of PEL 516 following on from Sasanof, Talaq and Skipton ▪ Initial exploration of northern Cooper Basin permits ▪ Investment in skilled people and equipment to fast track learning
Coal seam gas	Increase 2P reserves coverage through ongoing appraisal in preparation for focus on pilot production in 2013/14

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FY13 work program fully funded post-raising

Capital Expenditure Program (2012/13)		Estimated net capex ($m)
Conventional oil	▪ 20+ well drilling campaign including exploration and appraisal targets ▪ Seismic programs across greenfield acreage ▪ Development of facilities and in-field support for producing fields ▪ Conventional oil capex requirements to be funded by oil cash flows	$60-$70m
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Coal seam gas	▪ 16 well campaign including core and pilot wells ▪ Field development planning commencing in advance of pilot production ▪ Coal seam gas capex requirements to be funded by oil cash flows	$10m
Total 2012/13 capital expenditure		**$210-$230m**
Cash on balance sheet and OCF[1] net of 2011/12 capex commitments, corporate expenses and issue costs associated with the Equity Raising		$55-$75m
Net funding requirement		**$155m**

(1) Operating cash flows from conventional oil business over 2012/13

- **Cash balance as at 31 May 2012 of c. $60 million (including cash held in JVs, and cash held on behalf of Senex in non-operated JVs)**

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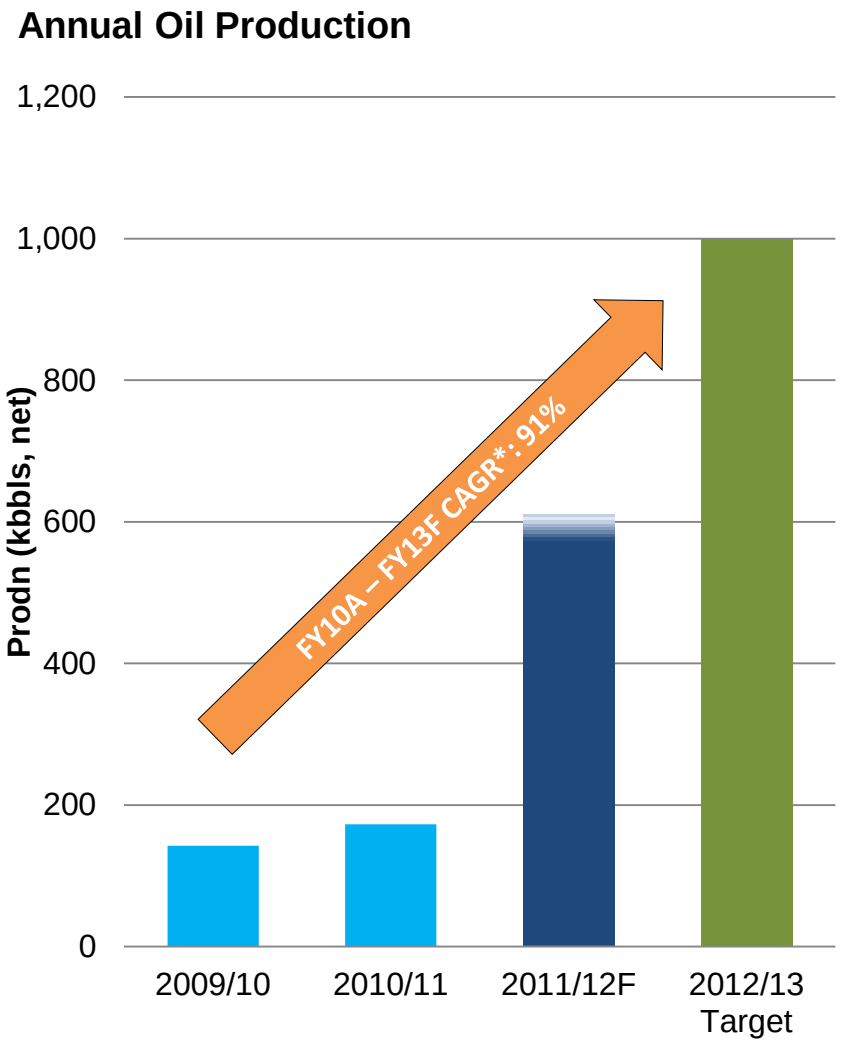
Production and cash flow growth to continue in 2012/13 …



* CAGR: Compound Annual Growth Rate, assuming 2012/13 target production is achieved

- 2012/13 production target of one million net barrels of oil, a ~67% increase on 2011/12
- Full year production contribution from western flank oil fields
- Pipeline infrastructure to come online to reduce weather related production risks

Oil business profitable and self-funding. Oil exploration, appraisal, development and infrastructure capital expenditure to be funded by oil cash flows

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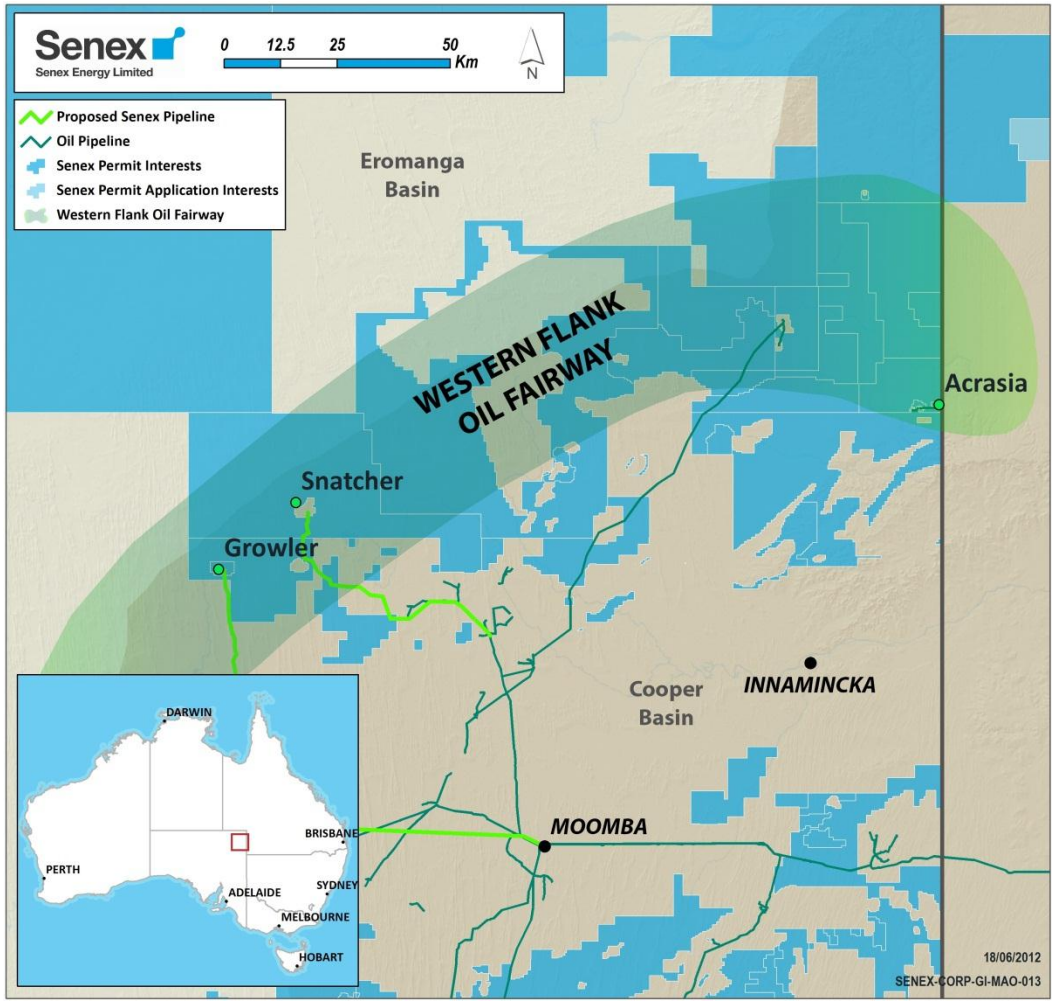
…with extended western flank exploration footprint



- 20+ well drilling campaign in the western flank and its northern extension
- Mixture of exploration and appraisal drilling
- Seismic programs planned to extend existing 3D coverage in both regions
- Facility investment in line with production growth

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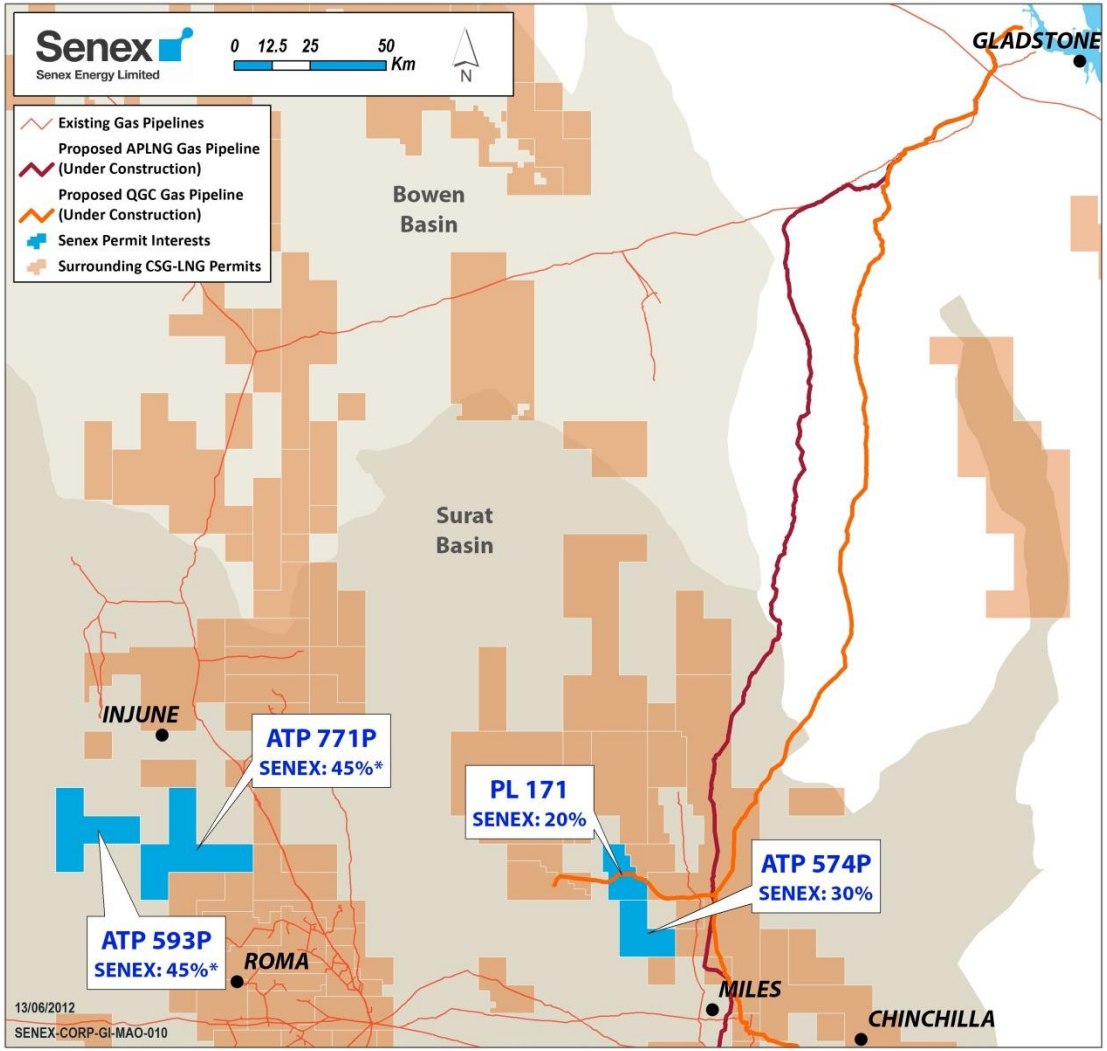
Continuing the 2P reserves build in coal seam gas permits



- Focus on 2P reserves growth through exploration and appraisal
- 16 well program across both projects
- Commencement of field development planning ahead of pilot production programs in 2013/14

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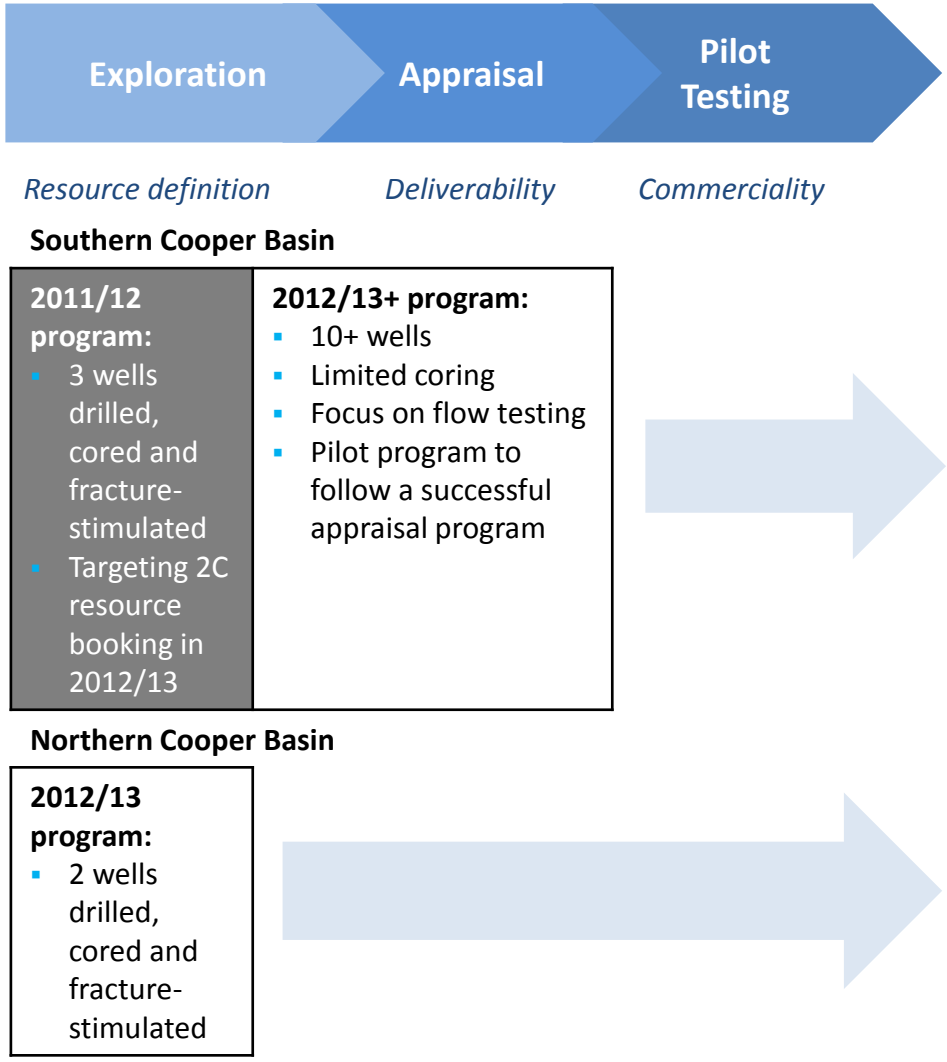
Building momentum in Senex's unconventional gas business

- 12 well campaign planned over ~18 months following early success at Sasanof-1 and Talaq-1
- Primary focus on PEL 516, with early exploration of Senex's northern Cooper Basin permits
- Focus on resource definition and deliverability, whilst improving speed and cost of well delivery
- Secure new rigs in country with larger campaign commitment



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Risk factors and foreign selling restrictions

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Risk factors

Before deciding whether to take up all or part of your entitlement under the Entitlement Offer or shares under the Institutional Placement, you should read this presentation and accompanying material carefully, including this section about risks. This section is intended to be a concise summary of the key risks to Senex's business – not an exhaustive list of all possible risks.

Exploration and development

The future value of Senex will depend on its ability to find and develop within its exploration permits, oil, gas and associated liquids that are economically recoverable. The ultimate success or otherwise of such ventures requires successful exploration, establishment of commercial reserves, establishment of effective production and processing facilities, transport and marketing of end product. Through this process, the business is exposed to a wide variety of risks, including failure to locate hydrocarbons, changes to reserve estimates, variable quality of hydrocarbons, weather impacts, facility malfunctions, lack of access to appropriate skills or equipment, and cost overruns.

Successful hydrocarbon exploration in particular involves significant risk. There can be no assurance that Senex's planned exploration activities will be successful. Even if oil, gas or associated liquids resources are identified, there is no guarantee that it will be economic to extract, or that there will be commercial opportunities to monetise, these resources.

Estimation of reserves

The estimation of oil and natural gas reserves involves subjective judgements and determinations based on geological, technical, contractual and economic information. It is not an exact calculation. The estimate may change because of new information from production or drilling activities or changes in economic factors, such as assumptions regarding oil and gas prices. It may also alter because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques. Published reserves estimates may also be subject to correction in the application of published rules and guidance.

Production risks

Oil

Fluid produced from wellbores at Senex's oilfields can range in composition and this composition can fluctuate over time. In particular, the percentage of formation water to crude oil can increase. This water may increase to levels that render production from the well uneconomic or cause Senex to achieve lower than projected production rates. In addition, wellbores on Senex's fields may experience restricted fluid entry. This can result from low or decreasing formation pressure, mechanical obstruction or other causes. This could cause production from the well to be uneconomic or cause Senex to achieve lower than projected production rates.

Gas

For Senex's prospective gas businesses, the rate at which gas flows from Senex's wells will impact project returns. There is also a risk that gas flow rates from Senex's wells will not be sufficient to meet the requirements of future gas supply contracts. This may result in increased development expenditure to drill more wells than originally anticipated. There is also a risk that Senex may not be able to indentify appropriate customers or procure gas supply agreements on reasonable terms, which may adversely affect the profitability of Senex.

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Risk factors

Operating risks

General

Oil and gas operations involve the potential for hazards such as well blowouts, mechanical failures, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, formations with abnormal pressures, pollution, releases of toxic gas and other environmental hazards and risks. Senex could suffer substantial losses as a result of any of these events, particularly if it is not fully insured against those risks. Senex maintains relevant insurance where it is available and economic to do so in order to mitigate this risk. However, even where Senex is insured, accidents that damage drilling rigs or other equipment could delay exploration or production operations.

Senex's exploration and production program also relies on the availability of drill rigs and, in respect of producing wells, workover rigs for recompletions. Senex's unconventional gas exploration program also requires hydraulic fracturing equipment. Inability to secure rigs or appropriate equipment may delay Senex's exploration and production program or delay Senex's ability to undertake rig based well maintenance.

Environmental

In addition, Senex has exposure to a number of natural events, such as floods, which are beyond its control but capable of significantly disrupting and delaying Senex's operations. Natural events could hinder Senex's ability to pursue operational activities, including to drill exploration and development wells and to produce oil or gas, for an extended period of time. In particular, Senex's oil operations in the Cooper Basin are subject to the impact of localised rain on access roads. Senex has increased its storage capacity at Growler to mitigate trucking delays and is providing pipeline access to Growler and Snatcher to mitigate this risk.

Hydraulic fracturing

Senex may use horizontal drilling together with hydraulic fracturing technology in its exploration and development activities. The use of these drilling technologies may be necessary for the production of commercial quantities of gas and associated liquids from geological formations of the type that Senex is targeting. There has been an increase in interest by governments and the public in hydraulic fracturing and the enactment of any new laws, regulations or requirements by any relevant government authority in respect of hydraulic fracturing could result in operational delays, increased operational costs and potential claims from a third party or governmental authority. Restrictions on the use of hydraulic fracturing may reduce the amount of gas and associated liquids Senex can produce and may have a material impact on Senex's business.

Exposure to oil and gas pricing

Volatile oil and gas prices make it difficult to predict future price movements with any certainty and, in turn, demand for petroleum products produced by Senex. Declines in oil or gas prices could have an adverse effect on Senex. Senex does not currently hedge its exposures to oil price movements.

The profitability of Senex's prospective gas assets (which includes shale gas, tight gas and coal seam gas) will be determined by the future market for LNG and domestic gas. LNG prices can vary significantly depending on oil prices, exchange rates, worldwide supply and the terms under which LNG off-take arrangements are agreed. The prices required to achieve adequate returns on Senex's gas assets will vary depending on well costs and flow rate assumptions.

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Risk factors

Access to infrastructure

Senex's ability to sell and market its natural gas production will be negatively impacted should it be unable to secure adequate and economic transportation and processing capacity. Access will depend on the proximity and capacity of pipelines and processing facilities. Further, Senex may be required to develop its own pipeline infrastructure or facilities, or to secure access to third party pipeline infrastructure in order to deliver gas and associated liquids to key markets or customers, or to directly deliver gas to key markets or customers. The development of additional pipeline infrastructure by Senex will be subject to Senex obtaining relevant approvals including pipeline licences. Access to third party infrastructure cannot be guaranteed given that the pipelines may not be developed with an open access regime or capacity constraints may limit Senex's ability to exploit the infrastructure.

Joint ventures

Senex is party to joint venture or joint operating agreements for many of the tenements in which it holds an interest. Under these agreements, Senex may be voted into programs and budgets which are not in line with the objectives and strategy of Senex or that Senex does not have the cash resources to fund. Senex may be required to contribute to increases in capital expenditure requirements and/or operating costs where the requirements of the project change or in circumstances where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure. Other companies may be operators under joint venture operating agreements and, to the extent that Senex is a minority joint venture partner, Senex will be dependent to a degree on the efficient and effective management of those operations by its partners.

Security of tenure

Petroleum licenses held by Senex are subject to the granting and approval of relevant government bodies. Government regulatory authorities generally require the holder of the licenses to undertake certain proposed exploration commitments and failure to meet these obligations could result in forfeiture.

In order for production to commence in relation to any successful oil or gas well it is necessary for a production licence to be granted and there can be no guarantees that it will be granted. Subject to remedying any default or non-compliance then existing, Senex should generally be entitled to the grant of a production licence in respect of an area over which it holds an exploration or prospecting permit.

Exploration licenses are also subject to partial or full relinquishments after the stipulated period of tenure if no alternative license application (e.g. production license application) is made, resulting in a potential reduction in Senex's overall tenure position.

Health, safety and environmental matters

Exploration, development and production of oil and gas involves risks which may impact the health and safety of personnel, the community and the environment. Failure to manage these risks could result in injury or loss of life, damage or destruction of property, and damage to the environment. Losses or liabilities arising from such incidents could significantly impact Senex's financial results.

Senex's operations are subject to numerous stringent and complex laws and regulations governing the health and safety of personnel and the community, and the discharge of materials into the environment or otherwise relating to environmental protection. From time to time these laws and regulations are subject to change. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial requirements, and the imposition of injunctions to force future compliance.

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Risk factors

Regulatory risk

Changes in law and regulations or government policy may adversely affect Senex's business. By way of example, changes to strategic cropping, native title, land access or overlapping tenement arrangements or the introduction of legislation that restricts or inhibits exploration and production would likely operate to Senex's detriment.

Carbon Tax

The *Clean Energy Act 2011* (Cth) (**CEA**) will introduce a mandatory carbon pricing mechanism for certain large carbon emitters in Australia. The price of carbon will be an amount fixed by the Commonwealth government from 1 July 2012. On 1 July 2015 the mechanism will transition into an emissions trading scheme allowing the price of carbon to be determined by the market. Generally, liable entities that exceed set thresholds of greenhouse gas emissions will be required under the CEA to purchase and surrender carbon units for each equivalent tonne of carbon dioxide released into the atmosphere. In some circumstances, direct statutory liability for the greenhouse gas emissions embedded in the natural gas rests with the supplier, rather than the ultimate user of the gas. Senex may become a natural gas supplier to which the CEA applies, in which case it may incur costs or liabilities under the CEA (unless it can transfer any liability accrued under the CEA to its customers, either through increased supply cost or the transfer of the statutory obligation). In the interim, Senex may be indirectly affected by increased operating costs as a result of CEA costs being passed on by suppliers and any impact that the CEA may have on the wholesale or retail gas price and markets.

Currency risk

Senex's oil revenue is denominated in United States dollars (**USD**), whereas Senex's other income and expenditure is denominated in Australian dollars (**AUD**). This exposes Senex to fluctuations and volatility in the AUD/USD exchange rate. Senex does not currently hedge its exposure to exchange rate fluctuations.

General risks

Senex is subject to a number of general risks that are common to entities operating in the oil and gas industry, including reliance on senior management and other key personnel, ability to retain or hire all personnel necessary for the development and operation of its business, including appropriately skilled labour workers and engineers in order to operate its activities, ability to obtain insurance (or coverage at reasonable rates), reliance on additional financing from time to time and exposure to legal claims or disputes.

Other than the specific risks identified above, the price at which Senex shares trade on the ASX may be determined by a range of factors that affect all equity investments, including movements in local and international equity and bond markets, general investor sentiment in those markets, inflation, interest rates, general economic conditions and outlooks and changes in the supply of and demand for oil and gas industry securities. The market for Senex shares may also be affected by a wide variety of events and factors, including variations in Senex's operating results, recommendations by securities analysts, and the operating and trading price performance of other listed oil and gas industry entities that investors consider to be comparable to Senex. Some of these factors could affect Senex's share price regardless of Senex's underlying operating performance.

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Foreign selling restrictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares in Senex (**New Shares**) in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

Senex, and the directors and officers of Senex, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon Senex or its directors or officers. All or a substantial portion of the assets of Senex and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against Senex or such persons in Canada or to enforce a judgment obtained in Canadian courts against Senex or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission. Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

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Foreign selling restrictions

Canada (British Columbia, Ontario and Quebec provinces) continued

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Senex if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Senex. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Senex, provided that (a) Senex will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, Senex is not liable for all or any portion of the damages that Senex proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Shares as any discussion of taxation related maters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

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Foreign selling restrictions

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 *et seq*. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

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Foreign selling restrictions

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of Senex with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of Senex ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except:

(a) to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);

(b) any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;

(c) to fewer than 100 natural or legal persons (other than "professional investors"); or

(d) in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by Senex or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007. (d)

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Foreign selling restrictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Senex's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

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Foreign selling restrictions

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Senex.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

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