

17 October 2012

2012 Annual General Meeting – Wednesday 21 November 2012**Tattersalls Club
215 Queen Street
Brisbane****10.00am (Brisbane time)**

Dear Shareholder

I am pleased to provide notice of meeting and an explanatory memorandum for the Company's 2012 annual general meeting (AGM), which will be held at 10.00am (Brisbane time) Wednesday 21 November at Tattersalls Club, Brisbane. I urge you to look at these materials, consider the board's recommendations and participate in the Company's decision on them, either by attending and voting at the AGM yourself or by appointing a proxy to attend and vote on your behalf.

To appoint a proxy you must either:

- complete and submit the enclosed proxy form (by fax or by the enclosed reply paid envelope), or
- login to the website for our share registry, Link Market Services, and appoint your proxy electronically.

In either case please follow the instructions on the enclosed proxy form closely to ensure your appointment is valid. Your appointment should either direct your proxy how to vote on each resolution or authorise them to vote as they see fit.

Link Market Services – online services

I encourage you to visit Link's website at www.linkmarketservices.com.au. Through Link's secured website, you will be able to access a range of holding information, make some changes online for your own holding, or download forms to authorise other changes. You will also be able to lodge your proxy form for the AGM online.

You can access this online facility via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (this must be the postcode recorded on your holding record).

If you would like further information on this facility or on your holding in general please do not hesitate to contact Link on 1300 554 474 (Toll free within Australia) or +61 2 8280 7111 (International). You can also email Link at registrars@linkmarketservices.com.au.

I look forward to seeing you at the annual general meeting on 21 November.

Yours faithfully

Denis F Patten
Chairman



ABN 50 008 942 827

Notice of annual general meeting
Explanatory memorandum
Proxy form
Question Form

Date of meeting
21 November 2012

Time of meeting
10.00 am
(Brisbane time)

Place of meeting
Tattersalls Club, 215 Queen Street
Brisbane Queensland 4000

Notice of annual general meeting

Senex Energy Limited ABN 50 008 942 827

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

Location	Tattersalls Club, 215 Queen Street, Brisbane Queensland 4000
Date	21 November 2012
Time	10.00 am (Brisbane time)

Ordinary business

Financial statements and reports

To receive and consider the Company's financial reports and the reports of the directors and the auditor for the financial year ended 30 June 2012.

Resolution 1 – Re-election of Mr Denis Patten

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

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

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

Resolution 2 – Directors' remuneration report

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

'That the remuneration report of the directors for the financial year ended 30 June 2012 be adopted.'

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

Voting exclusion

The Company will disregard any votes cast on this resolution:

- by key management personnel whose remuneration details are contained in the remuneration report (and their closely related parties) in accordance with section 250R(4) *Corporations Act*; or
- as proxy by a member of the key management personnel (and their closely related parties).

However, the Company will not disregard a vote if the vote is cast as proxy for a person who is entitled to vote in accordance with their direction on how to vote on the Proxy Form or by the person chairing the meeting as proxy for a person who is entitled to vote pursuant to an express authorisation on the Proxy Form.

Special business

Resolution 3 – Proposed increase in maximum aggregate annual amount of directors' remuneration

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

'That for the purpose of ASX Listing Rule 10.17 and rule 61 of the Company's constitution, the maximum aggregate annual amount that the Company can pay to non-executive directors for their services as directors be increased from \$500,000 to \$750,000 per annum.'

Voting Exclusion

The Company will disregard any votes cast on this resolution

- by a director and any associate of a director; and
- as proxy by a member of the key management personnel (and their closely related parties).

However, the Company will not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote in accordance with their directions on how to vote on the Proxy Form or by the person chairing the meeting as proxy for a person who is entitled to vote pursuant to an express authorisation on the Proxy Form.

Resolution 4 – Ratification and approval of previous issue of securities

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

'That for the purposes of ASX Listing Rule 7.4, shareholders ratify and approve the previous issue of 67,567,568 fully paid ordinary shares as detailed in the Explanatory Memorandum.'

Voting Exclusion

The Company will disregard any votes cast on this resolution by any person who participated in the issue of ordinary shares described in the Explanatory Memorandum and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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Resolution 5 – Proposed issue of contingent performance rights to Managing Director

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

'That, for the purposes of ASX Listing Rule 10.14 and sections 200B and 200E of the Corporations Act, shareholders approve the granting of 3,000,000 contingent

performance rights under the Senex employee performance rights plan to Mr Ian Davies, Managing Director, or his nominee in the manner contemplated by the Explanatory Memorandum.’

Note: If approval is obtained under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 10.11.

Note: Approval is sought in accordance with section 200E of the Corporations Act given that the vesting of the performance rights may constitute a retirement benefit payable to Mr Davies in certain circumstances.

Voting Exclusion

The Company will disregard any votes cast on this resolution:

- by Mr Ian Davies, his nominee and any associate of them; and
- as proxy by a member of the key management personnel (and their closely related parties).

However, the Company will not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote in accordance with their directions on how to vote on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote pursuant to an express authorisation on the Proxy Form.

Dated 17 October 2012

By order of the board

Frank Connolly
Company secretary

Important note regarding proxies

The laws that apply to voting on resolutions relation to the remuneration of key management personnel have changed in recent years. Certain categories of persons (including Directors and the Chairman of the meeting) are now prohibited from voting on such resolutions, including as proxy in some circumstances.

If you are appointing a proxy, to ensure that your vote counts, please read carefully the voting exclusions, the notes below and the instructions on the Proxy Form.

Notes

- (a) A shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a shareholder of the Company. A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** Proxy Form.
- (d) A corporation may elect to appoint a representative, rather than appoint a proxy, under the *Corporations Act 2001* (Cth) in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (e) The Company has determined under regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of shareholders as at 7.00pm (Sydney time) on 19 November 2012.
- (f) If you have any queries on how to cast your votes call Link Market Services on 1300 554 474 during business hours.

Explanatory memorandum

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

Financial statements and reports

- 1 The *Corporations Act 2001* (Cth) (**Corporations Act**) requires that the report of the directors, the auditor's report and the financial report be laid before the annual general meeting. In addition, the Company's constitution provides for these reports to be received and considered at the meeting.
 - 2 Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's constitution requires a vote of shareholders at the annual general meeting on the financial statements and reports.
 - 3 Shareholders will be given reasonable opportunity at the meeting to raise questions and make comments on these reports. Any shareholders with questions for the Chairman are encouraged to use the Question Form attached to this notice of meeting and should send it to the address listed on the Question Form so it is delivered on or before 14 November 2012.
 - 4 In addition to asking questions at the meeting, shareholders may address written questions to the chairman about the management of the Company, or to the Company's auditor, Ernst & Young, if the question is relevant to:
 - (a) the content of the auditor's report; or
 - (b) the conduct of its audit of the annual financial report to be considered at the meeting.
- Note:** Under section 250PA(1) Corporations Act a shareholder must submit the question to the Company no later than the fifth business day before the day on which the AGM is held.
- 5 Written questions for the auditor must be delivered on or before 14 November 2012. Please send any written questions for Ernst & Young to the address listed on the Question Form attached to this notice of meeting.

Resolution 1 – Re-election of Mr Denis Patten

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

- 8 The board determined that Mr Denis Patten will retire from office under rule 58 of the Company's constitution and Mr Patten offers himself for re-election.
- 9 Mr Patten has extensive experience in oil and gas exploration, development and production and was a founding director of Queensland Gas Company Limited, retiring from the board in 2007. Mr Patten's experience in the energy and resources industries spans more than 40 years and includes the development of major resources in Australia and internationally. He has held senior executive positions with ASEA Australia, CMPS&F Pty Ltd, PT CMP Indonesia and a number of major Australian onshore oil and gas drilling companies.
- 10 The directors (except for Mr Patten) recommend you vote for this resolution.

Resolution 2 – Directors' remuneration report

- 11 The Corporations Act requires that the section of the directors' report dealing with remuneration of directors and other key management personnel, (**Remuneration Report**) be put to the vote of shareholders for adoption.
- 12 The resolution of shareholders is advisory only and **not binding** on the Company. However, if more than 25% of the votes cast on this resolution are against the adoption of the remuneration report, the remuneration report for the following year must either address any comments received from shareholders or explain why no action has been taken in response to those comments. If, at the following annual general meeting, the remuneration report is again voted against by 25% or more of votes cast, a 'spill resolution' will be put to shareholders. If at least 50% of the votes cast are in favour of the 'spill resolution' a special meeting of the Company will be held within 90 days at which the directors in office at the time of the second annual general meeting (other than a managing director) must resign and stand for re-election.
- 13 The Remuneration Report is in the annual report. It is also available on the Company's website (www.senexenergy.com.au). It:
 - (a) explains the board's policies in relation to the nature and level of remuneration paid to directors, senior executives and other key management personnel within the Company group;
 - (b) discusses the link between the board's policies and the Company's performance;
 - (c) sets out the remuneration details for each director and for each member of the Company's senior executive management team; and
 - (d) makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.
- 14 The Chairman will give shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.
- 15 The directors recommend you vote for this resolution.

Note: If you appoint the Chairman as your proxy, and you do not provide voting directions, you must mark the box in Step 3 of the Proxy Form to authorise the Chairman to cast your undirected proxy vote in accordance with his stated intentions, even though this resolution

is connected with the remuneration of a member of key management personnel, otherwise your vote will not be counted. The Chairman intends to vote all available proxies in favour of this resolution.

If you appoint another director or member of the key management personnel as your proxy, you MUST direct your proxy how to vote on this resolution, otherwise your vote will not be counted. Follow the instructions on the Proxy Form to direct your proxy how to vote.

Resolution 3 – Proposed increase in maximum aggregate annual amount for directors' remuneration

- 16 Resolution 3 seeks approval to increase the maximum aggregate amount that the Company can pay to the non-executive directors for their services as directors from \$500,000 per annum to \$750,000 per annum (an increase of \$250,000 per annum). Under rule 61.2 of the Company's constitution and ASX Listing Rule 10.17, the increase must be approved by shareholders in general meeting.
- 17 The limit does not apply to executive director remuneration.
- 18 The proposed maximum aggregate annual amount payable to non-executive directors will:
- (a) provide scope for additional directors to join the board at appropriate times;
 - (b) allow greater flexibility with respect to individual directors' remuneration;
 - (c) increase the potential for the board of directors to be able to both retain and attract further appropriately qualified directors, by increasing the benchmark remuneration of the Company's directors; and
 - (d) provide an incentive for the directors to strive for greater Company success.
- 19 The existing maximum of \$500,000 per annum was approved by shareholders on 26 November 2010. Since that time, the Company has grown significantly in terms of both revenue and market capitalisation. Accordingly, the directors consider it appropriate that the maximum aggregate annual amount that the Company can pay to the non-executive directors be increased as set out above. Further, the board is of the view that the proposed increase is commensurate with market remuneration paid to nonexecutive directors at ASX listed companies that are comparable and equivalent in terms of growth and market capitalisation.
- 20 The Company does not intend to allocate the maximum amount immediately. The proposed increase has been calculated to allow for growth over time in both the remuneration and the number of non-executive directors. Details of the directors' remuneration for the period ended 30 June 2012 are contained in the Remuneration Report.
- 21 The directors abstain from making a recommendation in relation to this resolution.

Note: If you appoint the Chairman as your proxy, and you do not provide voting directions, you must mark the box in Step 3 of the Proxy Form to authorise the Chairman to cast your undirected proxy vote in accordance with his stated intentions, even though this resolution is connected with the remuneration of a member of key management personnel and he has

an interest in the outcome of the resolution, otherwise your vote will not be counted. The Chairman intends to vote all available proxies in favour of this resolution.

If you appoint another director or member of the key management personnel as your proxy, you MUST direct your proxy how to vote on this resolution, otherwise your vote will not be counted. Follow the instructions on the Proxy Form to direct your proxy how to vote.

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

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

Date of issue	Number of securities	Issue price per security	Terms of securities issued	Persons to whom securities were issued	Basis for determining allottees and use of funds raised by the issue
29 June 2012	67,567,568 fully paid ordinary shares	\$0.74	Securities rank equally with the existing securities on issue.	Institutional and sophisticated investors	The securities were issued through a private placement to institutional and sophisticated investors to raise \$50 million in association with a \$105 million entitlement issue. The funds will be used for continued exploration and appraisal of the Company's Cooper Basin Oil and Gas assets and investment in securing dedicated equipment and skilled resources.

- 27 The Directors recommend you vote for this resolution.

Resolution 5 – Proposed issue of contingent performance rights to the Managing Director

Background

- 28 The purpose of resolution 5 is to provide a long-term incentive as a key component of Mr Ian Davies' remuneration. The key objectives for remuneration under the Company's Remuneration Policy are to:
- (a) align remuneration to business outcomes that deliver shareholder value;
 - (b) drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
 - (c) ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.
- 29 The Company's remuneration structure includes a combination of fixed remuneration and variable or 'at risk' remuneration that is only paid if pre-determined performance conditions are required.
- 30 Under Mr Davies' employment contract the Company provides (and the board reviews annually):
- (a) his total annual fixed remuneration (including salary and superannuation);
 - (b) an annual short term incentive (**STI**); and
 - (c) an annual long term incentive (**LTI**).
- 31 The board offered Mr Davies, and Mr Davies accepted, total annual fixed remuneration and an STI for FY 13 that are unchanged in amount from FY 12.
- 32 The board agreed, subject to shareholder approval, to grant 3,000,000 contingent performance rights (**FY 13 Rights**) to Mr Davies under the Senex employee performance rights plan (**Plan**) as at 1 July 2012 (**Grant Date**). The board's actions and decisions described in paragraphs 28 to 62 of this Explanatory Memorandum were taken and made by the non-executive directors without Mr Davies' participation, in view of his interest in the subject matter.
- 33 The FY 13 Rights will be granted as a long term performance incentive for the current financial year (**FY 13**) under Mr Davies' employment contract. The FY 13 Rights will be subject to satisfaction of a performance condition and a vesting condition over a three year performance period.
- 34 If the performance condition for the FY 13 Rights is satisfied, and the FY 13 Rights vest, Mr Davies will be entitled to receive, without payment, on the vesting date, one fully paid ordinary share in the Company ranking pari passu with existing ordinary shares for each vested FY 13 Right.
- 35 The board believes that the number of FY 13 Rights to be granted to Mr Davies is commensurate with the value he can create for the Company over the performance period.

- 36 Shares allocated following the exercise of FY13 Rights are not subject to restrictions. However, Mr Davies must observe the Company's Securities Trading Policy in dealing with shares.

Proposed Shareholder approval

- 37 Listing Rule 10.14 requires a listed company to obtain shareholder approval (by ordinary resolution) prior to the issue of securities under an employee incentive scheme to a director of the company. Further, Listing Rule 10.11 requires a listed company to obtain shareholder approval (by ordinary resolution) prior to the issue of securities to a related party of the company.
- 38 Mr Davies, as Managing Director, is a related party of the Company. Accordingly, shareholder approval is sought in accordance with Listing Rule 10.14 for the issue of the FY 13 Rights to Mr Davies or his nominee under the Plan.¹
- 39 Section 200B of the Corporations Act requires a company to obtain shareholder approval (by ordinary resolution) before giving certain officers of the company benefits that exceed a prescribed payment limit in connection with that officer's retirement from office or position of employment. A benefit in this context includes accelerated or automatic vesting of share-based payments. As set out in Schedule 1, the board may determine, in its discretion, that some or all of the FY 13 Rights vest where Mr Davies' employment is terminated without cause, and any unvested performance rights will vest immediately if Mr Davies' employment contract with the Company expires and is not renewed prior to the vesting date. Accordingly, shareholder approval is sought in accordance with section 200E of the Corporations Act to allow for accelerated or automatic vesting of FY 13 Rights in the circumstances described in Schedule 1.

About the Senex employee performance rights plan

- 40 The Plan was approved by shareholders at the Company's 2011 annual general meeting. It allows the board to issue performance rights to eligible employees of the Company or any of its subsidiaries. Each performance right confers on the holder an entitlement to receive a share in the Company on the vesting date, provided that the performance conditions are satisfied.
- 41 Eligible employees who are issued performance rights under the Plan are not required to pay for the grant of the rights. For each performance right that vests, the holder is entitled to receive one share in the Company without payment.
- 42 Participants in the Plan are not entitled to vote, receive dividends, and do not have any other rights of a shareholder in relation to the shares that are the subject of performance rights. A participant only acquires the rights of a shareholder if and when shares in the Company are issued or transferred to the participant, and only has those rights in respect of the shares that the participant holds.
- 43 A participant's performance rights may lapse if the employee ceases employment with the Company or any of its subsidiaries (subject to some exceptions), if the performance conditions applicable to those performance rights are not satisfied, or if the board determines that a performance right should lapse. If a performance right lapses, it is immediately cancelled and is not capable of vesting.

¹ Approval is not required under Listing Rule 10.11 if shareholders approve the issue under Listing Rule 10.14.

Additional information

- 44 Additional information regarding the FY 13 Rights to be issued to Mr Davies (including for the purposes of Listing Rule 10.14) is provided as follows:

Terms and conditions of the securities

- 45 A summary of the terms and conditions of the FY 13 Rights is set out below:

No. Securities	3,000,000 contingent performance rights under the Senex employee performance rights plan (FY 13 Rights)
Exercise price	Nil
Vesting date	1 July 2015
Vesting condition	The FY 13 Rights will vest if: (a) the performance condition is satisfied; and (b) Mr Davies is an employee of the Senex group on the vesting date. Each FY 13 Right confers on the holder an entitlement to receive a share in the Company on the vesting date, provided that the performance condition is satisfied (accordingly the maximum number of shares that may be issued to Mr Davies on vesting of the FY 13 Rights is 3,000,000). Unvested FY 13 Rights (or a percentage of them) may vest earlier in certain circumstances.
Performance condition	The FY 13 Rights will be subject to a performance condition requiring total shareholder return (TSR) of at least 20% per annum compound over a three year performance period (an increase of at least 72.8% over the performance period). Performance for the TSR condition will be measured by the increase in the value of a Senex share over the three years ending 30 June 2015 principally by comparing the 20 day volume weighted average price (VWAP) of Senex shares traded in the last 20 trading days on ASX up to the end of June 2015 with the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2012 (which was \$0.789). TSR was chosen as the performance measure because it is a primary measure of corporate performance and shareholder value and it aligns the interests of executives with the interests of shareholders.

- 46 Further details of the terms and conditions of the FY 13 Rights to be issued to Mr Davies, including the performance conditions that apply to FY 13 Rights, are set out in Schedule 1 of this Explanatory Memorandum.

Consideration paid for the securities

- 47 The FY 13 Rights will be granted for nil consideration and as such, no funds will be raised by the issue of the performance rights nor are any loans made in connection with the rights. On vesting, the FY 13 Rights will convert into shares for nil consideration.

Value of the securities

- 48 While the grant of FY 13 Rights is intended to encourage Mr Davies to continue as Managing Director and incentivise high performance over the performance period, the value of the FY 13 Rights at Grant Date or at the date of this Explanatory Memorandum is inherently uncertain because of uncertainty as to whether any of the FY 13 Rights will

vest, what number may vest, and what the value of Senex shares may be at what ever time the FY 13 Rights may vest (if any).

- 49 In order for Mr Davies to receive the maximum number of shares potentially available in respect of the FY 13 Rights, both the 20% per annum compound share price growth performance condition and the vesting condition would have to be satisfied in full at the end of the three year performance period.² Satisfaction of the 20% per annum compound share price growth performance condition would require a VWAP of \$1.363 for the last 20 trading days on ASX up to the end of June 2015. The 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of September 2012 was \$0.679.
- 50 To the extent that accelerated or automatic vesting of unvested performance rights on termination or expiry of Mr Davies' employment contract may constitute a benefit for Mr Davies in connection with his retirement from an office or position of employment with the Company, the money value of that proposed benefit cannot be ascertained at the date of this Explanatory Memorandum. The value of that benefit will be determined by the number (if any) of FY 13 Rights that vest and the prevailing price of Senex shares at the time those FY 13 Rights vest.

When the securities will be issued

- 51 If resolution 5 is passed, the Company will issue the FY 13 Rights no later than one month after the date of the meeting (or such longer period of time as ASX may in its discretion allow).

Managing Directors' remuneration

- 52 Mr Davies' total annual fixed remuneration (including salary and superannuation) for FY 13 is \$550,000.
- 53 Mr Davies is also entitled to:
- (a) an annual short term incentive (STI); and
 - (b) an annual long term incentive (LTI).
- 54 The board has agreed to provide Mr Davies a maximum STI bonus of \$300,000 for FY 13, payable in cash. The STI incentive payment will be payable, in full or in part, where Mr Davies achieves agreed key performance indicators. These performance indicators relate to safety, production of oil and addition of 2P reserves of oil.
- 55 Mr Davies' LTI for FY 13 is the grant of the FY 13 Rights that are the subject of this resolution 5.
- 56 Further details of Mr Davies' remuneration are included in the Remuneration Report.

Managing Director's current shareholding and dilutionary effect

- 57 Mr Davies currently holds, directly or indirectly, 1,853,953 shares and 6,000,000 options. If all of the FY 13 Rights the subject of resolution 5 vest, he will hold 4,853,953 shares and 6,000,000 options.

² Subject to the FY 13 Rights vesting earlier or automatically in the circumstances set out in Schedule 1.

- 58 The following table demonstrates the dilution of all other shareholders' holdings in the Company if all of the FY 13, to be issued to Mr Davies under resolution 5, vest:

Shares on issue (as at 30 September 2012)	1,139,734,837
Shares issued assuming vesting of all FY 13 Rights to be issued under resolution 5	3,000,000
Total Shares on issue assuming vesting of all FY 13 Rights to be issued under resolution 5 ³	1,142,734,837
Dilutionary effect (approximately)	0.26%

- 59 If all the FY 13 Rights the subject of resolution 5 vest, Mr Davies' holding in the Company will increase from 0.16% to 0.42% of the total number of shares on issue (assuming that no further shares are issued, other than those to be issued on the vesting of the FY 13 Rights that are the subject of resolution 5).

Other Information

- 60 Other than Mr Davies, no other person referred to in ASX Listing Rule 10.14 is entitled to participate in the Senex employee performance rights plan.
- 61 Other than the FY 13 Rights that are the subject of resolution 5, no other securities have been issued to persons referred to in ASX Listing Rule 10.14 under the Senex employee performance rights plan since the plan was last approved by shareholders.

Recommendation

- 62 Mr Davies has an interest in the resolution and therefore does not make a recommendation. The other directors unanimously recommend that you vote in favour of this resolution.

Note: If you appoint the Chairman as your proxy, and you do not provide voting directions, you must mark the box in Step 3 of the Proxy Form to authorise the Chairman to cast your undirected proxy vote in accordance with his stated intentions, even though this resolution is connected with the remuneration of a member of key management personnel, otherwise your vote will not be counted. The Chairman intends to vote all available proxies in favour of this resolution.

If you appoint another director or member of the key management personnel as your proxy, you MUST direct your proxy how to vote on this resolution, otherwise your vote will not be counted. Follow the instructions on the Proxy Form to direct your proxy how to vote.

³ Excludes any shares to be issued after 30 September 2012 as a result of the exercise of options, the vesting of performance rights or otherwise, other than those shares to be issued on the vesting of the performance rights that are the subject of Resolution 5.

Schedule 1

Summary of terms FY 13 Rights to be issued to Mr Ian Davies

1. Each FY 13 Right entitles Mr Davies to receive (subject to satisfaction of the performance condition and the vesting condition), one ordinary share in the Company for nil consideration.
2. The FY 13 Rights may lapse if:
 - a) Mr Davies ceases employment with the Company or a subsidiary of the Company;
 - b) the performance condition applicable to the rights is not satisfied by the vesting date;
or
 - c) the board determines that the rights should lapse.
3. If a FY 13 Right lapses, it is immediately cancelled and is not capable of vesting.
4. The vesting date for the FY 13 Rights is 1 July 2015.
5. The FY 13 Rights will be subject to satisfaction of total shareholder return (**TSR**) performance of at least 20% per annum compound over the performance period (an increase of at least 72.8% over the performance period).
6. Performance for the TSR condition will be measured by the increase in the value of a Senex share over the three years ending 30 June 2015, principally by comparing the 20 day volume-weighted average price (**VWAP**) of Senex shares traded in the last 20 trading days on ASX up to the end of June 2015, with the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2012 (which was \$0.789), as may be adjusted for dividends or distributions (if any).
7. The board has an overriding discretion to determine that a percentage of the FY 13 Rights may vest where the performance condition is not satisfied or where Mr Davies' employment is terminated without cause. The board's discretion is absolute, and Mr Davies has no contractual entitlement to vesting of FY 13 Rights if the performance condition and vesting condition are not satisfied.
8. FY 13 Rights are not transferable and no application will be made to the ASX for official quotation of FY 13 Rights.
9. There are no participating rights or entitlements inherent in FY 13 Rights, including as to dividends, and Mr Davies will not be entitled to participate in new issues of capital offered or made to shareholders.
10. In certain circumstances all unvested FY 13 Rights will vest immediately, including where the term of Mr Davies' employment contract expires and is not renewed prior to the vesting date or where a change of control occurs (for example, a takeover). However, no immediate vesting will occur if the change of control does not involve a significant change in the identity of the ultimate shareholders of the company.
11. In the event of a re-organisation of the issued capital of the Company on or prior to the vesting date, the board will determine whether any amendments are required to the terms of the FY 13 Rights, in compliance with the Listing Rules.



By mail:

Senex Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7111



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of Senex Energy Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the meeting
(mark box)

OR if you are NOT appointing the Chairman of the meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10:00am on Wednesday, 21 November 2012, at the Tattersalls Club, 215 Queen Street, Brisbane, Queensland and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Directors (other than the Chairman of the meeting, where authorised) and other key management personnel of the Company and their closely related parties (see the Notice of Meeting and overleaf) will not cast any votes in respect of items 2, 3 and 5 that arise from any undirected proxy that they hold.

The Chairman of the meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolution 1

Re-election of Mr Denis Patten

☐ For

☐ Against

☐ Abstain*

Resolution 4

Ratification and approval of previous issue of securities

☐ For

☐ Against

☐ Abstain*

Resolution 2

Directors' remuneration report

☐ For

☐ Against

☐ Abstain*

Resolution 5

Proposed issue of contingent performance rights to Managing Director

☐ For

☐ Against

☐ Abstain*

Resolution 3

Proposed increase in maximum aggregate annual amount of directors' remuneration

☐ For

☐ Against

☐ Abstain*

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

AUTHORISATION TO THE CHAIRMAN OF THE MEETING TO CAST VOTES ON ITEMS 2, 3 AND 5

☐

I/we authorise the Chairman of the meeting to vote on items 2, 3 and 5 in accordance with his/her intentions as set out in the Notice of Meeting and this form (except where I/we have indicated a different voting intention by marking the voting boxes). I/we acknowledge that the Chairman of the meeting may exercise my/our proxy in relation to these items even though these items are all connected with remuneration of a member of key management personnel and item 3 is a resolution in respect to which the Chairman of the meeting has an interest. I/we note that votes cast by the Chairman of the meeting on item 3 other than as proxy holder will be disregarded because of his/her interest in the outcome of that item. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 2, 3 and 5 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the meeting intends to vote available proxies in favour of items 2, 3 and 5.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

SXY PRX202R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the meeting as your proxy, you will also be appointing the Chairman of the meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, SXY requires all joint holders to sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Monday, 19 November 2012**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Senex Energy Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**



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By fax: +61 2 9287 0309



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Please use this form to submit any questions about Senex Energy Limited (“the Company”) that you would like us to respond to at the Company’s 2012 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company’s auditor it should be relevant to the content of the auditor’s report, or the conduct of the audit of the financial report.

This form must be received by the Company’s share registrar, Link Market Services Limited, by **Wednesday, 14 November 2012**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company’s auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

Question(s)

My question relates to (please mark the most appropriate box)

- | | | |
|---|--|---|
| ☐ Performance or financial reports | ☐ A resolution being put to the AGM | ☐ General suggestion |
| ☐ Remuneration Report | ☐ Sustainability/Environment | ☐ Other |
| ☐ My question is for the auditor | ☐ Future direction | |

- | | | |
|---|--|---|
| ☐ Performance or financial reports | ☐ A resolution being put to the AGM | ☐ General suggestion |
| ☐ Remuneration Report | ☐ Sustainability/Environment | ☐ Other |
| ☐ My question is for the auditor | ☐ Future direction | |



Sign up for email communications
Help us save the environment

To receive your securityholder communications electronically via a nominated email address you can either:

- log on to the website: www.linkmarketservices.com.au and
- follow the instructions provided

or:

- return this form to Link in the reply paid envelope

Securityholder communications available online include Annual Report, Notice of Meeting, links to online proxy voting and other company related information. Because security and privacy of your details are important, the email we send you will provide a link to a secured, encrypted website rather than provide attached documents.

Privacy Clause: Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

