

16 October 2013

2013 Annual General Meeting – Wednesday 20 November 2013

**Ithaca Auditorium, Brisbane City Hall
Level 2, 64 Adelaide Street
Brisbane Queensland 4000**

9.30am (Brisbane time)

Dear Shareholder

I am pleased to provide notice of meeting and an explanatory memorandum for the Company's 2013 annual general meeting (AGM), which will be held at 9.30am (Brisbane time) Wednesday, 20 November at Ithaca Auditorium, in the refurbished and recently reopened Brisbane City Hall. 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 1300 554 474 (International). You can also email Link at registrars@linkmarketservices.com.au.

I look forward to seeing you at the annual general meeting on 20 November.

Yours faithfully

A handwritten signature in black ink, appearing to read "D Patten".

Denis F Patten
Chairman



ABN 50 008 942 827

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

Date of meeting

20 November 2013

Time of meeting

9.30 am

(Brisbane time)

Place of meeting

Ithaca Auditorium, Brisbane City Hall
Level 2, 64 Adelaide 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	Ithaca Auditorium, Brisbane City Hall, Level 2, 64 Adelaide Street, Brisbane Queensland 4000
Date	20 November 2013
Time	9.30 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 2013.

Resolution 1 – Re-election of Mr Tim Crommelin

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

'That Mr Tim Crommelin, 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 Crommelin 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 2013 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 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 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 by \$200,000 per annum from \$750,000 to \$950,000 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 – Proposed issue of contingent performance rights to Managing Director under Short Term Incentive (STI) and Long-term Incentive (LTI) remuneration

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

'That, for the purposes of ASX Listing Rule 10.14 shareholders approve the grant of the following contingent performance rights under the Senex employee performance rights plan to Mr Ian Davies, Managing Director, or his nominee:

- (a) 781,250 FY 14 STI Rights subject to the performance conditions and vesting conditions set out in the Explanatory Memorandum;
- (b) 937,500 FY 14 LTI Rights subject to the performance condition and vesting condition set out in the Explanatory Memorandum,

on the terms and in the manner described in the Explanatory Memorandum.'

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

Voting exclusion

The Company will disregard any votes cast on this resolution by Mr Ian Davies, his nominee and any associate of them. However, the Company will not disregard a vote if:

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

Dated: 16 October 2013

By order of the Board



Frank Connolly
Company secretary

Important note regarding proxies

The laws that apply to voting on resolutions in 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 carefully read 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 18 November 2013.
- (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 13 November 2013.
 - 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 13 November 2013. Please send any written questions for Ernst & Young to the address listed on the Proxy Form attached to this notice of meeting.

Resolution 1 – Re-election of Mr Tim Crommelin

- 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 Tim Crommelin will retire from office under rule 58 of the Company's constitution and Mr Crommelin offers himself for re-election.
- 9 Mr Crommelin, BCom, ASIA, FAICD, joined the Senex Board in October 2010, bringing over 40 years' experience in stockbroking and broad knowledge of corporate finance, risk management and acquisitions. He is Executive Chairman of RBS Morgans Limited and Non-executive Chairman of listed company AP Eagers Limited (appointed February 2011) and previously served as Deputy Chairman of CS Energy Limited and Queensland Gas Company Limited. His other

directorships include Australian Cancer Research Foundation and Abney Hotels Limited. Mr Crommelin is Chairman of the Investment Advisory Committee to the ANU Superannuation Funds, a member of The University of Queensland's Governing Senate and former member of Brisbane Grammar School's Board of Trustees. Mr Crommelin is a member of the Senex Audit and Risk committee and the Remuneration and Nominations Committee.

- 10 The directors (except for Mr Crommelin) 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 \$750,000 per annum to \$950,000 per annum (an increase of \$200,000 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 Board is actively seeking the recruitment of a suitably qualified and experienced person to join the Board as an additional non-executive director. The results of recent enquiries for this recruitment, and the advice received from the Board's remuneration consultant, Godfrey Remuneration Group Pty Ltd (**GRG**), indicate that the Board needs to increase the level of remuneration offered to all non-executive directors to be competitive with industry peers and with other listed companies of comparable size and complexity. After consultation with GRG, the Board has concluded that an increase to the maximum aggregate amount that the Company can pay to the non-executive directors by \$200,000 per annum is necessary to accommodate those needs.
- 19 The proposed maximum aggregate annual amount payable to non-executive directors will:
 - (a) provide scope to appoint additional directors to the Board at appropriate times; and
 - (b) enhance the Company's ability to both retain and attract further appropriately qualified directors, by increasing the benchmark remuneration of non-executive directors when appropriate to do so.
- 20 The directors consider it appropriate that the maximum aggregate annual amount that the Company can pay to non-executive directors be increased as set out above. Further, the Board is of the view, after consultation with GRG, that the increased maximum aggregate amount that is proposed is commensurate with maximum aggregate amounts available for remuneration of non-executive directors at ASX listed companies that are comparable or equivalent in terms of growth and market capitalisation.
- 21 The Company will not allocate the maximum amount immediately. The proposed increase has been calculated to allow for growth over time in the number of non-executive directors and maintenance of their remuneration at a level that is fair, reasonable and competitive. Details of the directors' remuneration for the period ended 30 June 2013 are contained in the Remuneration Report.
- 22 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, 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 – Proposed issue of contingent performance rights to the Managing Director under Short Term Incentive (STI) and Long-term Incentive (LTI) remuneration

Managing Director's employment contract

- 23 The directors disclosed in the 2013 remuneration report that the Company's employment agreement with the Managing Director, Mr Davies, was for a fixed term of three years ending 30 June 2014, and that his base remuneration was fixed at \$550,000 per annum for that term. The directors advised in that report that they considered that after two years of the fixed term, the level of base remuneration was materially below the level offered to CEOs of industry peers and other listed companies of comparable size and complexity, and that this was not in accordance with the key objectives of Senex's remuneration policy for the CEO. The directors advised therefore that they would renegotiate Mr Davies' employment agreement to offer market comparable levels of fixed remuneration, short-term incentive remuneration and long-term incentive remuneration for 2013/14 and an evergreen contract subject to annual review.
- 24 The Company entered into a new employment contract (**New Contract**) with the Managing Director, Mr Davies, on 16 October 2013, replacing all previous employment contract arrangements. In accordance with ASX listing rule 3.16.4, this Explanatory Memorandum summarises the material terms of the New Contract.
- 25 Under the New Contract Mr Davies is employed on an evergreen basis. His employment continues until terminated, and may be terminated by him or by the Company in various ways, but particularly:
 - (a) by the Company or by him, on six months' notice (and the Company may elect to pay him in lieu of service for all or part of the notice period); and
 - (b) by the Company immediately without notice and without payment in lieu of notice if:
 - (i) he engages in a range of unsuitable conduct, including, but not limited to, serious misconduct (having its ordinary meaning at law), wilfully disobeys lawful and reasonable directions, is charged with an offence that the Company reasonably considers affects his suitability for the position or reflects adversely on the Company, or demonstrates gross neglect of duty or incompetence; or
 - (ii) in the Company's reasonable opinion, he fails to perform the duties required and has not remedied such failure within 10 business days after the Company has notified him of such failure.
- 26 Under the New Contract Mr Davies' performance, the Company's performance under his management, and his remuneration will be reviewed at least annually in line with the Company's financial year. Unless and until the Board decides otherwise, his performance and remuneration will be reviewed for each 12 month period from 1 July each year to 30 June the following year (**Performance Year**).
- 27 Under the New Contract the Company provides (and the Board reviews annually) an annual remuneration package consisting of:
 - (a) total fixed remuneration (**TFR**) for each Performance Year, including salary and superannuation, which is not at-risk; plus
 - (b) an offer of short-term incentive remuneration (**STI**) for each Performance Year; plus
 - (c) an offer of long-term incentive remuneration (**LTI**) for each Performance Year.

- 28 This structure offers a combination of fixed remuneration and variable or 'at risk' remuneration that is only paid if pre-determined performance conditions are satisfied. It is consistent with the key objectives for remuneration under the Company's Remuneration Policy:
- (a) to align remuneration to business outcomes that deliver shareholder value;
 - (b) to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
 - (c) to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.
- 29 Under the New Contract the Company has agreed to provide the following remuneration package to Mr Davies for the Performance Year ending 30 June 2014 (**FY 14**):
- (a) TFR of \$850,000;
 - (b) STI up to a maximum of 100% of his TFR for FY 14 (ie a maximum STI of \$850,000) subject to satisfaction of performance conditions for FY 14, and for part of the STI, a vesting condition; and
 - (c) LTI up to a maximum of 60% of his TFR for FY 14 (ie a maximum LTI of \$510,000) subject to satisfaction of a performance condition and a vesting condition over the three year period ending 30 June 2016.
- 30 The split of Mr Davies' remuneration package for FY 14 between TFR, STI and LTI means that 61.5% of the total package is at risk, being subject to performance conditions (38.5% for short term performance, 23% for long term performance) and vesting conditions (38.5% vesting 1 July 2015, 23% vesting 1 July 2016). Mr Davies' total remuneration package for FY 14, and each component of it (TFR, STI and LTI) is within the mid-point range of remuneration recommended by the Board's remuneration consultant, GRG.
- 31 Under the New Contract the Company has agreed, subject to shareholder approval at the AGM, to issue rights to equity securities, namely contingent performance rights (**Rights**) under the Senex employee performance rights plan (**Plan**), to Mr Davies or his nominee for part (50%) of the maximum STI offered to him for FY 14 (**FY 14 STI Rights**) and all (100%) of the maximum LTI offered to him for FY 14 (**FY 14 LTI Rights**) under the New Contract. These Rights will be subject to the performance conditions and the vesting conditions.

FY 14 STI

- 32 Mr Davies' FY 14 STI is in four components, with each component being subject to achievement of a performance condition related to a key performance indicator (**KPI**) for FY 14. The Company will pay and provide the maximum STI to Mr Davies if all KPIs for FY 14 are achieved.
- 33 The Board will determine in its sole discretion whether and to what extent Mr Davies will receive a component of his FY 14 STI bonus in the event that the KPI for that component is not achieved. The Board's discretion is absolute, and Mr Davies has no contractual entitlement to a component of his STI bonus if the applicable KPI is not achieved.
- 34 Once the Board has determined whether and to what extent any KPI for FY 14 has been achieved, and where any KPI is not achieved in full, the extent (if any) to which the Company will award any of that component of Mr Davies' FY 14 STI bonus to him, the Company will in August 2014 pay in cash 50% of the STI bonus that is awarded. Subject to approval of Resolution 4, the Company will provide the other 50% of any FY 14 STI bonus that is awarded in the form of Senex shares deferred 1 year.

FY 14 STI Rights

- 35 If shareholders approve Resolution 4, the Company will grant to Mr Davies or his nominee 781,250 FY 14 STI Rights as at 1 July 2013 (**Grant Date**) to provide to Mr Davies the 50% of his FY 14 STI Bonus that is to be provided in Senex shares deferred 1 year.
- 36 All FY 14 STI Rights will be granted under and subject to the terms of the Plan. Further information regarding the Plan is set out in paragraphs 60 to 63 of this Explanatory Memorandum.
- 37 The FY 14 STI Rights will be granted in four components, with each component being subject to a performance condition (a KPI for FY 14) and a vesting condition.
- 38 The terms of the FY 14 STI Rights and the performance conditions and vesting conditions applicable to them are summarised in the table in paragraph 64 and Schedule 1 of this Explanatory Memorandum.
- 39 The FY 14 STI performance conditions relate to safety, production of oil, increase in 2P reserves of oil and reduction of operational costs per barrel of oil. On 17 July 2013 the Company announced net oil production guidance of 1.4 million to 1.6 million barrels for FY 14, up from 1.25 million barrels in FY 13, and net 2P oil reserves growth guidance of 4 million to 6 million barrels (before production and divestments) for FY 14, up from 3.9 million barrels in FY 13.
- 40 Consistent with the Company's practice in granting contingent Rights since adopting the Plan, the FY 14 STI Rights will be priced at the commencement of the performance period. So FY 14 STI Rights will be priced at Grant Date at 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 2013, which was \$0.544 per share. The 781,250 FY 14 STI Rights to be granted as at 1 July 2013 will therefore represent at Grant Date the maximum of \$425,000 that Senex may provide to Mr Davies in deferred shares, being 50% of his Maximum Bonus (and 50% of his TFR) for FY 14.
- 41 The Board will determine whether and to what extent a KPI for FY 14 has been achieved. Part or all of the FY 14 STI Rights in each component will lapse to the extent that the Board determines the relevant KPI for FY 14 has not been achieved. Once the Board has determined the extent (if any) to which the KPI for each component of FY 14 STI Rights has been achieved, those rights will be subject to no further performance condition but they will still be subject to a vesting condition requiring Mr Davies to be a Senex group employee on 1 July 2015 (**Vesting Date**).
- 42 If, in the Board's discretion, any performance condition is wholly or partly satisfied, and any FY 14 STI 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 14 STI Right.
- 43 The Board believes that the FY 14 STI offered (and the number of FY 14 STI Rights to be granted) to Mr Davies, and the performance conditions upon which the STI is offered (and the FY 14 STI Rights will be granted), are commensurate with the value he can create for the Company over FY 14.
- 44 Shares allocated upon vesting of FY 14 STI Rights will not be subject to restrictions. However, Mr Davies must comply with the Company's Securities Trading Policy in dealing with shares.

FY 14 LTI Rights

- 45 Under the New Contract the Company also agreed, subject to shareholder approval, to grant 937,500 FY 14 LTI Rights to Mr Davies or his nominee as at the Grant Date, representing 100% of the maximum FY 14 LTI that Mr Davies can earn.
- 46 All FY 14 LTI Rights will be granted under and subject to the terms of the Plan. Further information regarding the Plan is set out in paragraphs 60 to 63 of this Explanatory Memorandum.

- 47 The terms of the FY 14 LTI Rights and the performance condition and vesting condition applicable to them are summarised in the table in paragraph 64 and Schedule 2 of this Explanatory Memorandum.
- 48 The FY 14 LTI Rights will be subject to satisfaction of a performance condition and a vesting condition over a three year performance period. The performance condition requires absolute total shareholder return (**TSR**) of at least 20% per annum compound growth from 30 June 2013 to 30 June 2016. The vesting condition requires Mr Davies to be an employee of Senex group on 1 July 2016 (**Vesting Date**).
- 49 Consistent with the Company's practice in granting contingent Rights since adopting the Plan, the FY 14 LTI Rights will be priced at the commencement of the performance period. So FY 14 LTI Rights will be priced at Grant Date at the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2013, which was \$0.544 per share. The 937,500 FY 14 LTI Rights to be granted as at 1 July 2013 will therefore represent at Grant Date the maximum of \$510,000 that the Company may provide to Mr Davies as his LTI for FY 14 (equal to 60% of his TFR for FY 14).
- 50 The Board will determine in its sole discretion whether and to what extent the performance condition for the FY 14 LTI is satisfied, and where the performance condition has not been satisfied in full, the extent (if any) to which the Company will award the FY 14 LTI to Mr Davies.
- 51 If, in the Board's discretion, the performance condition is wholly or partly satisfied, and any FY 14 LTI 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 14 LTI Right.
- 52 To the extent that the Board determines that the performance condition for the FY 14 LTI Rights is not satisfied (in full or in part), part or all of the FY 14 LTI Rights will lapse.
- 53 The Board believes that the number of FY 14 LTI Rights to be granted to Mr Davies and the performance condition upon which they will be granted, are commensurate with the value he can create for the Company over the performance period.
- 54 Shares allocated upon vesting of FY 14 LTI Rights will not be subject to restrictions. However, Mr Davies must comply with the Company's Securities Trading Policy in dealing with shares.

Proposed Shareholder approval

- 55 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.
- 56 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 14 STI Rights and the FY 14 LTI Rights to Mr Davies or his nominee under the Plan.¹
- 57 The Company's obligation to grant and issue FY 14 STI Rights and FY 14 LTI Rights is subject to shareholder approval for such issue, and all rights, entitlements and obligations regarding Rights under the New Contract are subject to the Company obtaining shareholder approval to issue those Rights. The Company will issue the FY 14 STI Rights and the FY 14 LTI Rights within one month after the meeting at which shareholders approve the issue of those Rights.

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

- 58 In the event that shareholders do not at the Company's 2013 annual general meeting approve the grant of FY 14 STI Rights and FY 14 LTI Rights to Mr Davies, the Company will:
- (a) in August 2014 pay in cash 50% of the STI bonus (if any) awarded to him for FY 14;
 - (b) on the Vesting Date for FY 14 STI Rights pay in cash the value of the other 50% of the STI bonus (if any) awarded to him for FY 14; and
 - (c) on the Vesting Date for FY 14 LTI Rights pay in cash the value of the FY 14 LTI Rights that would have vested on that Vesting Date if shareholders had approved the grant of those rights.
- 59 For the purpose of the preceding paragraph:
- (a) the Vesting Date for FY 14 STI Rights will be the day that the FY 14 STI Rights would have vested if they had been granted in accordance with the New Contract and the Plan;
 - (b) the value on the Vesting Date for FY 14 STI Rights of the other 50% of the STI bonus awarded to Mr Davies for FY 14 will be equal to the value of the FY 14 STI Rights that would have vested on that Vesting Date if shareholders had approved the grant of those Rights;
 - (c) the value of the FY 14 STI Rights that would have vested on the Vesting Date for FY 14 STI Rights will be the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX prior to that Vesting Date;
 - (d) the Vesting Date for FY 14 LTI Rights will be the day that the FY 14 LTI Rights would have vested if they had been granted in accordance with the New Contract and the Plan; and
 - (e) the value of the FY 14 LTI Rights that would have vested on the Vesting Date for FY 14 LTI Rights will be the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX prior to that Vesting Date.

Senex employee performance rights plan

- 60 The Plan was approved by shareholders at the Company's 2011 annual general meeting. It allows the Board to issue Rights to eligible employees of the Company or any of its subsidiaries. Each 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.
- 61 Eligible employees who are issued Rights under the Plan are not required to pay for the grant of the Right. For each Right that vests, the holder is entitled to receive one share in the Company without payment.
- 62 Participants in the Plan are not entitled to vote or receive dividends, and do not have any other rights of a shareholder in relation to the shares that are the subject of their 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.
- 63 A participant's 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 Rights are not satisfied, or if the Board determines that a Right should lapse. If a Right lapses, it is immediately cancelled and is not capable of vesting.

Terms and conditions of the FY 14 STI Rights and FY 14 LTI Rights

64 Additional information regarding the FY 14 STI Rights and the FY 14 LTI Rights to be issued to Mr Davies or his nominee (including for the purposes of Listing Rule 10.14) is set out below.

	FY 14 STI Rights	FY 14 LTI Rights
No. Securities	781,250 contingent performance rights under the Senex employee performance rights plan	937,500 contingent performance rights under the Senex employee performance rights plan
Security value	Value at Grant Date of \$425,000 (50% of maximum FY 14 STI available) subject to performance conditions and vesting conditions <i>(based on the price at Grant Date being the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2013, which was \$0.544 per share)</i>	Value at Grant Date of \$510,000 (100% of maximum FY 14 LTI available) subject to a performance condition and a vesting condition <i>(based on the price at Grant Date being the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2013, which was \$0.544 per share)</i>
Exercise price	Nil	Nil
Vesting date	1 July 2015	1 July 2016
Vesting condition	The FY 14 STI Rights will vest in 4 components if: (a) the performance condition for the relevant component is satisfied; and (b) Mr Davies is an employee of the Senex group on 1 July 2015 (vesting date). Each FY 14 STI Right confers on the holder an entitlement to receive a share in the Company on the vesting date provided the performance condition for that Right is satisfied (accordingly the maximum number of shares that may be issued to Mr Davies on vesting of the FY 14 STI Rights is 781,250). The FY 14 STI Rights (or a percentage of them) will lapse to the extent that the Board determines the performance condition for those Rights has not been achieved. The Board may determine, in its discretion, that unvested FY 14 STI Rights (or a percentage of them) may vest earlier in certain circumstances (such as termination by the Company without cause), in accordance with the terms of the Plan.	The FY 14 LTI Rights will vest if: (a) the performance condition is satisfied; and (b) Mr Davies is an employee of the Senex group on 1 July 2016 (vesting date). Each FY 14 LTI Right confers on the holder an entitlement to receive a share in the Company on the vesting date provided the performance condition is satisfied (accordingly the maximum number of shares that may be issued to Mr Davies on vesting of the FY 14 LTI Rights is 937,500). The FY 14 LTI Rights (or a percentage of them) will lapse to the extent that the Board determines the performance condition for those Rights has not been achieved. The Board may determine, in its discretion, that unvested FY 14 LTI Rights (or a percentage of them) may vest earlier in certain circumstances (such as termination by the Company without cause), in accordance with the terms of the Plan.

	FY 14 STI Rights	FY 14 LTI Rights
Performance conditions	The FY 14 STI Rights will be granted in 4 components, and each component will be subject to satisfaction of one of the 4 key performance indicators (KPIs) for FY 14 - safety, production of oil, addition of 2P reserves of oil and costs of production. The allocation of the FY 14 STI Rights to the 4 components is as follows: • safety performance component - 15% (117,188 Rights) • production performance component - 35% (273,438 Rights) • addition of 2P Reserves Component - 30% (234,375 Rights) • costs of production component - 20% (156,250 Rights)	The FY 14 LTI Rights will be subject to a performance condition requiring absolute 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 2016 principally by comparing the 20 day VWAP of Senex shares traded up to the end of June 2016 with the 20 day VWAP of Senex shares traded up to the end of June 2013 (which was \$0.544). Absolute 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.

- 65 Further details of the terms and conditions of both the FY 14 STI Rights and the FY 14 LTI Rights to be issued to Mr Davies, including the performance conditions that apply, are set out in Schedule 1 and Schedule 2 of this Explanatory Memorandum.

Consideration paid for the securities

- 66 The FY 14 STI Rights and the FY 14 LTI Rights will be granted for nil consideration and as such, no funds will be raised by the issue of the Rights nor will any loan be made in connection with the Rights. On vesting, the FY 14 STI Rights and FY 14 LTI Rights will convert into shares for nil consideration.

Value of the securities

- 67 While the grant of FY 14 STI Rights and the FY 14 LTI Rights is intended to encourage Mr Davies to continue as Managing Director and incentivise high performance over the short and long-term performance period, the value of the FY 14 STI Rights and the FY 14 LTI Rights at the relevant vesting dates or at the date of this Explanatory Memorandum is inherently uncertain because of uncertainty as to whether any of the FY 14 STI Rights or FY 14 LTI Rights will vest, what number may vest, and what the value of Senex shares may be at the time the FY 14 STI Rights (if any) may vest or the FY 14 LTI Rights (if any) may vest.
- 68 In order for Mr Davies to receive the maximum number of shares potentially available in respect of the FY 14 STI Rights, each of the 4 KPI components would have to be achieved in full for FY 14 and the vesting condition satisfied at 1 July 2015.²
- 69 In order for Mr Davies to receive the maximum number of shares potentially available in respect of the FY 14 LTI 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.³ Satisfaction of the 20% per annum compound share price growth performance condition would require a VWAP of \$0.94 for the last 20 trading days on ASX up to the end of June 2016. The closing price of Senex shares traded on ASX on 15 October 2013 was \$0.76.

² Subject to the FY 14 STI Rights vesting earlier or automatically in the circumstances set out in Schedule 1.

³ Subject to the FY 14 LTI Rights vesting earlier or automatically in the circumstances set out in Schedule 2.

- 70 To the extent that accelerated vesting of unvested performance rights on termination 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 14 STI Rights and/or FY 14 LTI Rights that vest and the prevailing price of Senex shares at the time those rights vest.

When the securities will be issued

- 71 If resolution 4 is passed, the Company will issue the FY 14 STI Rights and the FY LTI 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 Director's current shareholding and dilutionary effect

- 72 Mr Davies currently holds, directly or indirectly, 1,973,953 fully paid ordinary shares, 6,000,000 unlisted options and 3,000,000 contingent performance rights. Mr Davies acquired these equity interests in the following ways:

Shares	1,530,178	Shares Mr Davies purchased on market
FY 12 STI Shares	443,775	Shares received from the Company for his performance in achieving FY 12 STI performance targets
FY 11 LTI Options	4,000,000	Unlisted options granted as LTI remuneration for FY 11 with shareholder approval
FY 12 LTI Options	2,000,000	Unlisted options granted as LTI remuneration for FY 12 with shareholder approval
FY 13 LTI Rights	3,000,000	Rights granted as LTI remuneration for FY 13 with shareholder approval and subject to satisfaction of a performance condition and a vesting condition over the three year period ending 30 June 2015

- 73 If resolution 4 is approved, Mr Davies will hold, directly or indirectly, 1,973,953 fully paid ordinary shares, 6,000,000 unlisted options and 4,718,250 contingent performance rights.
- 74 The following table demonstrates the dilution of all other shareholders' holdings in the Company if all of the FY 14 STI Rights and FY 14 LTI Rights, to be issued to Mr Davies under resolution 4, vest:

Shares on issue (as at [30 September] 2013)	1,144,008,917
Shares currently held, directly or indirectly, by Mr Davies	1,973,953
% of shares currently held, directly or indirectly, by Mr Davies	0.17%
Maximum shares to be issued assuming vesting of all FY 14 STI Rights to be issued under resolution 4(a)	781,250
Maximum shares to be issued assuming vesting of all FY 14 LTI Rights to be issued under resolution 4(b)	937,500
Total Shares on issue assuming vesting of all FY 14 LTI and all FY 14 STI Rights to be issued under resolution 4 ⁴	1,145,727,667
% of shares that would be held, directly or indirectly, by Mr Davies, assuming vesting of all FY 14 STI Rights and all FY 14 LTI Rights to be issued under resolution 4 ⁵	0.32%

⁴ Excludes any shares to be issued after 15 October 2013 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 4.

% of shares that would be held, directly or indirectly, by Mr Davies, assuming vesting of all FY 14 STI Rights and all FY 14 LTI Rights to be issued under resolution 4 and all FY 13 LTI Rights (approved at the 2012 AGM)⁶.

0.58%

Other Information

- 75 Other than Mr Davies, no other person referred to in ASX Listing Rule 10.14 is entitled to participate in the Plan.
- 76 Other than the FY 14 STI Rights and FY 14 LTI Rights that are the subject of resolution 4 and the FY 13 LTI Rights approved by shareholders at the 2012 AGM (refer to paragraph 72 above), no other securities have been issued to persons referred to in ASX Listing Rule 10.14 under the Plan since the Plan was last approved by shareholders.

Recommendation

- 77 The Board's actions and decisions described in paragraphs 23 to 78 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. A director may only participate in the Plan if they are an employee. Therefore the only director who is eligible to participate in the Plan is the Managing Director, Mr Davies. No other director is eligible to participate in any employee incentive scheme offered by the Company.
- 78 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 if 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.

⁵ Excludes any shares to be issued after 15 October 2013 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 4.

⁶ Excludes any shares to be issued after 15 October 2013 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 4 and the vesting of the FY 13 LTI Rights.

Schedule 1

Summary of terms of FY 14 STI Rights to be issued to Mr Ian Davies or his nominee

1. Each FY 14 STI Right entitles Mr Davies to receive (subject to satisfaction of the performance condition for that Right and the vesting condition), one ordinary share in the Company for nil consideration.
2. Unvested FY 14 STI Rights may lapse if:
 - a) Mr Davies ceases employment with the Company or a subsidiary of the Company before they vest;
 - b) the performance condition applicable to the Rights is not satisfied; or
 - c) the Board determines prior to vesting that the Rights should lapse.
3. If a FY 14 STI Right lapses, it is immediately cancelled and is not capable of vesting.
4. The vesting date for all FY 14 STI Rights is 1 July 2015.
5. FY 14 STI Rights will be granted in 4 components, and each component will be subject to satisfaction of a performance condition as set out below:

Component	KPI	% FY 14 STI *
Safety Performance Component	Strive for zero TRIFR in FY 14 <i>The Board will consider, in its discretion, a payment based on improvement of the safety performance in the Company's operations in FY 14 measured at the Board's discretion against a "strive for zero" TRIFR objective. TRIFR is the Total Recordable Injury Frequency Rate calculated in accordance with the APPEA Incident Reporting Guidelines, as Total Recordable Injuries per million man-hours worked in the Performance Year in the Company's operations</i>	15%
Production Performance Component	Production of at least 1.6 million barrels of oil in FY 14 net to Senex	35%
Addition of 2P Reserves Component	Increase of at least 6.0 mmbbls of 2P Reserves of oil in FY 14 net to Senex (before production and divestments for FY 14)	30%
Costs of production component	Reduction of the operational costs under the Company's control for production of oil in FY 14 for all production from oilfields operated by the Company, below a target that is expressed as a cost per barrel at budget reference conditions	20%

** As stated in the Explanatory Memorandum, 50% of the total FY 14 STI bonus payable to Mr Davies will be paid in cash and the other 50% will be provided in FY 14 STI Rights. Accordingly, the percentages in this column reflect the percentage each performance component relates to the portion of the FY 14 STI payable in FY 14 STI Rights. The same performance indicators and percentages apply to the determination of the 50% cash component of the FY 14 STI.*

On 17 July 2013 the Company announced net oil production guidance of 1.4 million to 1.6 million barrels for FY 14, up from 1.25 million barrels in FY 13, and net 2P oil reserves growth guidance of 4 million to 6 million barrels (before production and divestments) for FY 14, up from 3.9 million barrels in FY 13.

6. The Board will determine in its sole discretion whether and to what extent the performance condition for any component of the FY 14 STI has been achieved, and where the performance condition has not been achieved in full, the extent (if any) to which the Company will award that component of the FY 14 STI to Mr Davies.
7. The Board has an overriding discretion to determine that a percentage of the FY 14 STI Rights may vest 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 14 STI Rights if the performance condition and vesting condition are not satisfied.
8. Rights are not transferable and no application will be made to ASX for official quotation of Rights.
9. There are no participating rights or entitlements inherent in 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. Under the rules of the Plan, in the event of a change of control (for example, a takeover):
 - all unvested Rights that are subject only to a vesting condition will vest immediately on change of control;
 - all unvested Rights that are subject to a performance condition will be tested for satisfaction of the performance condition on two alternative bases, and to the extent that the performance condition is satisfied under those tests part or all of those Rights will vest immediately on change of control;
 - the board has an overriding discretion to vest or increase vesting of unvested Rights in the event of change of control.
11. In the event that any measure of the Company's performance against a key performance indicator is subsequently discovered to have been misstated, the Board will have a right at its discretion to clawback out of any unvested FY 14 STI Rights that Mr Davies holds at that time or subsequently the number of Rights (if any) that vested incorrectly in reliance on the misstated level of performance.
12. 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 14 STI Rights, in compliance with the Listing Rules.

Schedule 2

Summary of terms of FY 14 LTI Rights to be issued to Mr Ian Davies or his nominee

1. Each FY 14 LTI 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. Unvested FY 14 LTI Rights may lapse if:
 - a) Mr Davies ceases employment with the Company or a subsidiary of the Company before they vest;
 - b) the performance condition applicable to the Rights is not satisfied by the vesting date; or
 - c) the Board determines prior to vesting that the Rights should lapse.
3. If a FY 14 LTI Right lapses, it is immediately cancelled and is not capable of vesting.
4. The vesting date for FY 14 LTI Rights is 1 July 2016.
5. FY 14 LTI Rights will be subject to satisfaction of absolute 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 2016, principally by comparing the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2016, with the 20 day VWAP of Senex shares traded in the last 20 trading days on ASX up to the end of June 2013 (which was \$0.544), 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 14 LTI 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 14 LTI Rights if the performance condition and vesting condition are not satisfied.
8. Rights are not transferable and no application will be made to ASX for official quotation of Rights.
9. There are no participating rights or entitlements inherent in 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. Under the rules of the Plan, in the event of a change of control (for example, a takeover):
 - all unvested Rights that are subject only to a vesting condition will vest immediately on change of control;
 - all unvested Rights that are subject to a performance condition will be tested for satisfaction of the performance condition on two alternative bases, and to the extent that the performance condition is satisfied under those tests part or all of those Rights will vest immediately on change of control;
 - the board has an overriding discretion to vest or increase vesting of unvested Rights in the event of change of control.

11. In the event that any measure of the Company's performance against a key performance indicator is subsequently discovered to have been misstated, the Board will have a right at its discretion to clawback out of any unvested FY 14 LTI Rights that Mr Davies holds at that time or subsequently the number of Rights (if any) that vested incorrectly in reliance on the misstated level of performance.
12. 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 14 LTI 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: 02 9287 0309



All enquiries to: Telephone: 1300 554 474



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SECURITYHOLDER PROXY 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 securityholder) 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 9:30am on Wednesday, 20 November 2013, in the Ithaca Auditorium, Brisbane City Hall, Level 2, 64 Adelaide Street, Brisbane, Queensland 4000 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.

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 Tim Crommelin

For	Against	Abstain*
☐	☐	☐

Resolution 3

Proposed increase in maximum aggregate annual amount of directors' remuneration

For	Against	Abstain*
☐	☐	☐

Resolution 2

Directors' remuneration report

For	Against	Abstain*
☐	☐	☐

Resolution 4

Proposed issue of contingent performance rights to Managing Director under Short Term Incentive (STI) and Long-term Incentive (LTI) remuneration

For	Against	Abstain*
☐	☐	☐

 * 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

IMPORTANT - VOTING EXCLUSIONS

☐

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 2 and 3 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. 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 and 3 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 undirected proxies in favour of Items 2 and 3.

STEP 4

SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder'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 PRX302R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

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

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities 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; and
- 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, either securityholder may 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 security 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 **9:30am on Monday, 18 November 2013**, 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, securityholders 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:

02 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or 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.**

NAME AND ADDRESS OF SECURITYHOLDER

SRN/HIN

[illegible]

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 2013 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 security registrar, Link Market Services Limited, by 5:00pm on Wednesday, 13 November 2013.

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 securityholder 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 securityholders.

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	

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