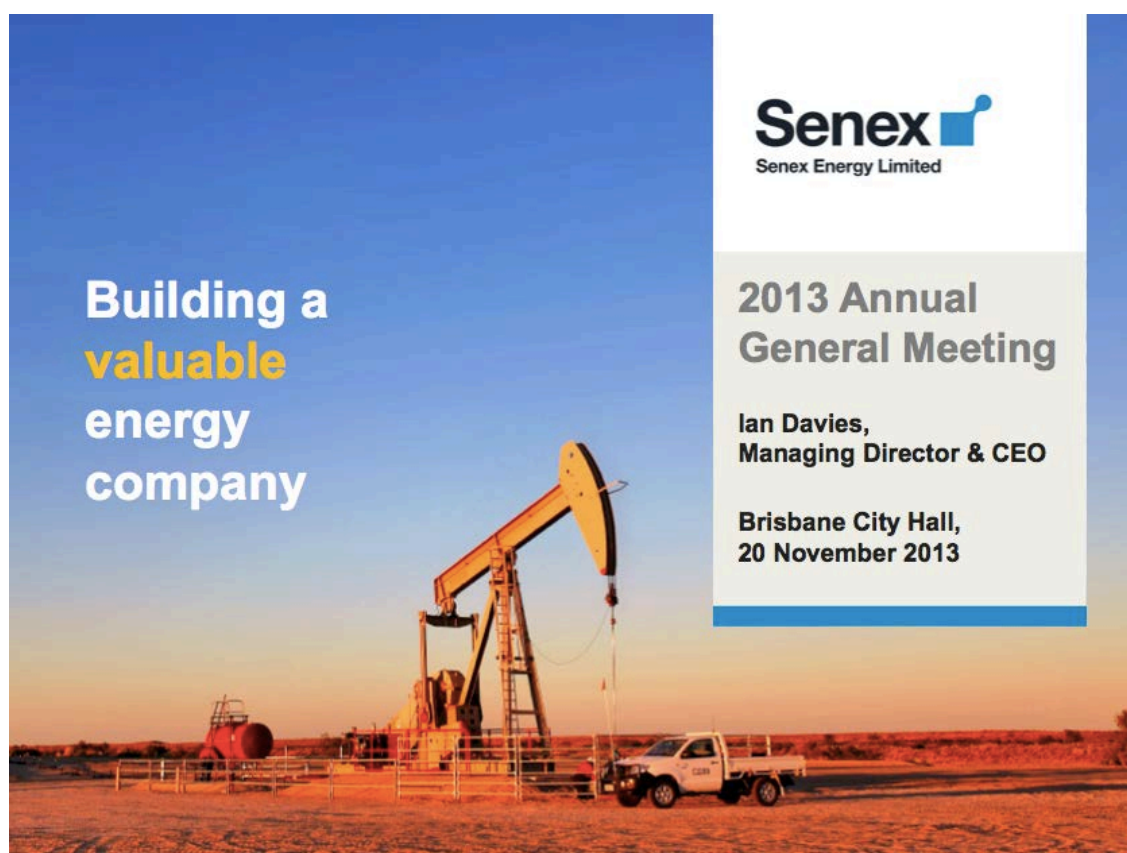


Managing Director's Address

Release date: 20 November 2013

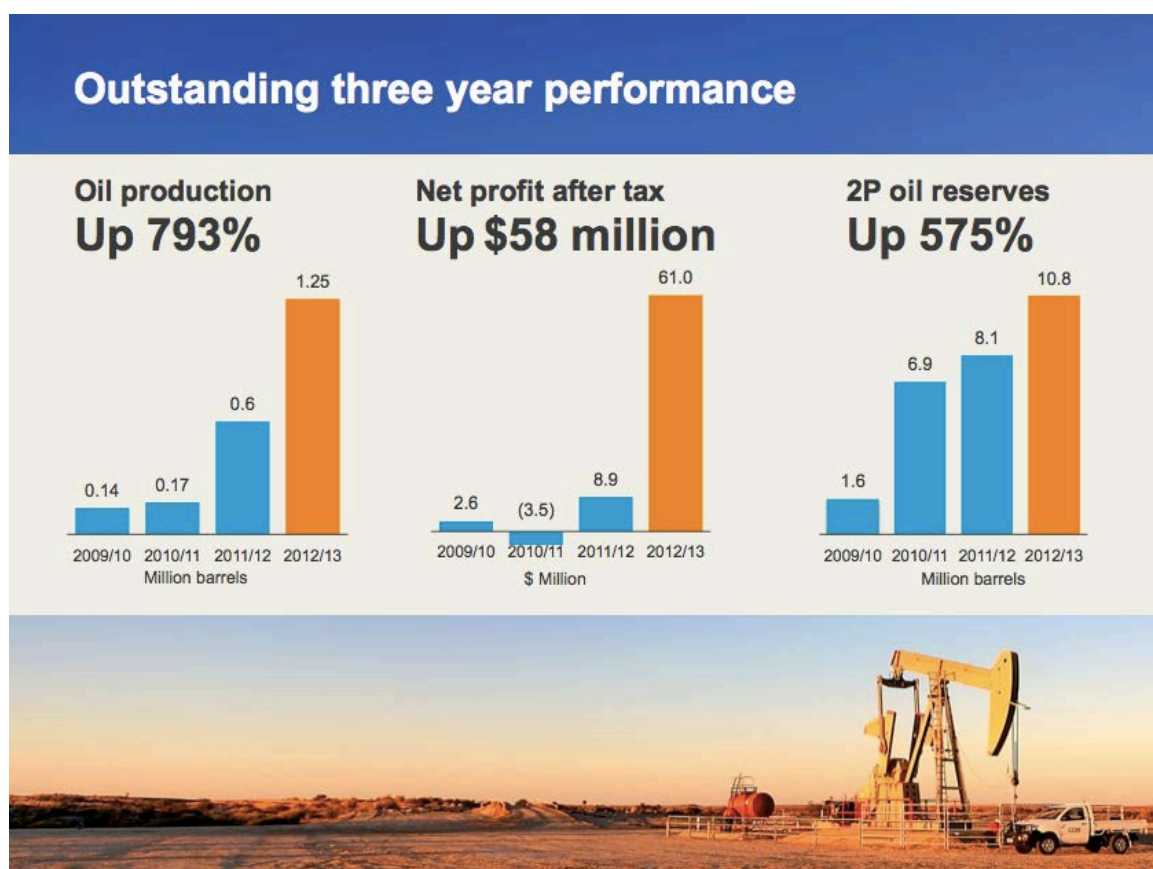


Good morning ladies and gentlemen,

It is very satisfying to see the Senex family growing year on year. Again this year, we had to find a larger venue to cater for the increasing level of interest. For me, and the entire team at Senex, it's a tangible reminder that we are building a valuable energy business. By delivering on our promises and continuously raising the bar, we are earning a reputation as a business that is serious about generating wealth for shareholders.

Today, I'd like to expand on the message of this year's annual report. I want to talk about the strategy behind our plan to build an energy company – and provide examples of how we are ensuring that Senex will deliver long-term, sustainable value for you, our shareholders.

First, let's take the Chairman's lead and take a long term view.



Three years ago – almost to the day – we announced plans for aggressive exploration in the Cooper-Eromanga Basin, targeting a material increase in oil production and reserves.

Three years on, it's clear that those plans paid off. Successful exploration, appraisal and development across our acreage in the basin has seen our annual oil production increase massively.

On the strength of that production – and a few savvy transactions – we increased net profit after tax to a record \$61 million dollars in 2012/13.

But the key to continued growth – as you all know – is oil and gas reserves growth. And year on year, we have increased our proved and probable oil and gas reserves – exploring and developing our acreage methodically and successfully.

These are great indicators of performance – evidence of a proven strategy that is delivering results.

And at the heart of our strategy is a strong appreciation of what is required to build a valuable energy company.

Senex understands value

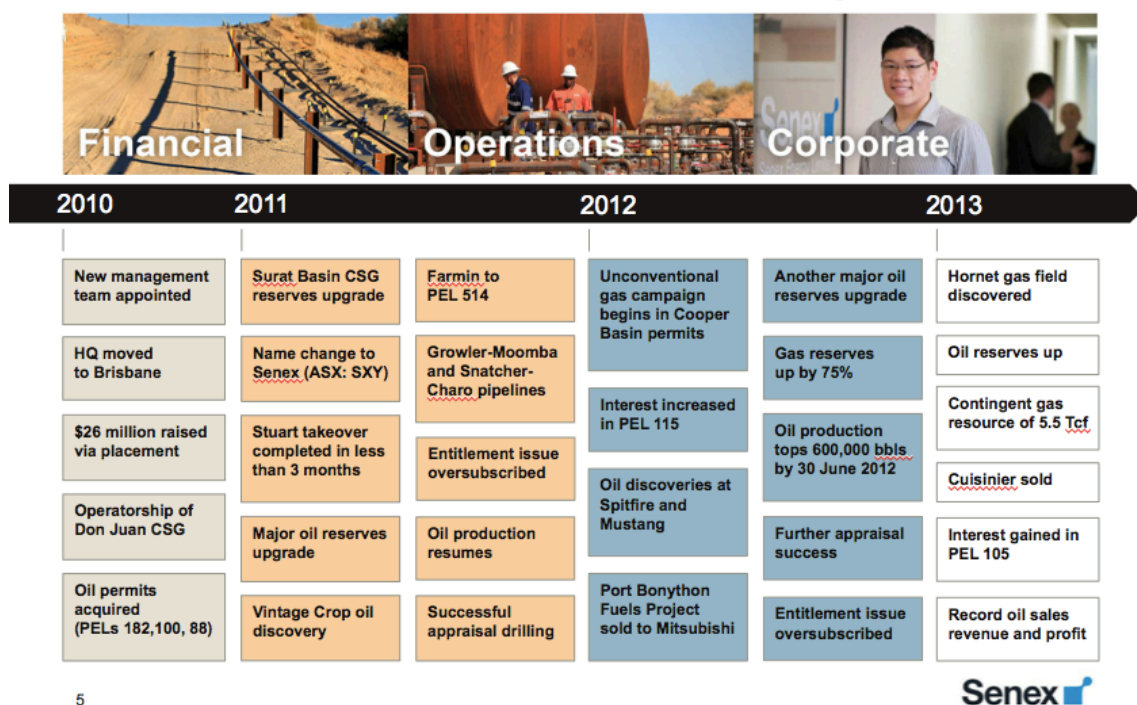
1. Focus on delivery
2. Strong acreage position
3. Careful risk management
4. Rapid development of the Cooper Basin oil business
5. Exploiting existing oil assets
6. Positioning Senex as an east coast gas supplier

If you'll indulge me this morning, I'd like to depart from the usual AGM report on operations and spend some time explaining our strategy in terms of "value".

It's a word that too many companies use too loosely. It's seldom defined, let alone explained.

So I want to walk you through what we at Senex understand value to be. I believe it is what sets us apart from other oil and gas businesses – both here in Australia and among our peers internationally.

Value is... a relentless focus on delivery



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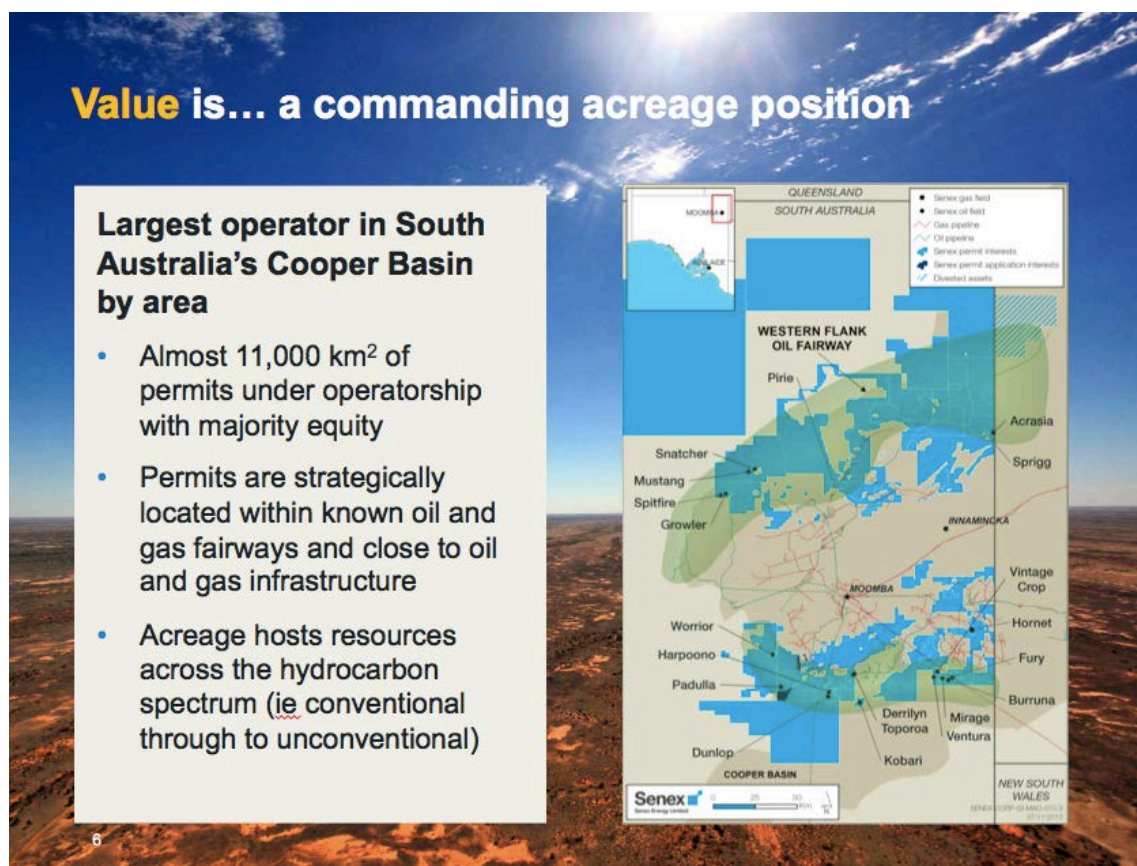
Senex

To my mind, value is all about delivery. It's doing what you said you were going to do. But it has to be more than an occasional achievement. It has to be constant. It has to be built into the fabric of the organisation. That's why delivery is a core value at Senex.

And the proof of that relentless focus on delivery is evident in your Company's performance over the last three years. Day after day, year after year, we are pushing to deliver on every measure – financial, operational, corporate and social.

Delivery is an attitude. It's part of the corporate culture of Senex.

But attitude on its own isn't enough to build a valuable energy company. And that's why we've worked so hard to position Senex with a commanding acreage position in the South Australian Cooper Basin.



It might surprise you to learn that, by area, Senex is the largest operator in the South Australian Cooper Basin. Altogether, we operate just under eleven thousand square kilometres of permits where we hold majority equity interests.

And we're not talking about moose pasture. Senex permits are located within known oil and gas fairways and close to existing oil and gas infrastructure.

As an experienced operator, we understand the Basin. We know the terrain and how to work to the conditions. Our exploration is hands on. And the results of our exploration efforts to date have shown us that our acreage hosts resources right across the hydrocarbon spectrum – from conventional to unconventional oil and gas plays.

Our acreage position is one of our core strengths. We understand that – but we also understand how important it is that we protect our dominant position.

Value is... a 15 year tenure security agreement



A win:win for South Australia and Senex

- Exploration dollars directed according to prospectivity
- A great example of effective collaboration
- Addresses a key business risk
- Allows for long term planning

Senex

In August this year, we announced a 15 year tenure security agreement with the South Australian Government, focused on our oil exploration permits in the Cooper Basin. The news was released to the market at a joint press conference with South Australian Premier Jay Weatherill and the State's Energy and Resources Minister Tom Koutsantonis and featured on all of the nightly news programs.

Why was this important? Not only did this demonstrate the power of collaboration and creativity. It also set a new benchmark for the effective regulation of Australia's oil and gas industry.

In simple terms, Senex has addressed the key business risk of tenure security. By negotiating a mutually beneficial approach to the regulation of exploration permits, Senex and our

colleagues at the South Australian Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) have delivered certainty. The arrangement allows us to direct Senex's exploration and appraisal dollars according to prospectivity across our entire South Australian Cooper Basin portfolio. It gives us flexibility and allows us to plan for a long term commitment in the region.

Value is... a sincere commitment to the community



John Lynch, CEO of the Royal Flying Doctor Service Central Operations and Ian Davies at the official unveiling of VH-FDE in Innamincka on 8 November

A partnership between Senex and the RFDS

- \$300,000 over three years
- Beyond a financial commitment
- A deep level of integration
- Aligned objectives and corporate culture

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A particularly rewarding measure of that commitment is our recently-announced partnership with the Royal Flying Doctor Service. For us, the decision was a no-brainer. Partnering with the Flying Doctors makes sense on many levels because the two organisations are closely aligned in their business objectives and their corporate culture.

On any given day, there are more than a thousand people working in the oil and gas fields of the Cooper Basin. It makes sense to support the organisation that serves as a lifeline not only to the fly-in, fly-out workforce, but also to the permanent residents and communities of South Australia's remote north east.

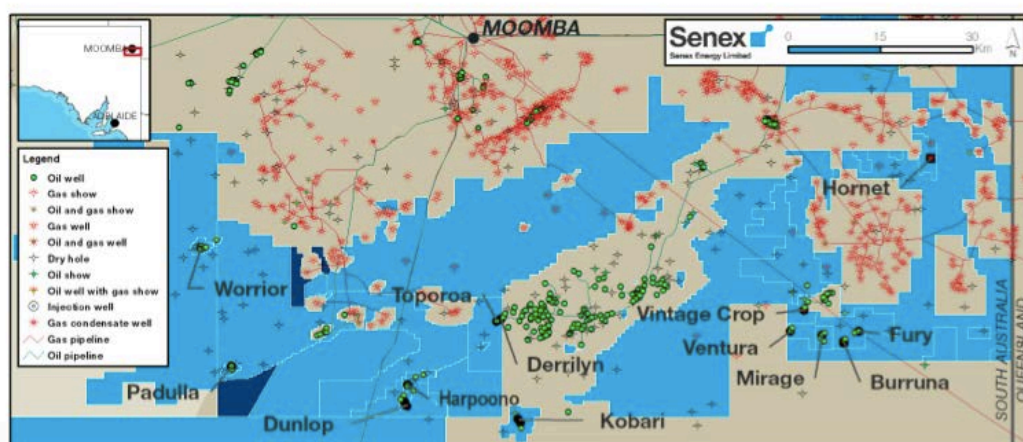
Our \$300,000 contribution over three years will keep one of the Flying Doctors aircraft kitted out but we have plans for our partnership to go beyond a simple donation. We will work closely with the Flying Doctors to improve our emergency response capability and ensure that safety remains our top priority.

Because Senex has big plans for the Cooper Basin.

Value is... a high margin, high return oil business

Exploiting the untapped potential of the Cooper Basin

- More than 30 oil wells to be drilled in 2013/14 in the north and south
- 10 of 12 wells cased and suspended as future oil producers



Southern South Australian Cooper Basin

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Senex

Right now, the name of the game is oil.

At more than US\$100 a barrel and with a favourable exchange rate, oil production is a high margin, high return business.

We believe there is enormous of room for growth in our business and – again – you don't have to take my word for it. The proof is there for everyone to see: Of the 12 wells we have drilled in

the last four months, 10 have been cased and suspended as future oil producers. This financial year, we plan to drill more than 30 oil wells – right across our Cooper Basin acreage.

Why focus on the Cooper? As you saw in the video at the start of this meeting, the Cooper Basin is vastly underexplored by North American standards – even though it was previously considered “mature” here in Australia. By looking to North America and learning from their experiences, we hope to replicate their success.

To do that, we have to become a first class operator.

Value is... becoming a first class operator

- Operationally nimble, dynamic and striving for continuous improvement
- Learning from mistakes (ours and others)
- Looking to North American experience to streamline operational processes
- Continually driving down operating costs

Trials of larger, electric-drive beam pumps



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Senex

And this is where we get back to attitude.

Operational excellence in the oil game is about being nimble and dynamic – striving for continuous improvement – learning from mistakes. It's looking at your business with fresh eyes to streamline processes and continually driving down costs.

It's big ticket items – like the trials of larger, electric-drive beam pumps – and small initiatives too – like regularly visiting our operations and getting to know the people who make it all happen in the field.

Value is... adopting a manufacturer's mindset

Learning from industry leaders in North America

- Adopt lean concepts
- Continuously improve
- Reduce waste and non-value add activity
- Plan, prepare and standardise
- Become a cost leader – economic resilience
- Reduce cycle times
- Exploit high oil prices

Aera pump maintenance trucks are stocked daily in a seamless process



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Senex

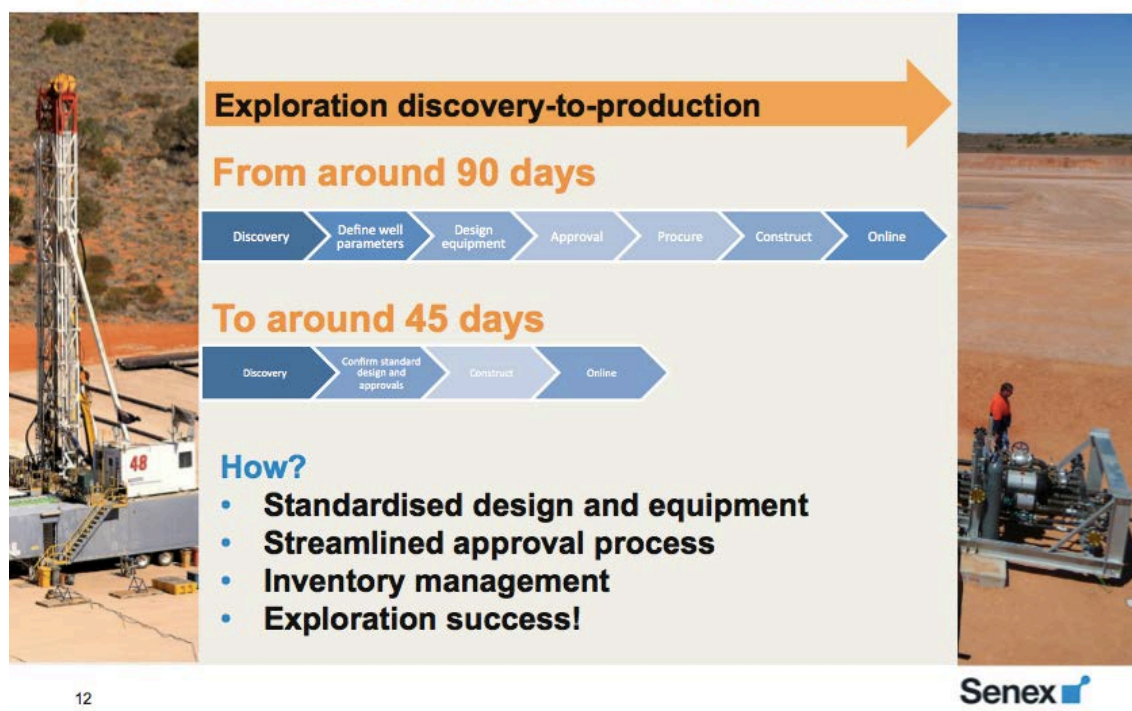
Taking this attitude further means looking beyond the traditional boundaries of the oil and gas business. It means learning from other industries – like the manufacturing industry – to make better use of our limited resources, reduce waste, plan ahead, standardise wherever possible and make the most of our competitive advantages.

In the United States, a Californian-based oil company called Aera Energy won national recognition for this “manufacturer's mindset”.

There's no reason that Senex couldn't learn from its experiences.

A simple example is this pump maintenance truck. Each day, the company and its closely integrated supply chain work together to stock the trucks ahead of time, in a seamless process that saves time, energy and cost.

Value is... accelerating oil field development



Here at Senex, we are continually striving to achieve operational excellence. And we are making progress in accelerating the development of our oil fields. In recent months, we've halved the time it takes to get an oil discovery well on production.

By standardising design and equipment, streamlining approval processes and improving the way we manage our inventory, we've reduced the time from 90 days to 45 days. That's an impressive result and it's only an example of the kinds of results that can be achieved.

Of course, as the slide says, it also pays to have some exploration success.

Value is... rapid development of oil discoveries



Ensign Rig 48 at Burruna-2

Burruna-2

- Oil flow rate recorded at >3,600 bopd on $\frac{40}{64}$ " choke during testing
- Online and producing at ~1,000 bopd
- Approximately 400,000 barrels recoverable oil from 5.3 metres net pay in Namur Sandstone

Dunlop-1

- Free-flowed during DST at 1,200 bopd
- Approximately 3 metres net pay in McKinlay Member
- On production this quarter

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Senex

In the September quarter, Senex delivered two new oil discoveries in the southern Cooper Basin – Burruna and Dunlop.

At Burruna-2, oil flowed from the Namur Sandstone at a constrained rate of more than 3,600 barrels a day during testing. Our operations team set a new record of 42 days from discovery to production – and right now, the well is online, contributing about a thousand barrels a day.

And having spent the better part of the last two weeks out in the field, I can tell you from first hand experience that it is an impressive set up. The extended production test facility at Burruna is skid mounted and follows a standardised design.

At Dunlop – a McKinlay oil producer – about a two hour drive from Burruna, oil free-flowed during drill stem test at 1,200 barrels a day. The development of Dunlop will follow our approach at Burruna – and we're targeting another record result, with the well scheduled to be placed on production this month.

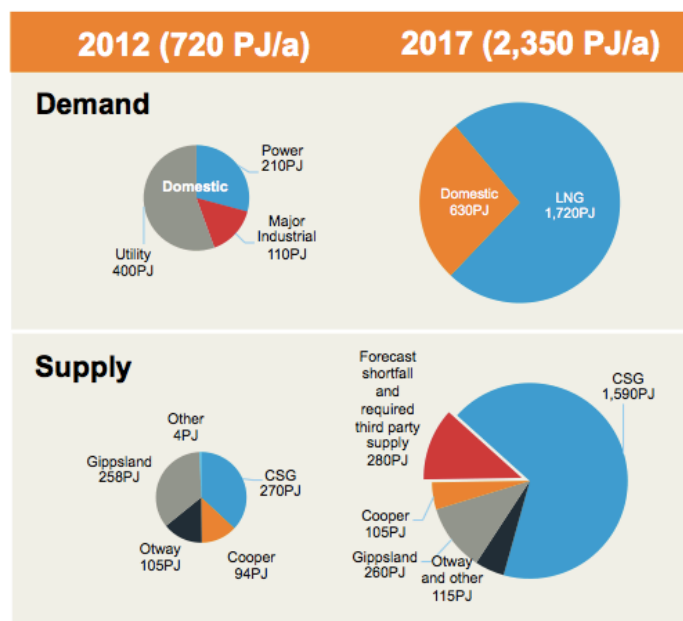
In recent days, we've received great news from our Burruna-3 appraisal well – which was drilled only 12 weeks after Burruna-2. I'm happy to report that the well - which is less than a kilometre from Burruna-2, has not only achieved its primary objective of following up on the original Namur Sandstone discovery, but also encountered a brand new oil reservoir in the lower Birkhead Formation. This is a terrific result that validates our focus on low risk exploration near existing assets.

As I said before, there is plenty of room for growth in our oil business – but it is not the whole story.

The other exciting part of the Senex story is gas.

Value is... understanding the gas market opportunity

- LNG gas demand dwarfs domestic requirement
- Overall domestic market volumes fall
- 2017 price forecast: \$8-11 per gigajoule
- Coal seam gas production must grow by more than five times in five years
- Cooper Basin to help meet shortfall

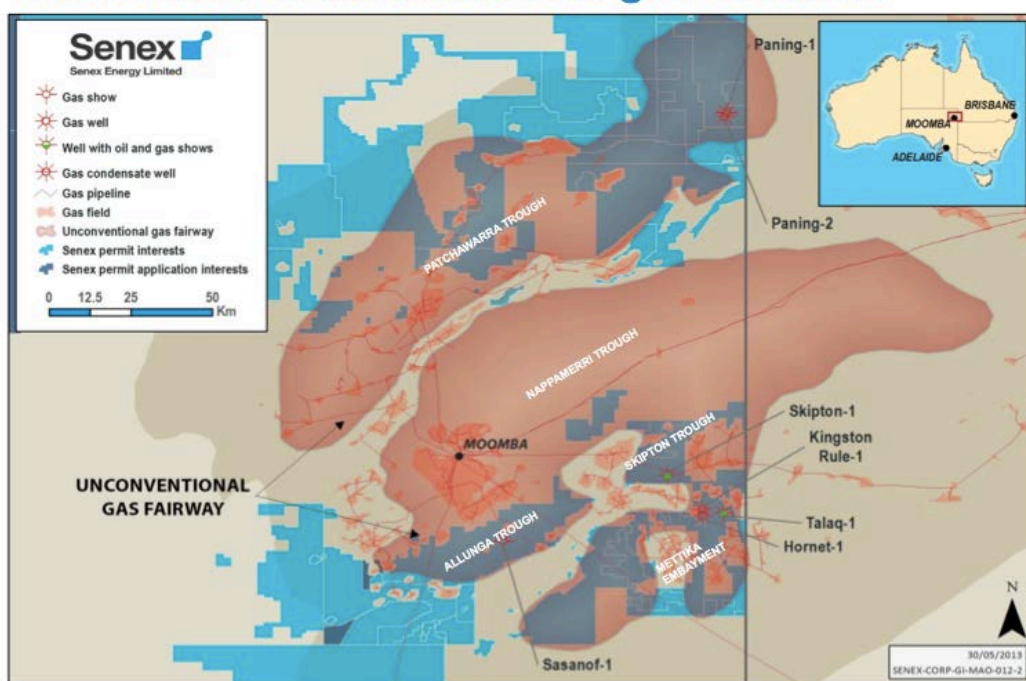


Source: EnergyQuest

The east coast gas market is growing at an unprecedented rate. It offers a once in a generation opportunity for company's like Senex to meet a predicted shortfall in gas supply from 2017.

The LNG industry has changed the game entirely – providing a link to global gas pricing and creating a multi billion dollar export industry right here in Queensland.

Value is... a massive onshore gas resource



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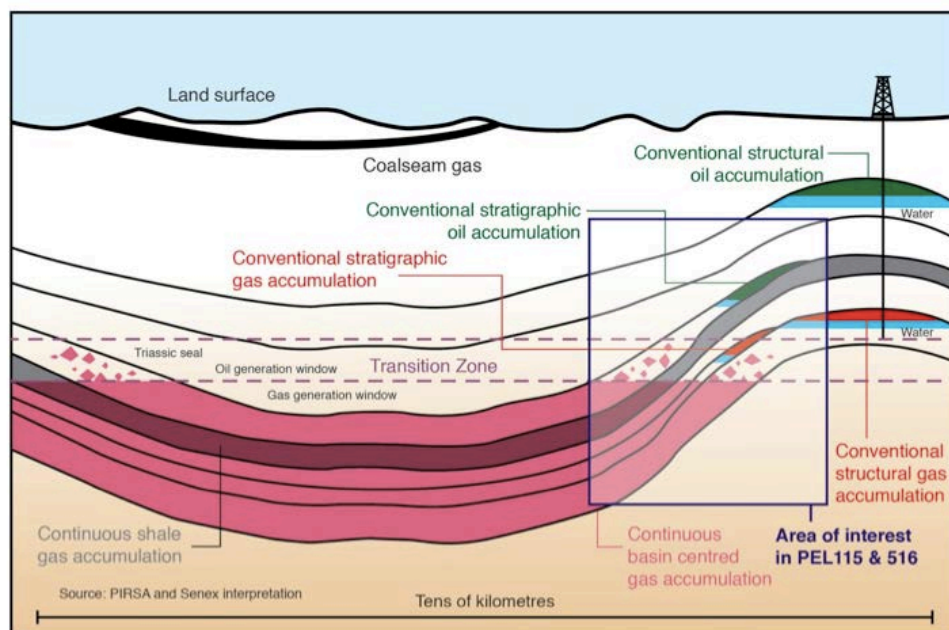
Senex

The Cooper Basin holds a massive onshore gas resource that is perfectly placed to capitalise on the expected shortfall in supply in the east coast gas market.

As you can see in this slide, a large portion of our acreage lies within gas fairways that are considered to be highly prospective.

And you can see that our permits are virtually surrounded by existing gas fields and gas infrastructure, including pipelines to Brisbane, Sydney and Adelaide.

Value is... all gas play types in the Cooper Basin



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Senex

And what kind of gas are we looking for?

We have found evidence of all gas play types in our acreage in the Cooper Basin. The abundant gas resource includes conventional traps and unconventional basin centred gas plays and shale gas.

Value is... early gas exploration success

Gas exploration program objectives:

- ✓ Gas to surface
- ✓ Resource definition
- ✓ Continual cost reduction

Conventional and unconventional resources independently assessed:

- 2.4 Tcf 2C gas resource at Hornet
- 0.7 Tcf 2C gas resource at Sasanof
- 0.4 Tcf 2C gas resource at Paning
- Gas produced from the deep coals of the northern Patchawarra Trough



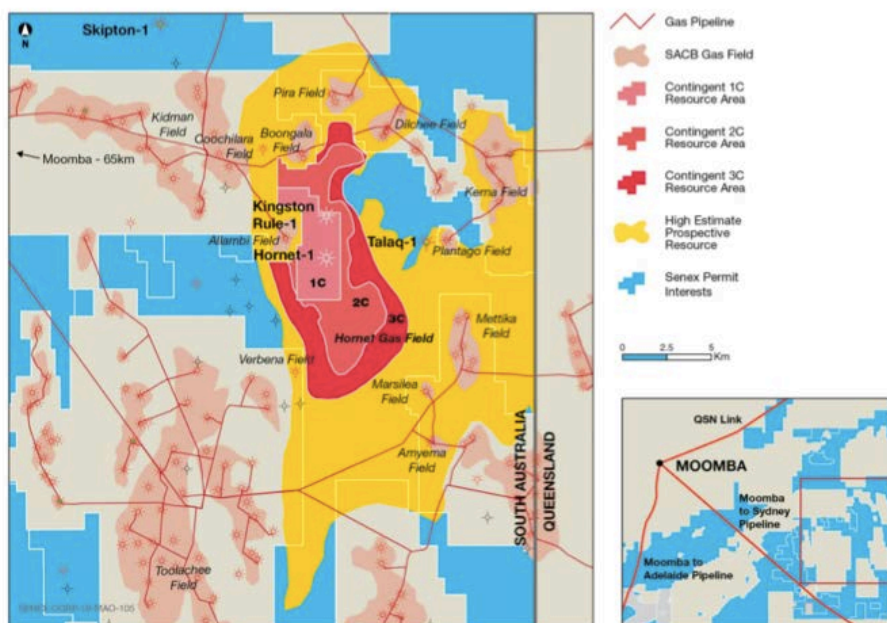
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Senex

Further, our early gas exploration efforts delivered terrific results – meeting all of our original program objectives and exceeding our own expectations.

In the last financial year, Senex booked its first ever contingent gas resources in the Cooper Basin – a significant conventional resource at Hornet as well as unconventional gas resources at Sasanof and Paning.

Value is... a material, conventional gas discovery



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Senex

The

conventional discovery at Hornet is particularly exciting. As you can see in this map of the resource, we are talking about a sizable discovery, located among existing gas fields within thirty kilometres of the Moomba-to-Sydney gas pipeline.

The next step for us is to bring in the right partner at the right time to appraise and commercialise these material gas resources.

Oil is a huge priority for our business. At the same time, our gas business presents us with an opportunity for a step change in our development.

Value is... maximising returns from CSG assets

- Located in the Gladstone LNG feedstock heartland
- CSG to LNG projects will require additional third party gas supplies
- Seven successful appraisal wells drilled in 2012/13
- Reserves upgraded:
 - 2P reserves 156.6 PJ (26.6 mmboe)
 - 3P reserves 357.7 PJ (60.8 mmboe)
 - 598 PJ of reserves and resources (~101.7 mmboe)
- Planning underway for further exploration and appraisal wells across eastern and western Surat Basin permits



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Senex

In a similar vein, we have continued to progress appraisal work at Senex's four coal seam gas permits in Queensland's Surat Basin.

This work continues to improve our understanding of the assets and build reserves.

What does **value** mean for shareholders?

Continued oil production and reserves growth:

- 2013/14 production guidance of 1.4 million to 1.6 million barrels, an increase of 20%¹
- 2013/14 2P reserves growth of 4 million to 6 million barrels (reserves replacement ratio of 333%)^{1,2}

Commercialising our gas assets

- Hornet gas discovery
- Cooper Basin unconventional gas asset
- Surat Basin coal seam gas assets

A strong balance sheet

- Zero debt, \$125 million cash³
- \$120 million to \$140 million capital expenditure guidance for 2013/14

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¹ Before production and divestments

² At midpoint of production and 2P oil reserves growth guidance

³ As at 30 September 2013, including approximately \$20 million expected from the sale of interests in Cuijinjer oil field and associated permits

In closing, let me reiterate: Senex is successfully building an energy company.

We understand what value is – and that our ultimate goal is to generate wealth for you – our shareholders.

Our oil and gas assets present excellent opportunities to deliver continued growth.

Our oil business is thriving and set to grow further in coming years.

In addition to that, our gas reserves and resources are perfectly placed to meet growing east coast gas demand.

We have assembled an experienced team with skilled leaders and accomplished technicians who know what it takes to get the job done.

And importantly, we will get the job done by protecting our people, the environment and our balance sheet.

Your investment is in great shape.

Ian Davies
Managing Director and Chief Executive Officer

20 November 2013

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