

Chairman's Address at 2011 Annual General Meeting

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Ladies and Gentlemen,

Welcome to the first Brisbane Annual General Meeting for Senex Energy Limited. After more than 25 years in the West, your Company has now made its home here in Queensland. Relocating to Brisbane was the first of several major changes for the business during the year under a new Management Team led by Ian Davies. The pace has been 'energetic' but the results speak for themselves.

Senex is now ranked as the 10th largest company on the Deloitte Queensland Energy and Resources Index. You would have noted that in September, many resource stocks lost traction amidst renewed global economic concerns. In the face of this market volatility, Senex successfully completed a 1 : 5 entitlement issue raising \$53 million. At close of business yesterday, Senex had a market value of approximately \$500 million representing a 3 fold increase in the market value of your company since 30 June 2010. This is a new era for your Company.

As I said in the Annual Report, "we have demonstrated that Senex can punch above its weight". We have shown the market that strong leadership and smart decisions can revitalise a business.

Today, I want to reflect on your Company's journey over the last 18 months and then at the completion of the formal meeting Managing Director Ian Davies will share with you our vision for the future of the business.

Back in 2010, Senex – or Victoria Petroleum as it was then – was an oil and gas business with prime acreage in the Cooper and Surat Basins. It had enjoyed some oil exploration success and had made the transition to limited production, but the market struggled to see the Company's value. What we needed were fresh perspectives and a commercial approach.

I believe we found both of these attributes – along with ambition and creativity – in the form of our new Management Team. The pace picked up immediately with their appointment in June 2010. In a matter of months, the hand-picked team of experienced managers had established the business in the East and announced plans for rapid growth.

I can imagine some of you had concerns as to whether our plans to rebrand the business were strictly 'necessary'. However, I am known as one not to tolerate needless corporate expenditure. Therefore from my perspective, rebranding was not just 'necessary', it was 'critical'. We had to become a totally different entity and needed to communicate that message, loudly and clearly to the market. Similarly, becoming a Limited Company and positioning our business in the energy sector were very important signals to the market.

Senex is now a much better reflection of who we are and what we do: We have new and exciting plans for our future. We have turned fresh eyes on our diverse energy portfolio. We are one of Australia's most experienced on-shore explorers and we now have a team capable of delivering on our promises.

I'll admit it was a little bold to announce our new name (and ASX ticker code S-X-Y) on Valentine's Day, though I must say it was very pleasing to watch the Company live up to its new reputation the following week. On February 17, Senex defied the odds – albeit briefly – and resumed oil production from our valuable Growler oil field.

A one-in-forty-year flood in the Cooper had isolated the field for more than a year and new floodwaters from Queensland were due to arrive in a matter of weeks. Despite the obstacles, the production team at Senex had found a window of opportunity to construct an alternative access route to the site, liberating over 8,000 barrels of oil, worth approximately \$1,000,000.

On February 21, Senex announced a hat trick of good news. First: we announced a major upgrade of oil reserves in the Cooper Basin. The independent audit of our data for Growler and Snatcher oil fields resulted in a near tripling of commercial oil reserves. Second: we announced our intention to sell into Beach Energy's offer to acquire Impress Energy. This gave our joint venture partner the power to complete its transaction and also realised \$15 million for Senex. Finally: we announced plans to acquire Adelaide-based Stuart Petroleum via an off-market, all scrip, takeover.

The Stuart transaction was completed in three months. The deal significantly increased the scale of Senex's Cooper Basin oil business and positioned the Company as an early mover in Australia's exciting unconventional gas sector. All of these outcomes can be traced back to two things: strong leadership and smart decisions.

The weather played havoc with our bottom line in 2010/11. Renewed flooding interrupted production at Growler and Snatcher and postponed our exploration and development plans. The silver lining of course is that the income was not lost, only delayed. Oil from our Western flank fields – including new discoveries at Vintage Crop-1 and Growler-6 – will contribute to what we expect to be a very different outcome in 2011/12. Ian Davies will elaborate on

progress with our 11-well oil drilling campaign in the area, along with our production target of a staggering 700,000 barrels of oil for the 2012 financial year.

18 months down the track, your Company is significantly more valuable and exciting. Your Company is also significantly larger and much more complex. Prior to moving to Brisbane, the operation was managed on a shoestring with 17 full time employees and a number of part time contractors. This month, we have a team of 47 employees and 15 contractors to keep our rapidly growing business on track.

I'd like you to be able to meet some of the members of this team. We have Julie Whitcombe, Frank Connolly, Dr Steven Scott, Tim Wyatt, John Baker and Canh Nguyen and they will be available at the conclusion of this meeting. Collectively, these people explore and produce oil from a land position that covers an area of roughly 65,000 square kilometres. The scope of their work includes 68 separate permit interests, 42 joint venture arrangements and 18 oil fields in varying stages of production. It should be noted that we are the operator in the majority of these interests.

Together with field staff in South Australia, these people are running one of the largest on-shore independent oil production businesses in Australia, and they are doing so safely and responsibly. At the same time, this team is building new gas businesses in Queensland and South Australia. It is a diverse geographic area and a diverse portfolio of resources, operating in a demanding, complex and ever evolving regulatory environment.

While many companies are wondering where they will find the people to resource their energy projects, Senex has taken the initiative and actively planned for growth. The same thinking inspired our heavily oversubscribed Entitlement Issue back in September. By taking decisive action, Senex is now in a position to fund its immediate growth ambitions with more than \$90 million in cash at hand.

The theme of this year's Annual Report was *Positive Change*. I am sure you will agree that it is an accurate reflection of what was achieved over the 12 months for Senex shareholders. It certainly reflects the Board's intention back in 2010 when we began this process of transformation.

I would like to thank my colleagues on the Board who have given generously of their time and talents. In particular, I would like to acknowledge the contributions of Mr John Kopcheff and Mr Robert Pett – both long-serving Directors of VicPet and Senex who have now retired from the Board. I also wish to welcome new Directors – Mr Tim Crommelin and Dr Ralph Craven – who have much to offer the business as we move forward.

I would like to thank the team at Senex for their hard work during the year. The highlights in this address and outlined in the Annual Report capture only a portion of the work undertaken during this very busy year. I thank you all for your competent and tireless contributions.

Our Managing Director, Ian Davies, deserves special mention for driving the Company with his vision, dedication, immense energy and enthusiasm. It has been a pleasure supporting him over the last twelve months.

Finally, I would like to offer my thanks to Senex shareholders. Your investment demonstrates that you appreciate the underlying value of the business and your continued support is essential to our Company's future success.

Ladies and Gentlemen I thank you for your attendance today. I wish you all the best for the festive season.

Denis F Patten
Chairman of Directors

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