

Chairman's Address for the 2014 AGM

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Ladies and gentlemen, welcome to this our 2014 AGM.

I have had the pleasure of holding the office of Chairman of Senex and its predecessor, Victoria Petroleum, since March 2008 and during this period I have had the privilege of overseeing the transformation of your Company from a pure exploration business with "loads of potential" – yet no production - to an established oil and gas producer and, as a member of the S&P ASX 200, one of Australia's top 200 listed companies. This is a source of immense pride for me.

Today I would like to focus on four major topics in my Chairman's Address that I believe will be of the most interest to you as shareholders. The first area is our share price, which I am sure after the turbulence of the last few months, will be at the forefront of your minds. I will then focus on the Company's performance and major achievements over the last twelve months; my observations of the capable Senex team, and lastly I will discuss new Board appointments.

1. Share Price

The share price at 30 June 2013 was 0.59 cents and at the 30 June 2014 was 0.695 cents - an increase of 17.8%. In recent weeks it has been very disappointing to see the share price fall so low considering the excellent Senex operational reports and company performance. Senex is a company with a fully funded exploration and development program; it has money in the bank, no debt and operates within its budget.

As we know, the fall in the global oil price has been the major factor affecting the market sentiment for oil producers. The market driven share price reduction has not changed our view of the validity of the Company's four year strategy introduced at the beginning of FY15. The strategy is based on increased oil production, gas and coal seam gas exploration and production, as well as a Company-wide focus on improving our cost effectiveness.

The Board and management are focused on the job at hand and what we can control. However, like you, I am extremely disappointed that our current share price does not reflect the true value of our Company.

Analysts are currently valuing Senex at between 50 cents and \$1.73 – with the average valuation significantly higher than our current share price. When analysing the share price fall, you will notice that the market has also treated our peers in the same manner with all recording substantial reductions in share price.

The team at Senex has demonstrated that it has the skill, experience and determination to improve the underlying value of the business year on year. I'm very pleased to report that the Company has continued that trend during the 2014 financial year and into the 2015 year as evidenced by our performance and achievements.

2. Company Performance and Major Achievements

In 2014, your Company continued to improve its year on year performance across all of the key measures within its control:

- Record oil production: up 10%
- Record revenue: up 24%
- Continued 2P oil reserves growth: up 23%
- Total recordable injury frequency rate: down 25%

These results demonstrate a clear and consistent focus on improving the underlying value of the business creating a solid foundation for continued growth.

The Board is particularly pleased with the improved safety performance, as safety is critical to our business. A safe company is a successful company.

As you know last year we partnered with the Royal Flying Doctor Service and this year, together with some of our industry peers, we have established an on-call 24-hour helicopter medical evacuation service located at Moomba that complements the world-class services of the RFDS.

In addition, your Company achieved major milestones in 2014 with its gas business:

- We have partnered with Origin Energy to fast track the exploration and appraisal of our unconventional gas acreage in the Cooper Basin. This \$252 million joint venture will target only a portion of our prospective unconventional acreage in the Basin.
- We have secured our first Gas Sales Agreement with the South Australian Cooper Basin Joint Venture and have commenced the appraisal of our Hornet gas discovery with first gas sales expected next month.

More recently, in the first quarter of the 2015 financial year, Senex announced an asset swap with the QGC Joint Venture that will allow the Company to maximise the value of its coal seam gas assets in Queensland's Surat Basin.

Once the transaction is completed in coming weeks, Senex will operate and own a material gas project covering 2,000 square kilometres in the western Surat Basin, north of Roma and close to existing gas pipelines and other infrastructure. This will deliver for Senex an expected

three-fold increase in our 2P reserves, and our appraisal plan aims for initial gas production before the end of the 2017 calendar year.

The Western Surat Gas Project is a perfect example of our four-year growth strategy in action. In a single transaction, using existing assets and with no money changing hands, we have achieved a step change in the value of our coal seam gas assets. At the same time, we have gone a long way towards achieving the bold 2P reserves target of more than 100 mmboe for the 2018 financial year that our Managing Director announced in August this year.

Ladies and gentlemen, Senex is on track. The results over the last four years – and in the early months of the 2015 financial year – have shown that we have a strong foundation for future growth. We have set a clear course of action for the next four years. We have articulated a clear plan to double the size of our business by 2018 and we have the skilled and capable people to take the business to this next level.

3. Senex Team

People are the heart of this business and I continue to be impressed with the talent and performance of all staff in Senex.

Two weeks ago, the Board visited our operations in the Cooper Basin and met with many members of our field team. The dedication and drive is remarkable. They have a clear focus on cost and effective performance – despite operating in such a remote and challenging environment.

The teams in our Brisbane and Adelaide offices are equally well qualified to deliver on the Company's long-term goals. Our teams have extensive knowledge of the oil and gas industry and many of our people have wide ranging Australian and international experience.

In recent months, as reported, there has been considerable change to our corporate structure and executive management. These changes coincided with the announcement of the Company's growth strategy and ensure the business has the capacity to deliver on our future growth plans.

4. Board Appointments complementing our Growth Strategy

Over the last 12 months, your Board has conducted an extensive search for individuals with the right mix of skills and experience to join the Board and complement our growth strategy. In May this year, Senex welcomed a new independent non-executive Director – Ms Debra Goodin. Debbie is an experienced Director and business leader with more than 20 years of experience in service firms, government authorities and listed companies across a broad range of industries. She has held senior executive positions as Chief Operating Officer and Chief Financial Officer in rapidly growing businesses. Debbie's expertise in finance, corporate

strategy, operations, and mergers and acquisitions has already made a difference to Senex and adds to our Board's existing competencies.

I am pleased to announce that very soon Senex will appoint another Director to the Board. Your Board is delighted to advise that Mr Trevor Bourne has agreed to join Senex as an independent non-executive Director. The Board will make the formal appointment on 1 December 2014 and Trevor will stand for election as a director at the 2015 Annual General Meeting. Trevor is with us here today and I would encourage you to make his acquaintance after the formal proceedings.

Trevor is one of Australia's most experienced Directors with a Board career spanning some 26 years. He has a wealth of oil and gas experience. He was a foundation Director on the Board of Origin Energy and served for 12 years during a period of rapid growth. He is very familiar with the challenges and opportunities of working in large and complex oil and gas businesses and is in his ninth year as a Director on the Board of Caltex Australia. I believe that Trevor will bring to our Board the expertise and depth of experience that will complement the Board's skills and provide considerable assistance to our management to achieve our future growth plans.

Together with our other non-executive directors, Tim Crommelin, Ben McKeown and Ralph Craven, we will have an even stronger team that will guide Senex into the future. I am very pleased with these additions to our Board.

Senex is a fundamentally different Company from the business I joined in 2008. Today, it is a vibrant energy company with a hands-on, experienced Board and an enthusiastic and competent management team led by Managing Director and CEO Ian Davies.

I take this opportunity to thank Ian Davies for his vision, dedication, and endless enthusiasm in guiding the Company over a year of change and challenge. I would like to acknowledge the hard work and dedication of the entire management team and all our employees for their focus and hard work over the last twelve months. I also thank my fellow Directors for their wisdom, expertise and support in overseeing the Company's growth and development.

As for me, ladies and gentlemen, after much deliberation, I have decided that this will be my last AGM as Chairman, although I will remain on the Board. In coming months, I will step down from the Chairman's role and the Board will appoint a new Chairman at that time.

I reflect back on the last six and a half years of my stewardship with great pride. It has been a stimulating and rewarding time building the Company and I thank you the shareholders for your personal support and encouragement over the years.

In conclusion, Ladies and Gentlemen, I must say that I am very comfortable with our Board and the Management Team and extremely confident that the company is in safe hands.

You the shareholders have shown considerable loyalty to the Company despite the fluctuations of a volatile market and the Board looks forward to repaying this confidence as we strive to develop a very successful and profitable oil and gas business.

Denis F Patten
Chairman of Directors
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