

5 October 2016

Dear Shareholder

On behalf of the Board of Senex Energy Limited (**Senex**), I am pleased to invite you to attend the Senex Annual General Meeting (**AGM**) on Wednesday 16 November 2016, in The Grand Ballroom at the Stamford Plaza, corner Edward and Margaret Streets, Brisbane.

The meeting is scheduled to start at 9.30am (Brisbane time).

Enclosed is the Notice of Meeting setting out the business of the AGM. For further details on the resolutions proposed at the AGM please refer to the accompanying Explanatory Memorandum. I urge all shareholders to read this material carefully before voting on the proposed resolutions.

If you are not able to attend the AGM I encourage you to appoint a proxy to attend and vote on your behalf. You may appoint a proxy by:

- using the share registry's website at www.linkmarketservices.com.au; or
- completing the enclosed proxy form.

In order to be valid, online proxies and proxy forms must be received no later than **9.30am Brisbane time Monday 14 November 2016**.

If you plan to attend the AGM, please bring the enclosed proxy form to assist us in registering your attendance.

Shareholders are invited to join the Board for light refreshments at the conclusion of the AGM.

On behalf of all the Directors of Senex, we look forward to seeing you at the AGM.

Yours sincerely



Trevor Bourne
Chairman



ABN 50 008 942 827

**Notice of Annual General Meeting
Explanatory memorandum
Proxy form**

Date of meeting

Wednesday, 16 November 2016

Time of meeting

9.30am

(Brisbane time)

Place of meeting

The Grand Ballroom, Stamford Plaza
Corner Edward & Margaret Streets, Brisbane

Head Office

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	The Grand Ballroom, Stamford Plaza, corner of Edward & Margaret Streets, Brisbane
Date	Wednesday, 16 November 2016
Time	9.30am (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 2016.

Resolution 1 – Re-election of Dr John Warburton

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

'That Dr John Warburton, who was appointed as a director on 15 March 2016 under rule 57 of the Company's constitution and holds office until the conclusion of the meeting, be re-elected as a director under rule 57.'

Note: Information about Dr Warburton appears in the explanatory memorandum for this meeting.

Resolution 2 – Re-election of Mr Tim Crommelin

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

'That Mr Timothy Crommelin, who retires as a director by rotation under rule 58 of the Company's constitution, be re-elected as a director under rule 58.'

Note: Information about Mr Crommelin appears in the explanatory memorandum for this meeting.

Resolution 3 – 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 2016 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 vote cast on resolution 3:

- 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 key management personnel (or any closely related party of key management personnel).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with a voting direction on the Proxy Form; or
- 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.

Special business

Resolution 4 – Approval for future issues of securities under the Senex Employee Performance Rights Plan

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

'That for the purpose of being approved as an exception to ASX Listing Rule 7.1 pursuant to exception 9 in ASX Listing Rule 7.2, and for all other purposes, approval is given for the issue from time to time of Rights under the Rights Plan as described in the explanatory memorandum for this meeting.'

Voting exclusion

The Company will disregard any vote cast on resolution 4:

- by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associate of such a director; or
- as proxy by a member of key management personnel (or any closely related party of key management personnel).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with a voting direction on the Proxy Form; or
 - it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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Resolution 5 – Ratification and approval of previous issue of securities

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

'That for the purposes of ASX Listing Rule 7.4, shareholders ratify and approve the previous issues of 1,514,536 Shares and 3,004,879 FY17 STI Rights that are detailed in the explanatory memorandum for this meeting.'

Voting Exclusion

The Company will disregard any vote cast on resolution 5:

- by any person who participated in any of the issues of equity securities which are the subject of resolution 5, as detailed in the Explanatory Memorandum, or any of their associates; or
- as proxy by a member of key management personnel (or any closely related party of key management personnel).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
 - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
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Resolution 6 – Approval of proposed issue of FY17 STI Rights and FY17 LTI SARs under the Managing Director's remuneration package

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

'That for the purposes of ASX Listing Rule 10.14, approval be given for the issue of:

- (a) 1,131,048 FY17 STI Rights under the Senex Employee Performance Rights Plan; and
- (b) 3,590,400 FY17 LTI SARs under the Senex Share Appreciation Rights Plan,

to Mr Ian Davies, Managing Director and Chief Executive, or his nominee on the terms described in the explanatory memorandum for this meeting.'

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 Davies, his nominee or any associate of either of them; or
- as proxy by a member of key management personnel (or any closely related party of key management personnel).

However, the Company will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with a voting direction on the Proxy Form; or
- 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: 5 October 2016

By order of the Board



Francis Leo Connolly
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 Monday 14 November 2016.
- (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 for 2016 AGM

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 (**AGM**). In addition, the Company's constitution (**Constitution**) provides for these reports to be received and considered at the meeting.
 - 2 Apart from matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of shareholders at the AGM 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 shareholder with a question for the Chairman is encouraged to use the Question Form provided with the notice of meeting and should send it to the address listed on the Question Form so it is delivered by 5.00pm, Monday 7 November 2016.
 - 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 Any shareholder with a question for the Company's auditor, Ernst & Young, is encouraged to use the Question Form provided with the notice of meeting and should send it to the address listed on the Question Form so it is delivered by 5.00pm, Monday 7 November 2016.
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Resolution 1 – Re-election of Dr John Warburton

- 1 Resolution 1 is for re-election of Dr John Warburton as a director.
 - 2 Dr Warburton, BSc (Hons Geological Sciences), PhD (Structural Geology), FGS, MAICD, brings to the Board a wealth of global petroleum industry knowledge and expertise. His career as a geoscientist spans a broad range of exploration related responsibilities across the global oil and gas sector, and he has been involved in locating, assessing, advising on and optimising prospective opportunities around the world. In his 34 years with BP Exploration in the UK and around the world he advanced through senior technical and leadership positions involving exploration, appraisal and development before moving on to senior positions with other substantial oil and gas companies including Oil Search Ltd, Roc Oil Company Ltd, LASMO plc and Eni S.p.A. In recent years, Dr Warburton founded Insight Exploration, a consultancy providing technical & business services to the international petroleum exploration industry. He currently serves as Exploration and New Business Advisor for Oil Search Ltd and as a Non-executive director of Imperial Oil and Gas Ltd (part of Empire Energy Group Ltd) where he previously served for 3 years as Chief Executive Officer. He also serves on the External Advisory Board for Petroleum Engineering and Geoscience at the University of Leeds, and is a Fellow of the Geological Society of London and a Member of the Australian Institute of Company Directors
 - 3 The directors appointed Dr Warburton under rule 57 of the Constitution as an additional independent non-executive director on 15 March 2016, to fill the vacancy that arose upon Mr Patten's retirement at the 2015 AGM.
 - 4 Rule 57 allows the directors to appoint an additional director of the Company, but a director (other than an executive director) appointed under rule 57 holds office only until the end of the next AGM and may be re-elected at that meeting, so Dr Warburton holds office only until the conclusion of the 2016 AGM, and offers himself for re-election at the AGM.
 - 5 The directors (Dr Warburton abstaining) support the re-election of Dr Warburton and recommend that shareholders vote in favour of resolution 1.
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Resolution 2 – Re-election of Mr Tim Crommelin

- 1 Resolution 2 is for re-election of Mr Tim Crommelin as a director.
- 2 Mr Crommelin, BCom, FSIA, FAICD, brings to the Board over 40 years' experience in stockbroking and the property industry, and broad knowledge of corporate finance, mergers and acquisitions and risk management. He is Chairman of Morgans Holdings (Australia) Limited, the parent company of Australia's largest national full-service retail stockbroking and wealth management firm, Morgans Financial Limited, Non-executive Chairman of Australia's oldest listed automotive retail group, AP Eagers Limited, a director of Australian Cancer Research Foundation and Abney Hotels Limited, and a member of University of Queensland's Governing Senate. He previously served as Deputy Chairman of Queensland Government owned power generator CS Energy Limited, director and Chairman of ASX listed coal seam gas pioneer Queensland Gas Company Limited and a member of Brisbane Grammar School Board of Trustees. Mr Crommelin is a member of the Senex Audit and Risk Committee.
- 3 The directors first appointed Mr Crommelin as an additional non-executive director under rule 57 of the Constitution in October 2010 and he held office until the 2010 AGM when he was re-elected. Mr Crommelin retired from office by rotation under rule 58 of the Constitution at the 2013 AGM and was re-elected. He will retire from office again under rule 58 at the 2016 AGM, and offers himself again for re-election.
- 4 Rule 58 of the Constitution requires one-third of the directors (excluding the managing director and any director appointed as an additional director but not yet elected) to retire from office at the end of each AGM. Where the number of such directors is not a multiple of three, then the number nearest to but not more than one third of those directors must retire.
- 5 Rule 58 also requires each director to retire from office at the conclusion of the third annual general meeting after the director was last elected, even if their retirement results in more than one-third of all directors retiring from office. A retiring director remains in office until the end of the annual general meeting and is eligible for re-election at the meeting.
- 6 The directors (Mr Crommelin abstaining) support the re-election of Mr Crommelin and recommend that shareholders vote in favour of resolution 2.

Resolution 3 – Directors' remuneration report

- 1 Resolution 3 is for adoption of the section of the directors' report dealing with remuneration of directors and other key management personnel (**Remuneration Report**). It is proposed because the Corporations Act requires that the Remuneration Report be put to a vote of shareholders for adoption.
- 2 The resolution for adoption of the Remuneration Report is advisory only and not binding on the Company. However, if 25% or more of votes cast on the 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. When the resolution for adoption of that Remuneration Report (the report for the following year) is put to a vote at that year's AGM, if 25% or more of votes cast on that resolution are against the adoption of that Remuneration Report, a 'spill resolution' must be put to that meeting. If 50% or more of votes cast on the 'spill resolution' are in favour of that resolution, the Company must then hold a special general meeting within 90 days, and the directors (other than a managing director) in office at the time of the 'spill resolution' must resign and stand for re-election at that special general meeting.
- 3 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.

- 4 The Chairman will give shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report.
- 5 Noting that each director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, the directors supports the adoption of the Remuneration Report and unanimously recommend that shareholders vote in favour of resolution 3.

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 – Approval for future issues of securities under the Senex Employee Performance Rights Plan

- 1 ASX Listing Rule 7.1 effectively sets a 15% limit on the number of equity securities that a listed company may issue or agree to issue in any 12 month period without shareholder approval.
- 2 ASX Listing Rule 7.2 provides a number of exceptions to listing rule 7.1, and in particular exception 9 in listing rule 7.2 says that listing rule 7.1 does not apply to securities issued by a listed entity under an employee incentive scheme if the issue of securities under the scheme as an exception to listing rule 7.1, ie under listing rule 7.2 exception 9, was approved by shareholders within three years before the issue date of those securities. The Senex Employee Performance Rights Plan (**Rights Plan**) is an employee incentive scheme and performance rights (**Rights**) issued under the Rights Plan are equity securities.
- 3 Resolution 4 proposes approval for the purpose of listing rule 7.2 exception 9 for the issue of Rights under the Rights Plan so that the issue of Rights for up to three years following the approval will not be counted in the 15% limit under listing rule 7.1.
- 4 Shareholders approved the issue of Rights under the Rights Plan for the purpose of listing rule 7.2 exception 9 at the 2011 AGM and renewed that approval at the 2014 AGM.
- 5 However, on 22 June 2016 the Board amended the Rights Plan rules so that Rights granted after the date of amendment would be granted on terms that take into account changes to the taxation of employee share scheme (**ESS**) interests. One of the changes to taxation of ESS interests from 1 July 2015 allows for deferral of the taxing point for ESS interests in a tax-deferred scheme. Rights are ESS interests and the Rights Plan is a tax-deferred scheme.
- 6 Prior to that amendment the Rights Plan provided that once Rights vested, the holder of vested Rights was entitled to receive (and Senex was obliged to provide) one Senex share (**Share**) for each vested Right within 30 days of vesting, without any further step or requirement, ie the Rights Plan did not provide for or require a holder of vested Rights to exercise them.
- 7 The principal changes made to Rights Plan rules on 22 June 2016 were to provide that:
 - (a) once a Right vests, the holder of the vested Right may elect when to receive the maturity value of the vested Right by exercising it before it expires;
 - (b) the exercise period for a vested Right commences on vesting date and ends on expiry date of the Right;
 - (c) the maturity value of an exercised Right is the value of a Share on exercise date;
 - (d) the Company can provide the maturity value by providing Shares (or requiring the Senex Employee Share Trust to provide those Shares); and
 - (e) the Board can elect to provide cash to the holder in lieu of part or all of the Shares for the maturity value.
- 8 In view of the changes to Rights Plan rules from 22 June 2016, resolution 4 is proposed to renew the approval of the issue of Rights under the Rights Plan for the purpose of listing rule 7.2 exception 9. If shareholders approve resolution 4 the issue of Rights for up to three years following the approval will not be counted in the 15% limit under listing rule 7.1.

- 9 Rights are granted under the Rights Plan, further details of which are set out in **Schedule 1** to this explanatory memorandum.
- 10 Under the Rights Plan the Company can grant Rights to Senex employees (Participants), including the Managing Director. Under Rights Plan rules a holder of a vested Right is entitled to exercise it at any time up to Expiry Date, and upon exercise is entitled to receive the Maturity Value of the Right. The Maturity Value of an exercised Right is the value of a Senex share on Exercise Date.
- 11 The Company will provide the Maturity Value of exercised Rights to the Participant within one month of Exercise Date, and will provide (or procure the Senex employee share trust to provide) Senex shares to the holder of exercised Rights for their Maturity Value unless the Board elects to provide part or all of the Maturity Value in cash.
- 12 Rights are granted and issued under the Rights Plan at the discretion of the directors. The terms of the Rights Plan may be updated or amended from time to time at the absolute discretion of the directors.
- 13 Since the date of last approval by shareholders (at the 2014 AGM on 19 November 2014) under listing rule 7.2 exception 9 for the issue of Rights under the Rights Plan, the Company has issued 13,099,351 Rights, of which 4,648,371 have lapsed, none have vested and 8,450,980 remain subject to vesting:
- (a) 852,129 FY15 STI Rights were issued to senior executives, all of which lapsed without vesting;
 - (b) 1,776,764 FY15 LTI Rights were issued to senior executives, of which 1,058,704 have lapsed and 718,060 remain subject to vesting;
 - (c) 707,351 FY15 LTI Rights were issued to the Managing Director with shareholder approval (given at the 2014 AGM), all of which remain subject to vesting;
 - (d) 4,836,995 FY16 STI Rights were issued to six senior executives under Rights Plan rules before the 22 June 2016 amendment, of which 2,224,481 have lapsed and 2,612,514 remain subject to vesting;
 - (e) 1,921,233 FY16 STI Rights were issued to the Managing Director with shareholder approval (given at the 2015 AGM) under Rights Plan rules before the 22 June 2016 amendment, of which 513,057 have lapsed and 1,408,176 remain subject to vesting; and
 - (f) 3,004,879 FY17 STI Rights were issued to six senior executives under Rights Plan rules after the 22 June 2016 amendment, and are proposed for ratification under resolution 5, and all remain subject to vesting;

The Company has also agreed, subject to approval of resolution 6, to issue 1,131,048 FY17 STI Rights to the Managing Director, Mr Davies.

FY15 Rights and FY16 Rights were issued under the Rights Plan before the 22 June 2016 amendment and fall within the shareholder approval given 18 November 2015.

FY17 STI Rights were issued under the Rights Plan after the 22 June 2016 amendment and do not fall within the shareholder approval given 18 November 2015.

- 14 FY17 STI (including the terms of FY17 STI Rights) and FY17 LTI (including the terms of FY17 LTI SARs) were offered to Mr Davies and to the six senior executives reporting to him on exactly the same terms, except that the offer of equity securities (FY17 STI Rights and FY17 LTI SARs) to Mr Davies is subject to shareholder approval, as required by ASX Listing Rules and as proposed in resolution 6.
- 15 The terms of FY17 STI Rights are described in the paragraphs of this explanatory memorandum relating to proposed resolution 6, where the offer of FY17 STI (including FY17 STI Rights) and FY17 LTI (including FY17 LTI SARs) to Mr Davies are described. Other information required by ASX Listing Rules:
- (a) Issue price per Right: nil
 - (b) Persons to whom Rights were issued: the six senior executives who report directly to the Managing Director.

- (c) Basis for determining allottees: The Company issued FY17 STI Rights to the six senior executives as part of their incentive remuneration for FY17. The Company's basis for and approach to incentive remuneration for FY17 for these senior executives was the basis for determining allottees, and that was identical to the Company's basis and approach when it agreed to grant incentive remuneration for FY17 to the Managing Director, Mr Davies, subject to shareholder approval. That basis and approach are described in the paragraphs of this explanatory memorandum that relate to resolution 6. The FY17 STI Rights were issued to incentivise the senior executives' performance and retain their services over the medium to long term.
- (d) Use of funds raised by the issue: The senior executives were not required to pay for the grant of Rights, and for each vested Right (if any) that an executive exercises they will be entitled to receive without payment Senex shares equal to the Maturity Value of the exercised Rights on the exercise date (unless the Board determines that part or all of the Maturity Value is to be provided in cash).
- 16 Mr Davies has an interest in resolution 4 and therefore does not make a recommendation. The other directors unanimously recommend that shareholders vote in favour of resolution 4.

Resolution 5 – Ratification and approval of previous issues of equity securities

- 1 Resolution 5 is for ratification and approval under ASX Listing Rule 7.4 of certain issues of equity securities by the Company in the 12 months before the date of the AGM.
- 2 ASX Listing Rule 7.1 effectively sets a 15% limit on the number of equity securities that a listed company may issue or agree to issue in any 12 month period without shareholder approval.
- 3 The issues of equity securities that are the subject of resolution 5 were made without shareholder approval but did not exceed the 15% limit under listing rule 7.1. If those issues are ratified and approved by shareholders under listing rule 7.4, they will be treated as having been made with shareholder approval for the purpose of listing rule 7.1, and the Company's capacity to issue or agree to issue equity securities up to the 15% limit will be refreshed and enlarged by the issues approved, ie its capacity will be enlarged from the date of shareholder approval by 15% of the number of equity securities approved.
- 4 In accordance with ASX Listing Rule 7.5 the following particulars of the issues of equity securities are provided for the purpose of the proposed ratification and approval under listing rule 7.4:

Date of issue	Number & type of securities issued	Issue price per security	Terms of securities issued	Persons to whom securities were issued	Basis for determining allottees and use of funds raised by the issue
14 September 2016	1,514,536 fully paid ordinary shares (Shares)	Nil	The terms of Senex Shares are set out in the constitution; the Shares ranked equally with all existing Shares from date of issue.	The Shares were issued to Senex Energy Employee Share Trust to provide Shares to 25 senior employees (not key management personnel).	The Shares were provided to 25 senior employees (not key management personnel) as part of the incentive for corporate performance for the year ended 30/06/2016 (FY16), as foreshadowed in the Company's 2016 annual report and disclosed in an Appendix 3B released through ASX on 14/09/2016. The employees were not required to pay or provide any further or other consideration for the Shares.

Date of issue	Number & type of securities issued	Issue price per security	Terms of securities issued	Persons to whom securities were issued	Basis for determining allottees and use of funds raised by the issue
30 September 2016	3,004,879 contingent performance rights (FY17 STI Rights) granted under the Senex Employee Performance Rights Plan (Rights Plan)	Nil	Terms of FY17 STI Rights are described in the paragraphs of this explanatory memorandum relating to proposed resolution 6, where the offer of FY17 STI (including FY17 STI Rights) to the Managing Director is described. A summary of the Rights Plan is in Schedule 1	The FY17 STI Rights were issued to 6 senior executives of the Company (not including the Managing Director). The proposed issue of FY17 STI Rights to the Managing Director is subject to approval of resolution 6.	The FY17 STI Rights were issued to 6 senior executives as part of their short term incentive for the year ending 30/06/2017 (FY17), as foreshadowed in the Company's 2016 annual report and disclosed in an Appendix 3B released through ASX on 3/10/2016. They were issued to incentivise the executives' performance and retain their services over the medium to long term. The executives were not required to pay for the grant of Rights. For each Right that vests and is exercised the executive will be entitled to receive (without payment or provision of any further or other consideration) the maturity value of the exercised Right.

- 5 The directors support the ratification and approval of the above issues of equity securities and unanimously recommend that shareholders vote in favour of resolution 5.

Resolution 6 - Approval for proposed issue of FY17 STI Rights and FY17 LTI SARs under the Managing Director's remuneration package

Background and reasons for proposal

- 1 Resolution 6 is for approval to issue to Mr Davies or his nominee:
 - (a) 1,131,048 FY17 STI Rights granted under the Rights Plan subject to shareholder approval; and
 - (b) 3,590,400 contingent share appreciation rights (**FY17 LTI SARs**) granted under the Senex Share Appreciation Rights Plan (**SARs Plan**) subject to shareholder approval, comprising 2,607,362 Tranche 1 FY17 LTI SARs and 983,038 Tranche 2 FY17 LTI SARs.

The approval is sought in accordance with ASX listing rule 10.14.
- 2 The material terms of the contract under which the Company employs Mr Ian Davies as Managing Director and Chief Executive are set out in the 2016 Remuneration Report. The Remuneration Report is in the Company's annual report, and it is also available on the Company's website (www.senexenergy.com.au). Under Mr Davies' employment contract the Board reviews each year, in line with the Company's financial year (**Performance Year**), Mr Davies' performance, the Company's performance under his management, and his remuneration.
- 3 Under Mr Davies' employment contract the Company provides each Performance Year (and the Board reviews at the end of each Performance Year) a total remuneration package (**TRP**) consisting of:

- (a) total fixed remuneration (**TFR**) for the year, including salary and superannuation, which is not at-risk; plus
 - (b) an offer of short-term incentive remuneration (**STI**) for the year; plus
 - (c) an offer of long-term incentive remuneration (**LTI**) for the year.
- 4 This TRP structure offers a combination of fixed remuneration and variable or ‘at risk’ remuneration that is only paid or provided 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 employment market to attract, motivate and retain executive talent.
- 5 In the 2016 Remuneration Report the Board advised that following review of the remuneration to be offered to the Company’s senior executives, including Mr Davies, for FY17 they would offer him the same TFR for FY17 that he received in FY16, and amounts levels and structures of STI and LTI for FY17 substantially similar to the STI and LTI that he was offered for FY16.
- 6 For FY17 the Company has agreed to provide the following TRP to Mr Davies:
- (a) TFR of \$850,000 per annum;
 - (b) an STI (**FY17 STI**) that represented (at STI Grant Date) a maximum potential uplift of up to 66% of Mr Davies’ FY17 TFR (i.e. representing at STI Grant Date a maximum STI of \$561,000), subject to the Board’s determination of a corporate performance rating for FY17 based on six key areas for measurement of corporate performance, with part of any STI that is awarded also subject to a vesting condition; and
 - (c) an LTI (**FY17 LTI**) in two tranches that represented (at LTI Grant Date) a maximum potential uplift of 50% of Mr Davies’ FY17 TFR, (i.e. representing at LTI Grant Date a maximum LTI of \$425,000), with each tranche subject to a performance condition and a vesting condition over a three year performance period.
- 7 Part of Mr Davies’ FY17 STI was offered in the form of FY17 STI Rights (discussed further below), so the value of the maximum STI that Mr Davies may ultimately receive is unascertainable as it depends on the value of Senex shares on the day that he exercises FY17 STI Rights (if any) that vest.
- 8 Mr Davies’ FY17 LTI was offered in the form of FY17 LTI SARs (discussed further below), so the value of the maximum LTI that Mr Davies may ultimately receive is unascertainable as it depends on the value of Senex shares on the day that he exercises FY17 LTI SARs (if any) that vest.
- 9 Since the offer of FY17 STI and FY17 LTI to Mr Davies involves an offer of equity securities (FY17 STI Rights and FY17 LTI SARs) to a director, the offer of those securities to him is subject to shareholder approval at the 2016 AGM in accordance with listing rule 10.14.
- 10 In the event that shareholders at the 2016 AGM do not approve the issue of FY17 LTI Rights and FY17 LTI SARs to Mr Davies, the Company will, on each relevant Vesting Date, pay in cash the value of those FY17 STI Rights or FY17 LTI SARs that would have vested on that Vesting Date if shareholders had approved the issue of those securities at the 2016 AGM and Mr Davies had exercised all of those vested rights or vested SARs on that Vesting Date.
- 11 FY17 STI (including the terms of FY17 STI Rights) and FY17 LTI (including the terms of FY17 LTI SARs) were offered on exactly the same terms to Mr Davies and to the six senior executives reporting to him, except that the offer of equity securities (FY17 STI Rights and FY17 LTI SARs) to Mr Davies is subject to shareholder approval, as required by ASX Listing Rules and as proposed in resolution 6.
- 12 The FY17 STI Rights and FY17 LTI SARs offered to the six senior executives reporting to Mr Davies were issued to them on 30 September 2016. Resolution 5 proposes shareholder ratification and approval of the issue of FY17 STI Rights to those six senior executives. No resolution is proposed for ratification and approval of the issue of FY17 LTI SARs to those six senior executives because shareholders approved at the 2015 AGM (18 November 2015) the issue of SARs under the SARs Plan within the three years following the date of that approval.

FY17 Short Term Incentive

13 STI Performance Measures

The Board's determination of the corporate performance rating for FY17 will be based on six key areas for measurement of corporate performance. The FY17 Corporate Performance Measures are described in **Schedule 3** to this explanatory memorandum.

The Board may, at its discretion, determine that the corporate performance rating for FY17 is below Threshold level, and that there will be no award of STI for FY17 and no FY17 STI Rights will vest.

14 Mr Davies' FY17 STI award (if any) will be paid as follows:

- (a) 50% of the award will be paid in cash within one month of Board acceptance of audited accounts for FY17; and
- (b) 50% of the award will be a deferred entitlement to a Share equity benefit, subject to approval of resolution 6.

15 If shareholders approve resolution 6, the deferred entitlement to a Share equity benefit for 50% of any FY17 STI award will be provided in the form of a grant of FY17 STI Rights at 7 September 2016 (**STI Grant Date**). Mr Davies' FY17 STI Rights will be subject to the Board's determination of his FY17 STI award (if any) on the basis described above and subject to the vesting condition. The vesting condition requires Mr Davies to be an employee of Senex on **STI Vesting Date** (1 July 2018).

16 The **Participation Price** for FY17 STI Rights granted 7 September 2016 (including those offered to Mr Davies subject to approval of resolution 6) is \$0.248 per share, the volume weighted average price (**VWAP**) of Senex shares traded on ASX in the 10 trading days before STI Grant Date. Those days (the 10 trading days from 24 August to 6 September 2016 inclusive) were the 10 trading days following release of Senex's FY16 full year results on 23 August 2016.

17 The number of FY17 STI Rights offered to Mr Davies, subject to approval of resolution 6, represented, at STI Grant Date, 50% of the Maximum STI that he can earn for FY17, and was calculated by dividing 50% of his Maximum STI by the Participation Price for FY17 STI Rights. The 1,131,048 FY17 STI Rights offered to Mr Davies (subject to shareholder approval) therefore represented \$280,500 at STI Grant Date, subject to performance and vesting.

18 The amount of FY17 STI award (if any) Mr Davies actually receives will depend on:

- (a) the corporate performance rating for FY17 that the Board determines (at its discretion); and
- (b) in respect of the 50% of FY17 STI offered as FY17 STI Rights, the value of his FY17 STI Rights (if any) that vest on STI Vesting Date.

FY17 Long Term Incentive

19 The LTI for Mr Davies for FY17 is an offer of two tranches of FY17 LTI SARs. Each tranche of FY17 LTI SARs will only vest if and to the extent that the Board determines that the LTI performance condition for that tranche (**LTI Performance Condition**) is satisfied at the end of the three year performance period for that tranche and Mr Davies is a Senex group employee on the vesting date for that tranche.

20 FY17 LTI SARs will be subject to the terms of the SARs Plan, further details of which are set out in **Schedule 2** to this explanatory memorandum.

21 The number of FY17 LTI SARs offered to Mr Davies, subject to shareholder approval, was calculated as follows:

$$A = B \times 50\% \times C / D$$

where:

A = the number of Tranche 1 SARs or Tranche 2 SARs to be offered to Mr Davies

B = Mr Davies' FY17 TFR

C = tranche size (70% for Tranche 1 SARs, 30% for Tranche 2 SARs)

D = Participation Price (refer below)

22 This calculation resulted in a total of 3,590,400 FY17 LTI SARs offered to Mr Davies, subject to shareholder approval, comprising:

- (a) 2,607,362 Tranche 1 FY17 LTI SARs
- (b) 983,038 Tranche 2 FY17 LTI SARs

23 Key Terms of the offer of FY17 LTI SARs are set out in the following table:

Participation Price	Participation Price for FY17 LTI SARs is \$0.1141 for Tranche 1 and \$0.1297 for Tranche 2, being the Company's determination of the value of each FY17 LTI SAR granted 7 September 2016, taking into account the LTI Performance Conditions, the Vesting Condition, the Starting Price, the Exercise Period, the prices at which Senex shares trade on ASX and the risk and volatility of the listed market in Senex shares, rounded to four decimal places of the currency unit (the dollar).
LTI Grant Date	7 September 2016, being the day after the last trading day in the 10 day VWAP of Senex shares that determined Participation Price.
Maturity Value	The amount (if any) per SAR by which Maturity Price exceeds Starting Price
Starting Price	\$0.248, being the VWAP of Senex shares traded in the 10 trading days before LTI Grant Date, which were the 10 trading days following release of the company's FY16 full year results on 23 August 2016 (the 10 trading days from 24 August to 6 September 2016 inclusive).
Maturity Price	The VWAP of Senex shares traded in the 10 trading days before Exercise Date.
Performance Conditions	<p>Tranche 1</p> <p>SARs representing 70% of FY17 LTI will be subject to an LTI Performance Condition (Relative TSR Performance Condition) that the Company achieves total shareholder return (TSR) at or above the 50th percentile of the TSR of a comparator group of companies over the three year performance period from LTI Grant Date until the 10th day of share trading on ASX following release of Senex's full year results for the year ending 30/06/2019 (Relative TSR Performance Period).</p> <p>The Relative TSR Performance Condition will be measured by comparing total shareholder return of Senex shares over the Relative TSR Performance Period against the total shareholder return of shares in the companies in the comparator group (the S&P/ASX 300 Energy Index) over the same period.</p> <p>50% of Tranche 1 SARs (representing at Grant Date 35% of Maximum LTI) will vest if relative TSR is at 50th percentile.</p> <p>100% of Tranche 1 SARs (representing at Grant Date 70% of Maximum LTI) will vest if relative TSR is at 75th percentile.</p> <p>Where the relative TSR achieved is below the 50th percentile of the comparator group, vesting (if any) of Tranche 1 FY17 LTI SARs will be at the Board's discretion, and the holder will have no entitlement to vesting of those SARs.</p> <p>The Board elected to use relative TSR as an FY17 LTI performance measure because it provides a benchmark of performance against Senex's peers in the market. The S&P/ASX 300 Energy Index was chosen based on consideration of a number of factors including the number of constituents (14 as at LTI Grant Date), its median volatility rank, its size and the fact that the group operates in largely the same industry and is faced with the same operational and economic risks as Senex.</p>

	<p>Tranche 2</p> <p>SARs representing 30% of FY17 LTI will be subject to an LTI Performance Condition (Production Run Rate Performance Condition) that the Company achieve an oil and gas production run rate in any period of 30 consecutive days in the 6 months ending 30 June 2019 (Production Run Rate Performance Period) that the Board believes is capable of sustainably delivering a stated annual target amount of production.</p> <p>The Board elected to introduce a non-market linked performance condition for part of the FY17 LTI. It was determined that setting an oil and gas production run rate target over that performance period was aligned with enhancing shareholder value using an objectively measurable value.</p> <p>The oil and gas production run rate targets for the Production Run Rate Performance Condition were set to reflect median market expectations for growth in production from Senex's asset portfolio at the end of the Performance Period, with the expectation of a substantial contribution from gas.</p> <p>50% of Tranche 2 SARs (representing at Grant Date 15% of Maximum LTI) will vest if the company achieves an oil and gas production run rate in any period of 30 consecutive days in the 6 months ending 30 June 2019 that the Board believes is capable of sustainably delivering annual production at an agreed target level.</p> <p>100% of Tranche 2 SARs (representing at Grant Date 30% of Maximum LTI) will vest if the company achieves an oil and gas production run rate in any period of 30 consecutive days in the 6 months ending 30 June 2019 that the Board believes is capable of sustainably delivering annual production at a level 20% above the agreed target level.</p> <p>Where the oil and gas production run rate achieved is below Target Level, vesting (if any) of the holder's Tranche 2 FY17 LTI SARs will be at the Board's discretion, and the holder will have no entitlement to vesting of those SARs.</p>
Vesting Condition	For each tranche of SARs Mr Davies must be an employee of Senex group on LTI Vesting Date.
LTI Vesting Date	For each tranche of SARs, LTI Vesting Date is the date on which the Company notifies Mr Davies of the outcome of the Performance Condition that applies to that tranche, being a date on or after Performance Date unless the SARs otherwise vest in accordance with SARs Plan rules.
Performance Date	For each tranche of SARs, Performance Date is the date on which the Board determines the outcome of the Performance Condition that applies to that tranche.
Vesting Notice	For each tranche of SARs, Vesting Notice is the Company's notice to Mr Davies of the outcome of the Performance Condition that applies to that tranche, including the number of SARs in the tranche that vested and the number that lapsed on the Performance Date.
Exercise Date	Exercise Date is the date during the Exercise Period on which the holder notifies the company that they exercise Vested FY17 LTI SARs or any earlier date on which the SARs are deemed to have been exercised under SARs Plan rules, eg on occurrence of Change of Control..
Exercise Period	The period commencing on LTI Vesting Date and ending on Expiry Date.
Expiry Date	The seventh anniversary of LTI Grant Date.

- 24 The Company will provide the Maturity Value of exercised SARs to the holder within one month of the Exercise Date by providing Senex shares (**Award Shares**) equal to the Maturity Value of the Exercised SARs, unless the Board determines to provide part or all of the Maturity Value in cash (**Award Payment**).
- 25 The Company will determine the number of Award Shares to be provided to the holder for part or all of the Maturity Value of Exercised SARs by dividing the Maturity Value by the Maturity Price and rounding to the nearest whole share. The Company will provide the Award Shares to the holder or to an employee share trust on behalf of the holder in accordance with SARs Plan rules. Award Shares will be fully paid ordinary Senex shares ranking pari passu with existing ordinary Senex shares.
- 26 The amount of FY17 LTI award (if any) that Mr Davies actually receives will depend on:
- (a) the extent (if any) to which the Board determines that the LTI Performance Condition for each tranche is achieved, and that the SARs in each tranche vest;
 - (b) Mr Davies being an employee of Senex on LTI Vesting Date for each tranche;
 - (c) the Maturity Value of any vested SARs that Mr Davies exercises, which will be the amount (if any) by which the Maturity Price of those SARs exceeds their Starting Price, and will be determined by the value of Senex shares on the Exercise Date.

Clawback

- 27 The STI and LTI offered to Mr Davies for FY17 is subject to clawback. In the event that any measure of performance is subsequently discovered to have been misstated, the Board will have a right at its discretion to clawback out of any unvested entitlements (including unvested Rights and SARs) and any vested but unexercised entitlements (including vested Rights and SARs) that Mr Davies (or nominee) holds at that time or subsequently the amount or value of any incentive remuneration (e.g. the number of Rights or SARs, if any) that vested incorrectly in reliance on the misstated level of performance.
- 28 The Board believes that the amount, terms and structure of the TRP, TFR, STI and LTI offered to Mr Davies for FY17, including the number of FY17 STI Rights and FY17 LTI SARs to be issued, are appropriate in the circumstances. The Board obtained advice from an independent remuneration consultant regarding the Managing Director's STI and LTI.

Shareholder approval

- 29 ASX 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. If shareholders approve the issue of securities under Listing Rule 10.14, the listed company is not required to obtain shareholder approval for the issue under Listing Rule 10.11 or 7.1 and the securities issued will not be counted in the company's 15% restriction under Listing Rule 7.1.
- 30 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:
- (a) 1,131,048 FY17 STI Rights to Mr Davies or his nominee under the Rights Plan¹; and
 - (b) 3,590,400 FY17 LTI SARs to Mr Davies or his nominee under the SARs Plan¹.
- 31 The Company will issue the FY17 STI Rights and FY17 LTI SARs within one month after the meeting at which shareholders approve the issue of those Rights and SARs.

Board discretion

- 32 The Board will determine in its sole discretion whether and to what extent the performance conditions for the FY17 STI and LTI are satisfied, and where the performance conditions have not been satisfied in full, the extent (if any) to which Mr Davies' FY17 STI Rights or FY17 LTI SARs may vest.

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

- 33 If the Board determines, in its discretion, that the performance condition for FY17 STI Rights is wholly or partly satisfied, and that some or all of Mr Davies' FY17 STI Rights may vest, he will be entitled to exercise his vested FY17 STI Rights within the Exercise Period.
- 34 If the Board determines, in its discretion, that the performance conditions for FY17 LTI SARs are wholly or partly satisfied, and that some or all of Mr Davies' FY17 LTI SARs vest, he will be entitled to exercise his vested FY17 LTI SARs within the Exercise Period.
- 35 Upon exercise of vested FY17 STI Rights or FY17 LTI SARs, Mr Davies will be entitled to receive without payment the number of Award Shares that represent the Maturity Value of the exercised Rights or SARs, unless the Board determines in its discretion to make an Award Payment for part or all of the Maturity Value of the exercised Rights or SARs.
- 36 To the extent that the Board determines that the performance condition for FY17 STI Rights or FY17 LTI SARs is not satisfied (in full or in part), part or all of those FY17 STI Rights or FY17 LTI SARs will lapse.

Effect of the FY17 STI and LTI proposal - Managing Director's current shareholding and dilutionary effect

- 37 At the date of this explanatory memorandum Mr Davies holds, directly or indirectly:
- (a) 2,839,047 Shares;
 - (b) 2,000,000 unlisted Options;
 - (c) 3,246,575 contingent Rights; and
 - (d) 6,647,882 contingent SARs.

Mr Davies acquired these equity interests in the following ways:

Shares	1,864,505	shares Mr Davies acquired for cash (including by exercise of LTI Options, and net of shares sold to fund exercise of options, payment of tax on vesting of incentive awards, etc)
FY12 STI Shares	603,448	shares received from the Company as STI for achievement of FY12 STI performance target
FY14 STI Shares	371,094	shares received from the Company as STI for achievement of FY14 STI performance target (another 410,156 FY14 STI Rights lapsed to the extent that stretch performance was not achieved)
FY11 LTI Options	2,000,000	options @ \$0.255 per share issued as LTI for FY11 with shareholder approval (Mr Davies has exercised 160,000 FY11 LTI Options and 1,840,000 have lapsed)
FY15 LTI Rights	707,351	Rights issued as LTI for FY15 with shareholder approval and subject to satisfaction of a performance condition and a vesting condition over the three year period ending 30 June 2017
FY16 STI Rights	1,408,176	Rights to vest 01/07/2016 as STI for achievement of FY16 STI performance target (another 513,057 FY14 STI Rights lapsed to the extent that stretch performance was not achieved)
FY16 LTI SARs	6,647,882	SARs issued as LTI for FY16 with shareholder approval and subject to satisfaction of a three year performance condition and vesting condition until 2018

- 38 If resolution 6 is approved, Mr Davies will hold, directly or indirectly:
- (a) 2,839,047 Shares;
 - (b) 2,000,000 unlisted Options;
 - (c) 3,566,084 contingent Rights; and
 - (d) 10,238,282 SARs.

- 39 The following table demonstrates the dilution of all other shareholders' holdings in the Company if all of the FY17 STI Rights to be issued to Mr Davies under resolution 6 vest and are exercised, and the Company issues new shares to satisfy its obligation to provide Senex shares to Mr Davies for all of his vested FY17 STI Rights:

Shares on issue at the date of this explanatory memorandum	1,154,360,958
Shares currently held, directly or indirectly, by Mr Davies	2,839,047
% of shares currently held, directly or indirectly, by Mr Davies	0.25%
Maximum shares to be issued assuming vesting of all FY17 STI Rights to be issued under resolution 6	1,131,048
Total Shares on issue assuming vesting of all FY17 STI Rights to be issued under resolution 6 ²	1,155,492,006
Shares that would be held, directly or indirectly, by Mr Davies, assuming vesting of all FY17 STI Rights to be issued under resolution 6 ²	3,970,095
% of shares that would be held, directly or indirectly, by Mr Davies, assuming vesting of all FY17 STI Rights to be issued under resolution 6 ² .	0.34%

Note: It is not possible to calculate the possible dilution of the number of Senex shares on the assumption that all FY17 LTI SARs vest, as the number of Award Shares to be issued (if the Company elects to issue new shares to satisfy its obligation to provide Award Shares to Mr Davies for all vested SARs he exercises) depends on the Maturity Price – the market value of Senex shares on each day that vested SARs are exercised. For example, if all FY17 LTI SARs had vested and were exercised on the date of this explanatory memorandum, they would have no Maturity Value, and no Award Shares would have been provided, because the Maturity Price would have been \$0.245, which is less than the \$0.248 Starting Price.

Value of the securities

- 40 The likely future value of the FY17 STI Rights on the date they vest is unable to be precisely estimated because of uncertainty as to whether those FY17 STI Rights will vest and what number may vest. The FY17 STI Rights have been priced at STI Grant Date at the 10 day VWAP of Senex shares up to 7 September 2016, which was \$0.248 per share. On that basis, the FY17 STI Rights offered to Mr Davies, subject to shareholder approval, represent at STI Grant Date a maximum contingent STI entitlement of \$280,500.
- 41 While the grant of FY17 LTI SARs is intended to encourage Mr Davies to continue as Managing Director and incentivise high performance over the long-term performance period, the value of the FY17 LTI SARs at the date of this explanatory memorandum and the likely value of the FY17 LTI SARs on the date they are exercised is inherently unclear because of uncertainty as to whether any FY17 LTI SARs will vest, what number may vest, and what the value of Senex shares may be at the time any vested FY17 LTI SARs are exercised. The FY17 LTI SARs offered to Mr Davies, subject to shareholder approval, represent a maximum contingent LTI entitlement of \$425,000 on LTI Grant Date.
- 42 In order for the maximum number of FY17 STI Rights to vest, the Board would have to determine that corporate performance is achieved at stretch level in FY17 and Mr Davies would have to be a Senex group employee on STI Vesting Date.
- 43 In order for the maximum number of FY17 LTI SARs to vest, the Relative TSR Performance Condition and the Production Run Rate Performance Condition would have to be satisfied at stretch level at the end of the three year performance period and Mr Davies would have to be a Senex group employee on LTI Vesting Date ³.

Other information

- 44 The only director who is eligible to participate in the Rights Plan and the SARs Plan is the Managing Director, Mr Davies. No other director is eligible to participate in any employee incentive scheme offered by the Company.

² Excludes any shares to be issued after the date of this explanatory memorandum as a result of the exercise of options, the vesting of Rights or SARs or otherwise, other than those shares to be issued on the vesting of the FY17 STI Rights that are the subject of resolution 6.

³ FY17 LTI SARs may vest earlier or automatically in certain circumstances - see Schedule 1.

- 45 Other than the FY15 LTI Rights issued to Mr Davies following shareholder approval at the 2014 AGM, and the FY16 STI Rights issued to Mr Davies following shareholder approval at the 2015 AGM no other securities have been issued under the Rights Plan to persons referred to in ASX Listing Rule 10.14 since the Rights Plan was last approved by shareholders at the 2014 AGM.
- 46 Other than the FY16 LTI SARs issued to Mr Davies following shareholder approval at the 2015 AGM, no other securities have been issued under the SARs Plan to persons referred to in ASX Listing Rule 10.14 since the SARs Plan was last approved by shareholders at the 2015 AGM.
- 47 This explanatory memorandum sets out, at the date of this explanatory memorandum, the FY17 STI Rights and FY17 LTI SARs that the Company has issued and agreed, subject to shareholder approval, to issue.
- 48 The FY17 STI Rights and FY17 LTI SARs will be issued for nil consideration and as such no funds will be raised by the issue of the Rights or SARs nor will any loan be made in connection with the Rights or SARs.
- 49 If, in the Board's discretion, the STI Performance Measures are wholly or partly satisfied, and any FY17 STI Rights vest, Mr Davies will be entitled to receive, without payment or other consideration, on the Vesting Date, one fully paid ordinary Senex share for each vested FY17 STI Right.
- 50 If, in the Board's discretion, the LTI Performance Conditions are wholly or partly satisfied, and any FY17 LTI SARs vest, then upon exercise of any such vested FY17 LTI SARs, Mr Davies will be entitled to receive, without payment or other consideration, within 30 days of that exercise, the number of Award Shares calculated by dividing the Maturity Value of the exercised SARs by the Maturity Price and rounding to the nearest whole share. The Company will provide the Award Shares to Mr Davies without payment within 30 days of exercise of vested SARs by transferring or issuing them to Mr Davies or to an employee share trust on behalf of Mr Davies in accordance with SARs Plan Rules. Award Shares will be fully paid ordinary Senex shares ranking pari passu with existing ordinary Senex shares.

Recommendation

- 51 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 resolution 6.

Schedule 1

Summary of Senex Employee Performance Rights Plan (Rights Plan)

What are contingent performance rights?

A contingent performance right (**Right**) is a right granted to an eligible employee of Senex Energy Limited (**Company**) or any Senex subsidiary (**Group Company**) under the Company's Employee Performance Rights Plan (**Rights Plan**)

A Right is an equity security that, subject to satisfaction of a performance condition and a vesting condition, confers on an employee a right to a reward, and the value of the reward is calculated by reference to the value of a Senex share on the date that the employee exercises the vested Right. If the employee exercises vested Rights, the Company provides the reward to the employee in the form of Senex shares (which may be existing shares or newly issued) unless the Company elects to provide part or all of the reward in cash. Even when both the performance condition and the vesting condition are satisfied, the value of the vested Right is only the value of the Company's shares when the Right is exercised.

Background

Under Rights Plan rules (**Rules**) the Board can determine how certain key concepts operate for each grant of Rights. For the Rights granted to the Company's Managing Director (subject to shareholder approval) and senior executives on 7 September 2016 (**Grant Date**), as part of their short term incentive for FY17 (**FY17 STI Rights**), the Board determined that these important concepts would operate as follows:

- **Maturity Value** means the value of an exercised Right, being the Maturity Price.
- **Maturity Price** means the market price of a Senex share when a Vested Right is exercised.
- **Participation Price** is the market price of a Senex share on Grant Date.
- **Performance Condition** is the Board's determination after the end of FY17 of the corporate performance rating for FY17.
- **Vested Rights** are Rights that have vested in favour of a Participant but have not yet been exercised by that Participant.

Summary

The Company may grant Rights under the Rights Plan to eligible employees (**Participants**) subject to Performance Conditions and other conditions determined by the Board.

If:

- the Board determines that the Performance Conditions for a Right are satisfied on the testing date set by the Board; and
- the Participant is an employee of the Company on the vesting date set by the Board (**Vesting Condition**);

then that Right will vest in favour of the Participant and become a Vested Right. The extent to which Performance Conditions are met may mean some, but not all, Rights will vest on the vesting date (the balance will lapse).

A Participant is entitled to exercise Vested Rights within the Exercise Period (which commences on the vesting date and ends on the expiry date set by the Board) to receive their Maturity Value.

The Maturity Value may be cash or equity-settled at the Board's discretion. The Board's current intention is that exercised Rights will be equity settled.

The number of Senex shares that the Participant will receive (**Award Shares**) will be calculated as follows:

$$\text{Award Shares} = \text{Number of exercised Rights} \times \text{Maturity Value} / \text{Maturity Price}$$

Grant of Rights

Under the Rules the Company may, at the discretion of the directors, grant Rights to an employee or the employee's associate. An employee or associate to whom Rights are granted is a Participant in the SARs Plan. A Participant is not required to pay for the grant of Rights.

Under the Rules the Board determines the **Participation Price** of Rights – the price that determines the number of Rights to be granted to each Participant on a particular grant date. For the offers of FY17 STI Rights granted 7 September 2016, the Board determined that the Participation Price was \$0.248, the VWAP of Senex shares traded in the 10 trading days before Grant Date, which were the 10 trading days following release of the company's FY16 full year results on 23 August 2016 (the 10 trading days from 24 August to 6 September 2016 inclusive).

Under the Rules the Board determines the number of Rights to be granted to eligible employees. The number will typically be calculated by reference to their total fixed remuneration (**TFR**). For the offers of FY17 STI Rights granted 7 September 2016, the Board determined that the numbers to be granted to each participating executive would represent at STI Grant Date 50% of their Maximum STI and would be determined by dividing 50% of the executive's Maximum STI by the Participation Price for FY17 STI Rights.

No shareholder rights

A Participant is not entitled to vote or receive dividends and has no other rights of a shareholder in respect of a Right or in respect of shares the subject of a Right. A Participant only acquires the rights of a shareholder if shares are issued or transferred to the Participant, and only has those rights in respect of shares that the Participant holds.

Lapse of Rights

A Participant's Rights may lapse if the employee ceases employment with a Group Company (subject to some exceptions), if a Performance Condition applicable to those Rights is not satisfied at the end of the Performance Period, or if the Board determines that a Right should lapse. If a Right lapses, it is immediately cancelled and is not capable of vesting. Vested Rights lapse on the expiry of the Exercise Period if not exercised or deemed to be exercised earlier (the Board determined that the **Expiry Date** for FY17 STI Rights is the seventh anniversary of STI Grant Date).

Vesting

A Right only confers an entitlement to receive cash or shares (at the Board's discretion) upon exercise.

A Right can only be exercised if it has vested.

A Right only vests if:

- the Board determines that the performance conditions for that Right are satisfied on the testing date (set by the Board); and
- the Participant is an employee of Senex group on the vesting date (set by the Board);

The Board may determine, in its discretion, that unvested Rights (or a percentage of them) may vest earlier in certain circumstances (such as bona fide retirement, ill health, or termination by the Company without cause).

Exercising Vested Rights

A Participant may elect to exercise some or all of their Vested Rights at any time in the Exercise Period, which commences on the vesting date and ends on the Expiry Date. The exercise of a Vested Right in effect liquidates that Vested Right into a right to receive either cash or Senex shares (at the Board's discretion). It is the Board's current intention that exercised Rights will be equity settled.

On the date that a Vested Right is exercised, unless the Board elects to cash settle the exercised Right, the Participant becomes entitled to receive the number of **Award Shares** calculated as shown above.

Performance Conditions

Under the Rights Plan the Board can impose one or more Performance Conditions that must be satisfied before a Right vests.

Change of Control and corporate events

If a Change of Control occurs, (unless any Takeover Bid to which the Change of Control relates also includes an equivalent offer to the Participant to acquire all or a substantial portion of their Rights) all unvested Rights will either vest or lapse on the basis set out in below and all Vested Rights (including those that vest on Change of Control) will be deemed to have been exercised at the time the Change of Control occurs.

Unvested Rights will vest on Change of Control on the following basis:

- * unvested Rights that are subject only to a Vesting Condition will immediately vest at the time the Change of Control occurs;
- * unvested Rights that are subject to a Performance Condition other than a Vesting Condition will be tested under Test #1 and Test #2 at the time the Change of Control occurs.

For each Participant:

- o the number of their unvested Rights in each tranche eligible to Vest under Test #1 or the number of their unvested Rights in that tranche eligible to Vest under Test #2 (whichever the greater) shall immediately vest at the time the Change of Control occurs;
- o the number of their unvested Rights in each tranche not eligible to vest under Test #1 or the number of their unvested Rights in that tranche not eligible to vest under Test #2 (whichever the lesser) will lapse at the time the Change of Control occurs; and
- o the Board may exercise an overriding discretion to vest or increase vesting of unvested Rights in each tranche at the time the Change of Control occurs.

Test #1:

- o the number of Rights in each tranche eligible to vest is reduced pro rata to the extent of the Performance Period elapsed (reduced period); and
- o the performance hurdle against which performance over the reduced period is tested is reduced in the same proportion.

Test #2:

- o the number of Rights in each tranche eligible to vest is tested against the original performance hurdle, regardless of the extent of the Performance Period elapsed and the number eligible to vest is only reduced pro rata if and to the extent that the original performance hurdle is not satisfied.

Amendment

The Board may amend the Rights Plan at any time. However, any change that is prejudicial to the rights of Participants requires Participant consent.

Schedule 2

Summary of Senex Share Appreciation Rights Plan (SARs Plan)

What are share appreciation rights?

A share appreciation right (**SAR**) is a right granted to an eligible employee of Senex Energy Limited (**Company**) or any Senex subsidiary (**Group Company**) under the Company's Share Appreciation Rights Plan (**SARs Plan**).

A SAR is an equity security that, subject to satisfaction of a performance condition and a vesting condition, confers on an employee a right to a reward, and the value of the reward is calculated by reference to the positive increase in the market price of the Company's shares from the day the SAR is granted to the day it is exercised. The Company provides the reward to the employee in the form of Senex shares (which may be existing shares or newly issued) unless the Company elects to provide part or all of the reward in cash. Even when both the performance condition and the vesting condition are satisfied, the SAR only has a value if the Company's share price is higher on the exercise date than it was on the grant date.

Background

Under SARs Plan rules (**Rules**) the Board can determine how certain key concepts operate for each grant of SARs. For the SARs granted to the Company's Managing Director (subject to shareholder approval) and senior executives on 7 September 2016 (**Grant Date**), as their long term incentive for FY17 (**FY17 LTI SARs**), the Board determined that these important concepts would operate as follows:

- **Maturity Value** means the amount (if any) per SAR by which the Maturity Price exceeds the Starting Price.
- **Maturity Price** means the market price of a Senex share when a Vested SAR is exercised.
- **Starting Price** is the market price of a Senex share on Grant Date.
- **Performance Conditions** are the long term performance hurdles set by the Board when a SAR is granted that must be met in order for the SAR to vest.
- **Vested SARs** are SARs that have vested in favour of a Participant but have not yet been exercised by that Participant.

The Board also determined that the **Starting Price** for FY17 LTI SARs granted 7 September 2016 was \$0.248, the VWAP of Senex shares traded in the 10 trading days before Grant Date, which were the 10 trading days following release of the company's FY16 full year results on 23 August 2016 (the 10 trading days from 24 August to 6 September 2016 inclusive).

Summary

The Company may grant SARs under the SARs Plan to eligible employees (**Participants**) subject to Performance Conditions and other conditions determined by the Board.

If:

- the Board determines that the Performance Conditions for a SAR are satisfied on the testing date set by the Board; and
- the Participant is an employee of the Company on the vesting date set by the Board (**Vesting Condition**);

then that SAR will vest in favour of the Participant and become a Vested SAR. The extent to which Performance Conditions are met may mean some, but not all, SARs will vest on the vesting date (the balance will lapse).

A Participant is entitled to exercise Vested SARs within the Exercise Period (which commences on the vesting date and ends on the expiry date set by the Board) to receive their Maturity Value.

The Maturity Value may be cash or equity-settled at the Board's discretion. The Board's current intention is that exercised SARs will be equity settled.

The number of Senex shares that the Participant will receive (**Award Shares**) will be calculated as follows:

Award Shares = Number of exercised SARS x Maturity Value / Maturity Price

Grant of SARS

Under the Rules the Company may, at the discretion of the directors, grant SARs to an employee or the employee's associate. An employee or associate to whom SARs are granted is a Participant in the SARS PLAN. A Participant is not required to pay for the grant of SARs.

Under the Rules the Board determines the **Participation Price** of SARs – the price that determines the number of SARs to be granted to each Participant on a particular grant date. For the offers of FY17 LTI SARs granted 7 September 2016, the Board determined that the Participation Price was \$0.1141 for Tranche 1 SARs and \$0.1297 for Tranche 2 SARs. Those Participation Prices were the Company's determination of the value of each FY17 LTI SAR granted 7 September 2016 taking into account the Performance Conditions, the Vesting Condition, the Starting Price, the Exercise Period, the prices at which Senex shares trade on ASX and the risk and volatility of the ASX market in Senex shares. With assistance from an external valuation adviser, the Company determined the value of the SARs using the Black Scholes or Monte Carlo valuation models that factor in risk and volatility.

The different Performance Conditions attaching to each tranche resulted in the different value (and different Participation Price) for each tranche.

Under the Rules the Board determines the number of SARs to be granted to eligible employees. The number will typically be calculated by reference to their total fixed remuneration (**TFR**). For the offers of FY17 LTI SARs granted 7 September 2016, the Board determined that the numbers to be granted would be calculated as follows:

$$A = B \times 50\% \times C / D$$

where:

A = the number of Tranche 1 SARs or Tranche 2 SARs to be granted to the Participant

B = the Participant's Participating TFR for FY17

C = tranche size (70% for Tranche 1 SARs, 30% for Tranche 2 SARs)

D = Participation Price as defined above

No shareholder rights

A Participant is not entitled to vote or receive dividends and has no other rights of a shareholder in respect of a SAR or in respect of shares the subject of a SAR. A Participant only acquires the rights of a shareholder if shares are issued or transferred to the Participant, and only has those rights in respect of shares that the Participant holds.

Lapse of SARs

A Participant's SARs may lapse if the employee ceases employment with a Group Company (subject to some exceptions), if a Performance Condition applicable to those SARs is not satisfied at the end of the Performance Period, or if the Board determines that a SAR should lapse. If a SAR lapses, it is immediately cancelled and is not capable of vesting. Vested SARs lapse on the expiry of the Exercise Period if not exercised or deemed to be exercised earlier (the Board determined that the **Expiry Date** for FY16 LTI SARs is the seventh anniversary of LTI Grant Date).

Vesting

A SAR only confers an entitlement to receive cash or shares (at the Board's discretion) upon exercise.

A SAR can only be exercised if it has vested.

A SAR only vests if:

- the Board determines that the performance conditions for that SAR are satisfied on the testing date (set by the Board); and
- the Participant is an employee of Senex group on the vesting date (set by the Board);

The Board may determine, in its discretion, that unvested SARs (or a percentage of them) may vest earlier in certain circumstances (such as bona fide retirement, ill health, or termination by the Company without cause).

Exercising Vested SARs

A Participant may elect to exercise some or all of their Vested SARs at any time in the Exercise Period, which commences on the vesting date and ends on the Expiry Date. The exercise of a Vested SAR in effect liquidates that Vested SAR into a right to receive either cash or Senex shares (at the Board's discretion). It is the Board's current intention that exercised SARs will be equity settled.

On the date that a Vested SAR is exercised, unless the Board elects to cash settle that SAR, the Participant becomes entitled to receive the number of **Award Shares** calculated as shown above.

Performance Conditions

Under the SARS PLAN the Board can impose one or more Performance Conditions that must be satisfied before a SAR vests.

Change of Control and corporate events

If a Change of Control occurs, (unless any Takeover Bid to which the Change of Control relates also includes an equivalent offer to the Participant to acquire all or a substantial portion of their SARs) all unvested SARs will either vest or lapse on the basis set out in below and all Vested SARs (including those that vest on Change of Control) will be deemed to have been exercised at the time the Change of Control occurs.

Unvested SARs will vest on Change of Control on the following basis:

- * unvested SARs that are subject only to a Vesting Condition will immediately vest at the time the Change of Control occurs;
- * unvested SARs that are subject to a Performance Condition other than a Vesting Condition will be tested under Test #1 and Test #2 at the time the Change of Control occurs.

For each Participant:

- o the number of their unvested SARs in each tranche eligible to Vest under Test #1 or the number of their unvested SARs in that tranche eligible to Vest under Test #2 (whichever the greater) shall immediately vest at the time the Change of Control occurs;
- o the number of their unvested SARs in each tranche not eligible to vest under Test #1 or the number of their unvested SARs in that tranche not eligible to vest under Test #2 (whichever the lesser) will lapse at the time the Change of Control occurs; and
- o the Board may exercise an overriding discretion to vest or increase vesting of unvested SARs in each tranche at the time the Change of Control occurs.

Test #1:

- o the number of SARs in each tranche eligible to vest is reduced pro rata to the extent of the Performance Period elapsed (reduced period); and
- o the performance hurdle against which performance over the reduced period is tested is reduced in the same proportion.

Test #2:

- o the number of SARs in each tranche eligible to vest is tested against the original performance hurdle, regardless of the extent of the Performance Period elapsed and the number eligible to vest is only reduced pro rata if and to the extent that the original performance hurdle is not satisfied.

Amendment

The Board may amend the SARS PLAN at any time. However, any change that is prejudicial to the rights of Participants requires Participant consent.

Schedule 3

FY17 Short Term Incentive Performance Conditions

Area of Focus	metric	unit of measurement	calculation
Licence to operate – personal safety	improvement in TRIFR	Total Recordable Injury Frequency Rate (TRIFR)	Recordable Injuries ÷ million man-hours worked
Licence to operate – environmental impact	process safety	Serious reportable incident (per SA and Qld legislation)	Number of serious reportable incidents in each geography
Growth of production of oil & gas	1P reserves replacement ratio (%)	mmboe of oil & gas	1P Reserves added * ÷ produced boe * after acquisitions & divestments
Growth of reserves of oil & gas	2P reserves replacement ratio (%)	mmboe of oil & gas	2P Reserves added * ÷ produced boe * after acquisitions & divestments
Financial performance	EBITDAX from existing operations – normalised for oil price at budget level and impact of any acquisition or divestment	\$ millions	EBITDAX as reported, subject to adjustment to reflect oil price consistent with budget assumption and adjustment to exclude impact of any acquisition or divestment
Capital efficiency	Return on Average Capital Employed (ROACE) – incremental improvement over prior year	incremental (year-on-year improvement)	NPAT as reported ÷ average capital employed as reported

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **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**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474



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PROXY FORM

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

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 you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **9:30m on Wednesday, 16 November 2016 at The Grand Ballroom, Stamford Plaza, Corner Edward & Margaret Streets, Brisbane (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 3, 4, 5 and 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 3, 4, 5 and 6, even though each Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

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

Resolutions

1 Re-election of Dr John Warburton

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5 Ratification and approval of previous issue of securities

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Re-election of Mr Tim Crommelin

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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6 Approval of proposed issue of FY17 STI Rights and FY17 LTI SARs under the Managing Director's remuneration package

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Directors' remuneration report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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SPECIAL BUSINESS

4 Approval for future issues of securities under the Senex Employee Performance Rights Plan

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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 * 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

Joint Holding: where the holding is in more than one name, either shareholder 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 share registry or online at www.linkmarketservices.com.au.

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 **9:30m on Monday, 14 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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



ONLINE

www.linkmarketservices.com.au

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



BY MAIL

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



BY FAX

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

* During business hours (Monday to Friday, 9:00am–5:00pm)

**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.**

LODGE YOUR QUESTIONS

 **ONLINE**
www.linkmarketservices.com.au

 **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**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474



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Please use this form to submit any questions about Senex Energy Limited (“the Company”) that you would like us to respond to at the Company’s 2016 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company’s auditor it should be relevant to the content of the auditor’s report, or the conduct of the audit of the financial report.

This form must be received by the Company’s share registrar, Link Market Services Limited, by **5:00pm (Brisbane time) on Monday, 7 November 2016**.

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

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

- | | | |
|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Sustainability/Environment | <input type="checkbox"/> Other |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Future direction | |

- | | | |
|---|--|---|
| <input type="checkbox"/> Performance or financial reports | <input type="checkbox"/> A resolution being put to the AGM | <input type="checkbox"/> General suggestion |
| <input type="checkbox"/> Remuneration Report | <input type="checkbox"/> Sustainability/Environment | <input type="checkbox"/> Other |
| <input type="checkbox"/> My question is for the auditor | <input type="checkbox"/> Future direction | |

QUESTIONS