

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Senex Energy Limited

ABN

50 008 942 287

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | <sup>+</sup> Class of <sup>+</sup> securities issued or to be issued  | a) unlisted share appreciation rights (SARs) vested<br>b) unlisted SARs exercised<br>c) fully paid ordinary shares (Shares) issued                      |
| 2 | Number of <sup>+</sup> securities issued or to be issued (if known) or maximum number which may be issued   | a) 11,819,693 SARs vested<br>b) 6,222,882 SARs exercised<br>c) 4,269,030 Shares issued  |
| 3 | Principal terms of the <sup>+</sup> securities (e.g. if options, exercise price and expiry date; if partly paid <sup>+</sup> securities, the amount outstanding and due dates for payment; if <sup>+</sup> convertible securities, the conversion price and dates for conversion) | a) FY16 LTI SARs vested<br>b) FY16 LTI SARs exercised<br>Annexure 2 to this announcement is a summary of the SARs Plan<br>c) fully paid ordinary shares |

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>The new Shares rank equally in all respects with other fully paid ordinary shares in the Company.</p>
<p>5 Issue price or consideration</p>	<p>4,269,030 Shares were issued to Senex Energy Employee Share Trust to provide Shares due to Rights holder upon exercise of FY16 LTI SARs without payment or further consideration.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>See paragraph 5 above.</p>
<p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the <sup>+</sup>securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>not applicable</p>
<p>6c Number of <sup>+</sup>securities issued without security holder approval under rule 7.1</p>	<p>not applicable</p>
<p>6d Number of <sup>+</sup>securities issued with security holder approval under rule 7.1A</p>	<p>not applicable</p>

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6e	Number of <sup>+</sup> securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	not applicable	
6f	Number of <sup>+</sup> securities issued under an exception in rule 7.2	not applicable	
6g	If <sup>+</sup> securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the <sup>+</sup> issue date and both values. Include the source of the VWAP calculation.	not applicable	
6h	If <sup>+</sup> securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	not applicable	
7	<sup>+</sup> Issue dates  <small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.             Cross reference: item 33 of Appendix 3B.</small>	a) SARs vested on 25/09/2018 b) SARs exercised on 25/09/2018 c) Shares issued 15/10/2018	
8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		1,452,999,535	Fully paid ordinary shares

<sup>+</sup> See chapter 19 for defined terms.

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	1,094,911 Rights	Vested FY17 STI Rights subject to exercise
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	9,075,676 Rights	Rights under Rights Plan still subject to vesting conditions
	-----	-----
	8,858,485	Vested FY16 LTI SARs subject to exercise
	-----	-----
	9,647,616 SARs in total	SARs under SARs Plan still subject to vesting conditions
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The company has not yet established a dividend policy	

**Part 2 - Pro rata issue**

11 Is security holder approval required?	not applicable
12 Is the issue renounceable or non-renounceable?	not applicable
13 Ratio in which the +securities will be offered	not applicable
14 +Class of +securities to which the offer relates	not applicable
15 +Record date to determine entitlements	not applicable
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	not applicable
17 Policy for deciding entitlements in relation to fractions	not applicable
18 Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.            Cross reference: rule 7.7.</small>	not applicable

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19	Closing date for receipt of acceptances or renunciations	not applicable
20	Names of any underwriters	not applicable
21	Amount of any underwriting fee or commission	not applicable
22	Names of any brokers to the issue	not applicable
23	Fee or commission payable to the broker to the issue	not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	not applicable
28	Date rights trading will begin (if applicable)	not applicable
29	Date rights trading will end (if applicable)	not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	not applicable

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32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 <sup>+</sup>Issue date

**Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a)  <sup>+</sup>Securities described in Part 1

(b)  All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional <sup>+</sup>securities

**Entities that have ticked box 34(b)**

38 Number of <sup>+</sup>securities for which <sup>+</sup>quotation is sought

39 <sup>+</sup>Class of <sup>+</sup>securities for which quotation is sought

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<sup>+</sup> See chapter 19 for defined terms.

40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	not applicable				
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	not applicable				
42	<p>Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left; padding: 2px;">Number</th> <th style="width: 50%; text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">not applicable</td> <td style="padding: 2px;"></td> </tr> </tbody> </table>	Number	+Class	not applicable	
Number	+Class					
not applicable						

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Company secretary

Date: 16 October 2018

Print name:

David Andrew Pegg

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## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,447,271,094
<b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul>	5,728,441  zero  zero
<b>Note:</b> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	zero
<b>“A”</b>	1,452,999,535

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<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	217,949,930
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	zero
<b>“C”</b>	zero
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	217,949,930
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	zero
<b>Total [“A” x 0.15] – “C”</b>	217,949,930 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

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## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	not applicable
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	not applicable
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	not applicable
<b>“E”</b>	not applicable

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<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
<b>"A" x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	not applicable
<b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i>	not applicable
<b>Total ["A" x 0.10] – "E"</b>	not applicable <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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## Appendix 3B – Annexure 2

### Summary of SARs Plan

#### How the SARs Plan operates in FY16

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##### What is a SAR?

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 over a defined share price performance period. 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 there is a positive increase in the value of the Company's shares over the share price performance period.

##### Background

Under the rules of the SARs Plan (**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 9 September 2015, as their long term incentive for FY16 (**FY16 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 when a SAR is granted to a Participant.
- **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.

##### 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.

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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:

$$\text{Award Shares} = \frac{\text{Number of exercised SARS} \times \text{Maturity Value}}{\div \text{Maturity Price}}$$

### 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 FY16 LTI SARs granted 9 September 2015, the Board determined that the Participation Price was \$0.061 for Tranche 1 SARs and \$0.072 for Tranche 2 SARs. Those Participation Prices were the Company's determination of the value of each FY16 LTI SAR granted 9 September 2015 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.

### Determining the number of SARs

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 FY16 LTI SARs granted 9 September 2015, the Board determined that the numbers to be granted would be calculated as follows:

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$$A = \frac{B \times 50\% \times C}{\div D}$$

where:

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

B = Participant TFR

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 (for FY16 LTI SARs the seventh anniversary of LTI Grant 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.

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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 Senex shares (**Award Shares**) calculated as follows:

$$\text{Award Shares} = \frac{\text{Number of exercised SARS} \times \text{Maturity Value}}{\div \text{Maturity Price}}$$

### 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:

- 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;
- 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
- 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:

- 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
- the performance hurdle against which performance over the reduced period is tested is reduced in the same proportion.

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**Test #2:**

- 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.

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