

14 October 2019

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 Monday 18 November 2019 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 Computershare website at [www.investorvote.com.au](http://www.investorvote.com.au); or
- completing the enclosed proxy form.

Proxy forms and online proxies must be received no later than **9.30am Brisbane time Friday 15 November 2019**, to be valid.

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

## Notice of 2019 Annual General Meeting

The annual general meeting (AGM) of Senex Energy Limited ABN 50 008 942 827 (Company) will be held at The Grand Ballroom, Stamford Plaza, cnr Edward and Margaret Streets, Brisbane on Monday 18 November 2019 at 9.30am (Brisbane time).

### Business

#### ORDINARY BUSINESS

**1. 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 2019.

**2. Resolution 1 – To re-elect Timothy Crommelin**

**3. Resolution 2 – To re-elect John Warburton**

**4. Resolution 3 – Adoption of remuneration report**

That shareholders approve the remuneration report of the directors for the financial year ended 30 June 2019.

#### SPECIAL BUSINESS

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

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.

**6. Resolution 5 – To approve the proposed issue of FY20 STI and LTI Rights to the Managing Director and CEO**

That shareholders approve the issue of up to 3,002,718 Performance Rights under the Senex Employee Performance Rights Plan to Mr Ian Davies, Managing Director and Chief Executive Officer, or his nominee on the terms described in the Explanatory Memorandum.

Dated: 14 October 2019

By order of the Board



David Pegg  
Secretary

## NOTES RELATING TO VOTING

All shareholders may attend the AGM.

For the purpose of voting, the Company has determined under regulation 7.11.37 *Corporations Regulations 2001* that persons taken to be shareholders will be those persons recorded in the Company's register of shareholders as at 7.00pm (Brisbane time) on Friday 15 November 2019.

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.

**The completed Proxy Form must be received by Computershare no later than 9.30am (Brisbane time) on Friday 15 November 2019.**

### Chairman of the annual general meeting acting as proxy

A shareholder may appoint the Chairman of the annual general meeting as their proxy. If a shareholder directs the Chairman how to vote on a resolution, the Chairman must vote in accordance with that direction. For Proxy Forms without voting instructions, the Chairman intends to vote all undirected proxies FOR all resolutions. To authorise the Chairman to vote as your proxy in accordance with these intentions, please follow the instructions on the proxy form carefully and mark the appropriate box.

## HOW TO VOTE

- A shareholder may vote by attending the AGM in person and casting their vote. On a poll, every shareholder has one vote for every fully paid share held.
- A shareholder who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- 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.
- If you wish to appoint a proxy and are entitled to do so, then complete and return the attached Proxy Form.
- A corporation may elect to appoint a representative, rather than appoint a proxy, under the *Corporations Act 2001* (Cth) (**Corporations Act**) 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.
- If you have any queries on how to cast your votes call Computershare on 1300 850 505 during business hours.

## VOTING EXCLUSIONS

### Resolution 3 – Adoption of Remuneration Report

The Company will disregard any vote cast in favour of resolution 3:

- by key management personnel (**KMP**) 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 KMP (and their closely related parties).

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.

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

The Company will disregard any vote cast in favour of 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 KMP (or any closely related party of KMP).

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.

### Resolution 5 – To approve the proposed issue of FY20 STI and LTI Rights to the Managing Director and CEO

The Company will disregard any votes cast in favour of resolution 5:

- by Mr Davies, his nominee or any associate of either of them; or
- as proxy by a member of Mr Davies (and his closely related parties).

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.

## Explanatory Memorandum for 2019 AGM

### Financial statements and reports

- 1 The Corporations Act requires that the report of the directors, the auditor's report and the financial report be laid before the 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 either log on to [www.investorvote.com.au](http://www.investorvote.com.au) as outlined in the Question Form provided with the notice of meeting or complete the Question Form and send it to the address listed on the Question Form so it is delivered by 5.00pm, Monday 11 November 2019.
  - 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 either log on to [www.investorvote.com.au](http://www.investorvote.com.au) as outlined in the Question Form provided with the notice of meeting or complete the Question Form and send it to the address listed on the Question Form so it is delivered by 5.00pm, Monday 11 November 2019.
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## Resolution 1 – Re-election of Timothy Crommelin

Resolution 1 is for re-election of Mr Timothy Crommelin as director.

Mr Crommelin retires by rotation in accordance with rule 58 of the Constitution and, being eligible, offers himself for re-election.

**Timothy Crommelin**, BCom, SF Fin, FAICD



Tim joined the Senex Board in October 2010. He has over 40 years of experience in stockbroking, investment banking, corporate advisory, risk management, and mergers and acquisitions. He is Non-executive Chairman of Morgans Holdings (Australia) Limited and Non-executive Chairman of ASX-listed AP Eagers Limited, and previously served as Deputy Chairman of CS Energy Limited and Queensland Gas Company Limited. Tim is a member of the University of Queensland's governing Senate, and other current directorships include the Morgans Foundation, Australian Cancer Research Foundation and the Brisbane Lions Foundation.

Tim is a member of the Audit and Risk Committee and Nomination Committee.

### Current directorships/other interests

- Morgans Holdings (Australia) Limited: Non-executive Chairman
- AP Eagers Limited: Non-executive Chairman
- University of Queensland: Member of the Senate
- Morgans Foundation: Deputy Chairman
- Australian Cancer Research Foundation: Director
- Brisbane Lions Foundation: Director

**The directors (other than Mr Crommelin who is abstaining) recommend that shareholders vote FOR this resolution.**

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## Resolution 2 – Re-election of John Warburton

Resolution 2 is for re-election of Mr John Warburton as director.

Mr Warburton retires by rotation in accordance with rule 58 of the Constitution and, being eligible, offers himself for re-election.

**John Warburton**, BSc (Hons Geological Sciences) PhD Structural Geology, FGS, FPESA, MAICD



John joined the Senex Board in March 2016. He is a Petroleum Geoscientist by profession with a broad range of technical and managerial experience in exploration, field development, commercial and new business in the global oil and gas industry. John has 36 years of international petroleum industry experience. These include with BP Exploration where he held senior technical and leadership positions before moving on to senior positions with substantial oil and gas companies including LASMO plc, Eni Pakistan Ltd and Oil Search Ltd. At Oil Search John held the position of Chief of Geoscience & Exploration Excellence.

John is a Member of the People and Remuneration Committee and Nomination Committee.

### Current directorships/other interests

- Empire Energy Group Limited: Non-Executive Director
- Imperial Oil and Gas Ltd (subsidiary of Empire Energy Group Ltd): Non-Executive Director
- University of Leeds, UK: Visiting Professor in the School of Earth & Environment and Member of the External Advisory Board at Petroleum Leeds (Centre for Integrated Petroleum Engineering & Geoscience).

**The directors (other than Mr Warburton who is abstaining) recommend that shareholders vote FOR this resolution.**

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### Resolution 3 – Adoption of remuneration report

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.

The Remuneration Report is in the annual report. It is also available on the Company's website ([www.senexenergy.com.au](http://www.senexenergy.com.au)). It:

- 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;
- discusses the link between the Board's policies and the Company's performance;
- sets out the remuneration details for each director and for each member of the Company's senior executive management team; and
- makes clear that the basis for remunerating non-executive directors is distinct from the basis for remunerating executives, including executive directors.

The resolution for adoption of the Remuneration Report is advisory only and not binding on the Company. However, the directors will actively consider the outcome of the vote and comments made by shareholders at this meeting when reviewing the Company's future remuneration policies and practices.

Noting that each director has a personal interest in their own remuneration from the Company, as described in the Remuneration Report, **the directors recommend that shareholders vote FOR this resolution.**

Note: If you appoint the Chairman as your proxy, and you do not provide voting directions, you must mark the box in **Step 1 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.

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### 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. 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 and again at the 2016 AGM.
- 5 Rights are granted under the Rights Plan, further details of which are set out in **Schedule 1** to this Explanatory Memorandum.
- 6 The Board has issued a number of Rights to Senex Executives so as to properly align Senex Executive performance with Company performance and the outcomes are rigorously analysed by the Board.

- 7 Since the date of last approval by shareholders (at the 2016 AGM on 16 November 2016) under listing rule 7.2 exception 9 for the issue of Rights under the Rights Plan, the Company has issued 27,618,017 Rights, of which 3,518,588 have lapsed, 1,159,083 have vested and 22,940,346 remain subject to vesting. Since the 2016 AGM, other than for Rights that remain subject to vesting, 75% of the Rights have lapsed (whether due to performance or service conditions). The Board considers that the incentive schemes are working as intended and recommends the continuation of the use of the Rights Plan as the best means of ensuring continued alignment between Executives and the Company.
- 8 A summary of the Rights, since the 2016 AGM, that have issued, lapsed, vested or are yet to vest is set out below:

Type of Rights	Number issued	Lapsed	Vested	Unvested
FY18 STI	1,493,746	334,663	1,159,083	-
FY18 LTI	6,353,456	1,578,175	-	4,775,281
2018 Retention Rights	3,602,370	243,440	-	3,358,930
FY19 STI Rights	1,771,868	605,786	-	1,166,082
FY19 LTI Rights	7,800,937	516,304	-	7,284,633
FY19 Retention Rights	2,076,090	240,220	-	1,835,870
FY20 STI Rights	1,422,956	-	-	1,422,956
FY20 LTI Rights	2,371,594	-	-	2,371,594
2019 Retention Rights	725,000	-	-	725,000

The Company has also agreed, subject to approval of resolution 5, to issue 692,935 FY20 STI Rights and 2,309,783 FY20 LTI Rights to the Managing Director, Mr Davies.

Mr Davies has an interest in resolution 4 and therefore does not make a recommendation. **The directors (other than Mr Davies who is abstaining) recommend that shareholders vote FOR this resolution.**

## Resolution 5 – To approve for proposed issue of FY20 STI and LTI Rights to the Managing Director and CEO

The Company is seeking the approval of shareholders for the grant of Rights to the Managing Director and Chief Executive Officer, Mr Ian Davies, under the Rights Plan on the terms set out below. The Rights are:

- 692,935 FY20 STI Rights which represent 50% of the short-term incentive (STI) offered to Mr Davies for FY20; and
- 2,309,783 FY20 LTI Rights which represent 100% of the long-term incentive (LTI);

offered to Mr Davies for FY20 (**FY20 Rights**).

*Note: Resolution 4 in relation to the Rights Plan.*

If approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. The grant of Rights will in due course involve the issue of shares (one share for one Right) if the Rights vest and are exercised.

### CONTEXT OF FY20 RIGHTS

Mr Davies' Total Fixed Remuneration (TFR) remains unchanged, and has not been increased since 2014. The FY20 STI being offered to Mr Davies is the same structure as offered to other Senex Executives and the FY20 LTI is the same as offered to Mr Davies in previous years.

### STI RIGHTS

The maximum potential opportunity offered to Mr Davies by his FY20 STI, subject to the performance condition described below, represented at grant date 60% of his FY20 TFR (with half of the STI being the equity component the subject of this resolution).

The Board's determination of corporate performance measures (**CPM**) and individual performance and rating for FY20 is based on key areas for measurement of corporate performance, similar to that for FY19. The FY20 STI performance conditions primarily relate to health, safety and environment and Surat project delivery, as well as other individual measures determined by the Chairman. The equity portion of the FY20 STI being deferred for one-year after FY20, is intended to drive alignment between the Company and Mr Davies MD/CEO for key performance measures over the short term.

The Board may, at its discretion, determine that the CPMs for FY20 are below the threshold level, and that there will be no award of STI for FY20 and, in that case, no FY20 STI Rights will vest.

Mr Davies' FY20 STI award (if any) will be paid as follows:

- 50% of the award will be paid in cash within one month of Board acceptance of audited accounts for FY20; and
- 50% of the award will be an entitlement to a share equity benefit but deferred for one-year, subject to approval of this resolution (resolution 5).

If shareholders approve resolution 5, the deferred entitlement to a share equity benefit for 50% of any FY20 STI award will be provided in the form of a grant of FY20 STI Rights at 4 September 2019 (**STI Grant Date**). Mr Davies' FY20 STI Rights will be subject to the Board's determination of his FY20 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 2021).

The **Participation Price** for FY20 STI Rights granted 4 September 2019 (including those offered to Mr Davies subject to approval of resolution 5) is \$0.368 per share, being the 10 day volume weighted average price (**VWAP**) of Senex shares following release of FY19 full year results (Wednesday 21/08/2019 – Tuesday 03/09/2019 inclusive).

The number of FY20 STI Rights offered to Mr Davies, subject to approval of resolution 5, represented, at STI Grant Date, 50% of the maximum STI that he can earn for FY20, and was calculated by dividing 50% of his maximum STI by the Participation Price for FY20 STI Rights. The 692,935 FY20 STI Rights offered to Mr Davies (subject to shareholder approval) therefore represented \$255,000 at STI Grant Date, subject to performance and vesting.

The amount of FY20 STI award (if any) Mr Davies actually receives will depend on:

- the corporate performance rating for FY20 that the Board determines (at its discretion); and
- in respect of the 50% of FY20 STI offered as FY20 STI Rights, the value of his FY20 STI Rights (if any) that vest on STI Vesting Date.

## LTI RIGHTS

The maximum potential opportunity offered to Mr Davies by his FY20 LTI, subject to the performance condition and service condition over the three-year performance period described below, represented at grant date 100% of his FY20 TFR.

The level of vesting of the LTI Rights (i.e. performance condition) will be determined by the Company's relative total shareholder return (**TSR**) performance during the performance period. TSR measures the increase in shareholder value over the performance period (i.e. the increase in share price and the value of any dividends paid).

In this case, the measure is relative TSR measured over a three-year performance period assessed against the companies comprising the S&P/ASX 300 Energy Index as at 1 July 2019, subject to a gateway. The gateway is that in order to achieve the performance condition, a positive TSR over the performance period must be achieved.

At the end of the performance period, the TSR of the Company and the other companies in the S&P/ASX 300 Energy Index will be calculated and the Company's relative TSR ranking determined. Once the Company's relative TSR ranking is determined, and subject to the positive TSR gate, the Rights will vest according to the following vesting scale.

TSR percentile ranking	% of tranche vesting
below 50th percentile	0%
at 50th percentile	50%
straight line pro rata vesting in between	
at 75th percentile and above	100%

The Board elected to use relative TSR as the performance measure for Mr Davies' FY20 LTI 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 (19 as at commencement of performance period), 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.

### Key terms of LTI Rights

<b>Award vehicle</b>	Performance Rights (being a right to receive shares in the Company in the future) under the Rights Plan.
<b>Performance period</b>	Three years commencing, from grant date (4 September 2019) until the 10 <sup>th</sup> day of trading of Senex shares following release of FY22 full year results.
<b>Date of grant (subject to shareholder approval)</b>	4 September 2019, being the day after the last trading day in the 10 day VWAP of Senex shares that determines the Participation Price (see below).
<b>Date of issue (following shareholder approval)</b>	If approval is obtained, the Rights will be issued to Mr Davies as soon as practicable after the 2019 AGM. In any event, they will not be issued more than 12 months after the date of the AGM.
<b>Participation price</b>	The number of Rights to be granted to Mr Davies has been determined using the 'face value' methodology, that is, by dividing an amount equivalent to 100% of Mr Davies' FY20 TFR of \$850,000 by the participation price, being \$0.368, the VWAP of Senex shares traded in the 10 trading days following release of the Company's FY19 full year results on 20 August 2019 (the 10 trading days from 21 August to 3 September 2019 inclusive). This is the same methodology used to calculate the number of Rights awarded to other Senex Executives as part of the Company's short term and long-term incentive programs.
<b>Number of LTI Rights</b>	Based on the above formula, the Company proposes to issue 2,309,783 FY20 LTI Rights to Mr Davies or his nominee.

### OTHER TERMS OF STI AND LTI RIGHTS

<b>Cessation of employment</b>	If this grant is approved, some or all of the Rights granted to Mr Davies may vest or lapse on cessation of employment, subject to the Board's discretion.
<b>Change of Control</b>	Under the Rights Plan, in the event of change of control, Rights that are subject to a performance condition are tested against that performance condition at the time of change of control, and subject to the Board's discretion, will vest or lapse on that basis at that time. The Board may exercise an overriding discretion to vest, or increase vesting of, Rights that would otherwise lapse upon change of control. All vested Rights including those that vest on change of control will be deemed to be exercised at the time change of control occurs.
<b>Other terms</b>	<ul style="list-style-type: none"> <li>The Rights will be granted at no cost to Mr Davies, and no amount is payable on the vesting or exercise of Rights. The Rights will vest when the Board determines the outcome of the relevant performance condition. Once Rights</li> </ul>

	<p>vest, Mr Davies will be entitled to exercise the vested Rights up to seven years after grant date, and to receive for each exercised Right, one fully paid ordinary share in the Company which, when allocated, will rank equally with shares in the same class. At the Company's election, cash to the same value can be paid as an alternative to providing part or all of the shares.</p> <ul style="list-style-type: none"> <li>• Rights granted under the Rights Plan do not carry any dividend or voting rights.</li> <li>• The Rights lapse if the performance conditions are not met unless the Board exercises its overriding discretion to vest, or increase vesting of, Rights that would otherwise lapse. There is no re-testing.</li> </ul>
<p><b>Other information</b></p>	<ul style="list-style-type: none"> <li>• Mr Davies is the only Director entitled to participate in the Rights Plan.</li> <li>• There is no loan in relation to the Rights.</li> <li>• The ASX Listing Rules require this Notice of Meeting to state the number and price of securities received by Mr Davies since the last shareholder approval (2018 AGM). In accordance with the approval obtained at the 2018 Annual General Meeting, 4,847,826 Rights were issued to Mr Davies (at no cost).</li> <li>• In the event that shareholders do not approve the issue of Rights under resolution 5 to Mr Davies, the Company will, on vesting date, pay in cash the value of those Rights that would have vested on that vesting date if shareholders had approved the issue of those securities at the 2019 AGM and Mr Davies had exercised all of those vested Rights on that vesting date.</li> </ul>

**The directors (other than Mr Davies who is abstaining) recommend that shareholders vote FOR this resolution.**

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## 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 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 set by the Board.
- **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 (subject to some exceptions as set out in the Rights Plan) (**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.

#### 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 Rights 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.

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**).

### **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 (**Expiry 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 one Senex share for one exercised Vested Right.

Participants to whom Rights are granted on or after 20 September 2019 appoint the Company, each Director, Company Secretary and any person nominated from time to time by the Company, as attorney to complete and execute any documents on behalf of and in the name of the participant for the purpose of giving effect to the provisions of the Rights Plan.

### **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:

- 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;
- 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
- 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:

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

#### Test #2:

- 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.



Senex Energy Limited

ABN 50 008 942 827

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9.30am (Brisbane time) Friday 15 November 2019.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

### Online:

Use your computer or smartphone to appoint your proxy and vote at [www.investorvote.com.au](http://www.investorvote.com.au) or scan your personalised QR code below using your smartphone.

Your secure access information is

**Control Number: 183309**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Senex Energy Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Senex Energy Limited to be held at The Grand Ballroom, Stamford Plaza, cnr Edward and Margaret Streets, Brisbane on Monday 18 November 2019 at 9.30am (Brisbane time) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Resolutions 3, 4 and 5** (except where I/we have indicated a different voting intention in step 2) even though **Resolutions 3, 4 and 5** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Resolutions 3, 4 and 5** by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Resolution 1 To re-elect Timothy Crommelin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 To re-elect John Warburton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

Resolution 4 Approval for future issues of securities under the Senex Employee Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 To approve the proposed issue of FY20 STI and LTI Rights to the Managing Director and CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically



## Questions from Shareholders

The Annual General Meeting (AGM) of Senex Energy Limited will be held on Monday 18 November 2019 at 9.30am (Brisbane time). Shareholders are invited to register questions in advance of the AGM.

During the AGM the chairman will endeavour to respond to as many of the more frequently asked questions as is practicable. Responses to the more frequently asked questions will be available on the Senex Energy website after the AGM.

Shareholder's questions must be received by Monday 11 November 2019.

This form may be used to submit a written question to the Chairman or auditor if the question is relevant to the content of the auditor's report, or the conduct of the audit of the financial report to be considered at the AGM. Please return the form to our Share Registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Vic 3001 or by facsimile to 1800 783 447 or +61 3 9473 2555. The envelope provided for the return of your proxy form may also be used for this purpose.

Alternatively, you may electronically submit your question by logging onto [www.investorvote.com.au](http://www.investorvote.com.au) when you submit your online proxy vote or email your questions to [brisbane.reception@senexenergy.com.au](mailto:brisbane.reception@senexenergy.com.au). If emailing Senex directly please include your name and Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

Please tick the box to indicate if the question is directed to the auditor or the Chairman		
Question/s	Chairman	Auditor
1 _____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
2 _____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
3 _____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
4 _____ _____ _____	<input type="checkbox"/>	<input type="checkbox"/>