

ASX Announcement

8 November 2021



Receipt of improved non-binding proposal from POSCO International, intention to unanimously recommend

Key points

- Senex has received an improved non-binding proposal to acquire 100% of Senex from POSCO International for A\$4.60¹ per share by way of a scheme of arrangement
- Cash offer price represents a 25% premium to the 30-day VWAP and a 34% premium to the 90-day VWAP up to 15 October 2021, the trading day prior to the first public announcement of takeover discussions
- Senex Board intends to unanimously recommend the proposed scheme (subject to the conditions below)
- Senex has extended exclusivity to 26 November 2021 to allow time to negotiate and enter into a Scheme Implementation Agreement and for POSCO International to secure its internal approvals
- Senex intends to pay a dividend of up to A\$0.05 per share, subject to review by the Board at that time

Improved non-binding proposal from POSCO International

Senex Energy Limited (Senex, ASX:SXY) advises that it has received a further improved non-binding proposal from POSCO International Corporation ("POSCO International") to acquire 100% of Senex for a cash offer price of A\$4.60¹ per share ("Revised Proposal").

In addition, Senex's current intention is to pay a dividend of up to A\$0.05 per share for the half year ending 31 December 2021 in the ordinary course, subject to review by the Board at that time.

The Revised Proposal of A\$4.60¹ per share follows the submission of three prior non-binding proposals on 30 July 2021 (offer price: A\$4.00 per share), 27 August 2021 (offer price: A\$4.20 per share) and 2 September 2021 (offer price: A\$4.40 per share), as announced to the market on 18 October 2021.

Subject to negotiating an acceptable Scheme Implementation Agreement, no superior proposal and an independent expert concluding that the transaction is fair and reasonable and therefore in the best interests of shareholders, the Senex Board intends to unanimously recommend that shareholders vote in favour of the proposed transaction.

Senex has agreed to extend POSCO International's exclusivity period² to 26 November 2021, to provide time to negotiate and enter into a binding Scheme Implementation Agreement and for POSCO International to obtain its internal approvals. POSCO International has confirmed to Senex that it has now completed all of its due diligence enquiries.

¹ The offer price will be reduced by any dividends declared or paid, other than a dividend of up to A\$0.05 per share for the period ending 31 December 2021.

² The exclusivity terms include a 'no shop' provision, a 'no talk' provision (subject to a fiduciary out), a 'no due diligence' provision (subject to a fiduciary out), a 'notification' obligation (subject to a fiduciary out for the identification of the counter bidder) and a matching right applying during the exclusivity period, each on customary terms.

During the diligence process, Senex has provided information to POSCO International in respect of its proposed acquisition of APLNG natural gas fields PL 209 and PL 445, which was announced to the market today. POSCO International has confirmed to Senex that its cash offer price is inclusive of the value attributable to the proposed acquisition of these natural gas fields.

POSCO International has informed Senex that it wishes to enter into discussions and share Senex information with Hancock Energy (“Hancock”) regarding the possible participation of Hancock should the proposed scheme be successful. Senex has indicated it is prepared to provide the requisite consent to POSCO International, subject to Hancock entering into an appropriate confidentiality agreement (on terms reasonably acceptable to Senex). POSCO International has confirmed the participation of Hancock will not be a condition of the proposed scheme proceeding.

The Revised Proposal is subject to various pre-conditions, including the negotiation and execution of a Scheme Implementation Agreement, POSCO International implementing its proposed financing arrangements and final board approvals of both Senex and POSCO International.

The Revised Proposal is proposed to be executed by way of a scheme of arrangement which would be conditional upon a Senex shareholder vote, Foreign Investment Review Board (“FIRB”) approval, Court approval, Korean regulatory approvals, completion of the proposed acquisition of natural gas fields PL 209 and PL 445 and other conditions customary for a transaction of this nature.

There is no certainty that discussions between POSCO International and Senex will result in any binding agreement on a transaction. Senex’s shareholders do not need to take any action at this time.

The Senex Board will update shareholders and the market in due course in accordance with its continuous disclosure obligations.

Senex has appointed Macquarie Capital and Rothschild & Co as financial advisers and Clayton Utz as legal adviser.

Background on POSCO International

POSCO International (047050.KS) is listed on the Korea Stock Exchange with a market capitalisation of US\$2.2 billion as of 5 November 2021. POSCO International specialises in oil & gas exploration and production, LNG, agri-resources and steel trading; it owns an extensive global network of 105 overseas branches and subsidiaries in 45 countries, including an office in Sydney.

POSCO International is majority owned by POSCO, who has a 62.9% equity interest in the company. POSCO is the sixth largest steel producer globally by production and listed on the Korean and New York stock exchanges with a market capitalisation of US\$21.0 billion as of 5 November 2021. POSCO has a BBB+ (Stable) and a Baa1 (Stable) corporate credit rating with S&P and Moody’s respectively.

POSCO also has a strong track record of investment in Australia which includes past investments in resources projects and companies that include: the POSMAC iron ore joint venture, the Foxleigh, Newpac, Cockatoo and Sutton Forrest coal mines, Jupiter Mines, Roy Hill iron ore mine, Ravensthorpe nickel mine, Black Rock Mining, and an equity investment and downstream partnership in lithium with Pilbara Minerals.

Approved for release by the Senex Board

Contact details:

Investor Enquiries

Ian Davies

Managing Director & CEO

Senex Energy Limited

Email: ian.davies@senexenergy.com.au

Phone: +61 7 3335 9825

Media Enquiries

Jim Kelly

Partner

Domestique

Email: jim@domestiqueconsulting.com.au

Phone: +61 412 549 083

About Senex

Senex is an established, rapidly growing and low-carbon Australian natural gas producer. Our long-life Surat Basin assets contribute around 20 petajoules of natural gas per year into the east coast gas market to support our customers. Senex is focused on sustainably delivering balance sheet strength, resilient cashflows, growing dividends to support Australia's energy needs as it transitions to a lower carbon future.