

ASX Announcement

25 November 2021



AGM addresses by the Chairman and Managing Director

Senex Energy Ltd (Senex, ASX: SXY) releases the addresses to be presented by the Chairman and Managing Director at the Company's Annual General Meeting held as a hybrid meeting in Brisbane and virtually today from 9.30am Brisbane time, 10.30am Sydney/Melbourne time.

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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.



Ladies and gentlemen,

We hold this Annual General Meeting in unusual circumstances, with the non-binding proposal from POSCO International to acquire 100 per cent of Senex subject to ongoing discussions between the parties.

Let me provide some background and context on the proposal. Senex was not for sale and we had not sought out a potential buyer. In late July we received an approach from POSCO International, a subsidiary of the large Korean steel producer POSCO Corporation. That initial approach was by way of a non-binding indicative offer for all the shares in Senex at \$4 per share. While the Board considered the price to be too low, the Board was mindful that POSCO International was a credible bidder and took the view that it was in shareholders' interests to have a period of limited engagement with POSCO.

We proceeded to talk with POSCO International under a confidentiality arrangement to maximise the chance of a reasonable proposal being forthcoming. This took some months, and POSCO increased its price to \$4.20 and then further to \$4.40 per share. At this stage we decided the price had reached a point where it was in shareholders' interests to allow POSCO a period of exclusivity, to enable them to submit a further improved proposal.

Ultimately, POSCO revised its proposal to \$4.60 per share, together with a permitted dividend of up to 5 cents, for a total of \$4.65 cash. At that price, and given the consideration represents cash for our shareholders today, your Board came to the view that the offer is strong and credible. On that basis, we announced our intention to unanimously recommend the proposal to shareholders, subject to certain conditions being met. Discussions with POSCO remain ongoing and we will continue to keep shareholders updated.

If a binding agreement were reached with POSCO, we would expect the transaction to proceed by way of a Scheme of Arrangement. In this regard, I'd like to make some important points:

- Shareholders will have an opportunity to vote on the scheme, which is likely to take place during Q1 of 2022 at an Extraordinary General Meeting; and
- Prior to the scheme meeting, Senex will prepare a detailed Scheme Booklet, a type of explanatory memorandum, setting out everything shareholders need to know to make an informed vote.

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- Additionally, there are a number of fairness protections for shareholders, including that:
 - The Board has an obligation to form a considered view on whether an offer is in shareholders' best interests, and the Board takes this obligation seriously;
 - The Scheme Booklet is reviewed by ASIC before it is sent to shareholders;
 - There are two separate court hearings to provide further oversight of the process and to ratify the voting outcome; and
 - The Scheme Booklet is accompanied by an Independent Expert's Report which will provide a view as to whether the offer is in the best interests of shareholders.
- Finally, this scheme does not preclude Senex receiving a superior proposal from another bidder.

We welcome your questions later in today's proceedings and will do our best to answer them.

I'd now like to turn to Senex's considerable achievements in the 2021 financial year.

Senex's vision is to be a leading Australian natural gas producer delivering sustainable value and profitable growth.

I am proud to say that on this vision, we have delivered.

FY21 was pivotal in the transformation of Senex, cementing our position as a leading natural gas supplier committed to Australia's low-carbon energy future.

We continued our focused strategy throughout the year, exiting our legacy Cooper Basin oil business and accelerating the expansion of our Surat Basin natural gas business.

Our production, reserves, earnings, balance sheet, growth outlook and dividends – including excellent safety performance with not a single recordable injury during a very turbulent year – all demonstrated the strength and resilience of our strategy.

In delivering sustainable value for our investors and stakeholders, Senex's approach has always been to manage environmental, social and economic impacts safely and responsibly. As part of this approach, Senex is committed to supporting the global transition to cleaner energy and a low-carbon economy.

In October we released our first standalone Sustainability Report and a Decarbonisation Action Plan which outlines our ambition, targets and actions to reduce the direct and indirect greenhouse gas emissions across the full Senex value chain, encompassing our suppliers and our operations.

We are proud of both reports as proof of our commitment to continuously improve environmental, social and corporate governance practices.

On behalf of Senex, I'm grateful to our partners – landholders; communities; contractors and suppliers; customers and commercial partners; government stakeholders; and, of course, our shareholders – for your continued support.

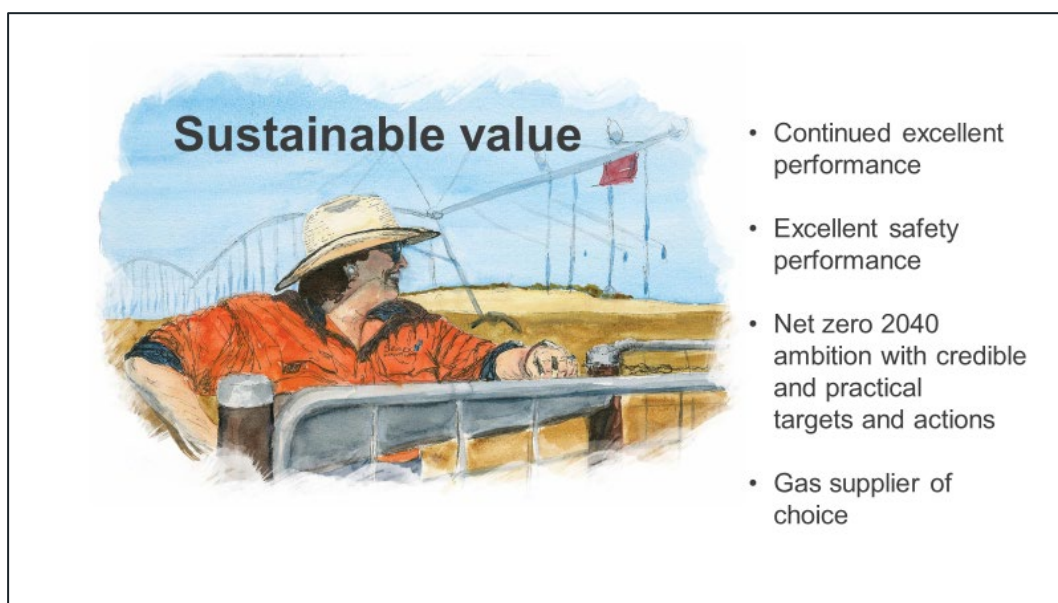
I would also like to thank Ian, his executives and employees, who have demonstrated time and again their capacity to deliver for all our stakeholders.



Thanks Trevor and good morning ladies and gentlemen.

Senex continues to demonstrate the many compelling attributes that have made us a leading and rapidly growing Australian natural gas producer. We are a low-cost, low-carbon, high-return business with a long-life asset base and a high growth trajectory.

In FY21 we made strong advances in production, reserves, earnings, balance sheet strength, growth outlook, dividends and safety performance that demonstrated the resilience of our strategy.



Underpinning our performance is our commitment to excellence in safety, environment and community.

I am very proud of our approach, which is to do what we say we will do, maximise the benefits we bring and manage impacts on the environment safely and responsibly, as demonstrated in our first Sustainability Report released just this month.

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This report, which is aligned with global standards for sustainability reporting, details our environmental, social and corporate governance performance and our commitment to continuous improvement.

I'm proud to say that in FY21 Senex achieved zero recordable injuries, doubled parental leave and introduced enhanced superannuation payments for 12 months' leave, spent more than \$16 million with local businesses and supported more than 30 community partnerships including the Royal Flying Doctor Service.

As part of a sustainable future, we know that shareholders, customers, employees, communities and regulators expect our commitment to a cleaner energy future.

Senex is committed to acting now, with an ambition to reduce greenhouse gas emissions across our operational footprint to net zero by 2040. To achieve that, we have set credible and practical targets to reduce emissions intensity by 30 per cent by FY25 and 75 per cent by FY30.

Importantly, this will be achieved in the context of expanding our natural gas production to deliver our target of 60 petajoules equivalent per year by year-end FY25.

Natural gas has an integral role to play in meeting demand for reliable, affordable and sustainable energy and will be part of the energy mix for many years to come.

Senex's natural gas is already helping industry and manufacturing to reduce greenhouse gas emissions and we are committed to being the gas supplier of choice through the transition.

Supporting the economy



- Natural gas critical to economy and jobs
- Senex has signed ~80PJ natural gas sales agreements
- Long-term agreements with strong fixed prices
- Creating regional business opportunities

Natural gas will also continue to play a critical role in supporting Australia's economy, the manufacturing sector and its workforce.

Senex fully supports government efforts to increase reliable and secure gas supply at competitive prices, supporting jobs and investment.

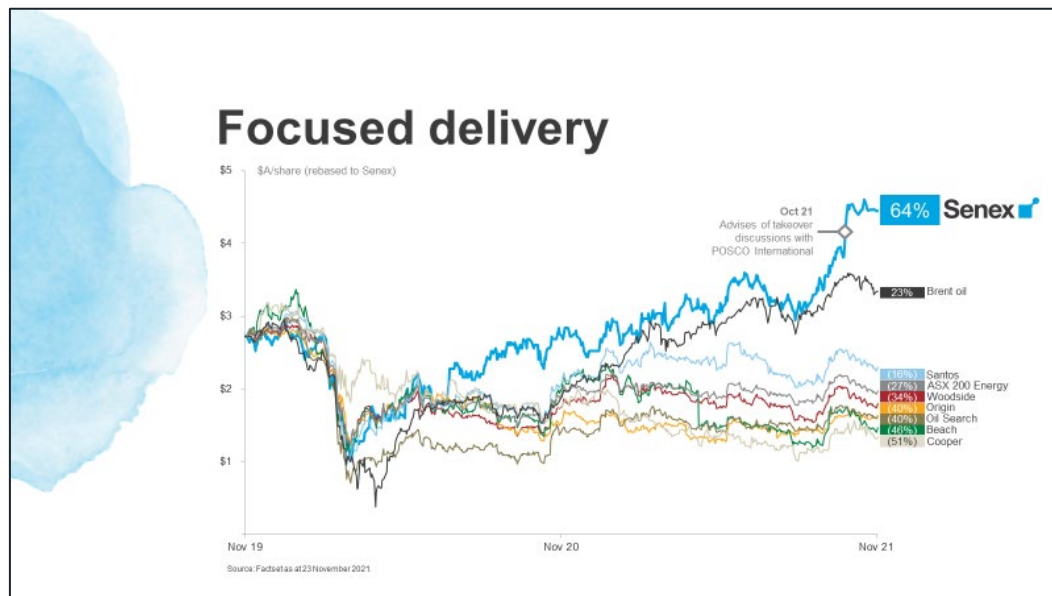
We have made the point strongly and publicly that the necessary confidence for the private sector to invest in new gas supply – and secure competitively priced gas – will come only with a stable policy and regulatory environment and open, competitive markets.

Reliable and affordable natural gas is available, as Senex has proven by signing around 80 petajoules of natural gas sales agreements with a range of household names including CleanCo Queensland, CSR Building Products, Opal, Orora and Visy Glass.

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We were delighted that Adbri, New Century Resources and Nyrstar have joined Senex as new customers, broadening our reach in supplying natural gas in Queensland and throughout the east coast of Australia.

Our increasing level of exposure to long-term gas sales agreements with strong fixed prices provides stable and resilient cashflow that allows us to continue to invest in growth and continue to deliver dividends to our shareholders.



At this point I would like to thank our employees and contractors for their amazing commitment and efforts in advancing our business while overcoming the ongoing challenges of COVID-19.

We made great progress in FY21 towards our FY25 production target, reflected in the value we have created for shareholders.

Having safely and seamlessly delivered our initial \$400 million Surat Basin natural gas development projects in 2020, we more than doubled production and tripled EBITDA in 2021.

The sale of our Cooper Basin business, completed in March, reinforced Senex's balance sheet and cashflow resilience; funded plans to accelerate the development of our low-cost, low-carbon, high-return business; and enabled the payment of our very first dividends to shareholders.

Supporting decades of future production, we increased our 2P and 3P reserves to 767 PJ and 1,016 PJ respectively. To put this into perspective, our 2P reserves represent more than six months of all energy consumed by Australian households.


We strengthened our balance sheet, with more than \$100 million in cash reserves at the year-end, and we are generating significant free cashflow.

Senex announced expansion projects at Roma North last October, and at Atlas just after the end of the financial year, which will deliver material production growth in the year ahead.

Earlier this month Senex announced a binding agreement with Australia Pacific LNG to acquire undeveloped gas fields adjacent to Atlas that will increase Atlas production to 30 PJ/year in 2024 - half our FY25 target.

Our operational performance has been reflected in our share price, which has risen by 64 per cent from \$2.72 to \$4.45 since our 2019 AGM – only two years ago – and over 300 per cent since March 2020 at the depths of the COVID-19 pandemic.

Importantly, we have outperformed the Brent oil price index and the ASX 200 Energy Index and our peers in the Australian oil and gas industry.



Outlook

- Executing on our strategy and creating sustainable value
- Focus on FY25 production target of 60 PJe/year
- Discussions with POSCO International ongoing

Ladies and gentlemen, we have created a tremendous amount of value over the past two years and we remain firmly focused on our FY25 production target.

Most recently, our performance has attracted a strong and credible proposal from POSCO International to acquire 100 per cent of Senex.

While discussions with POSCO International remain ongoing, we are continuing to execute on our strategy and business plan.

I would like to sincerely thank you for your ongoing support of Senex and look forward to continuing our engagement with you at this very exciting time for your company.

And to Trevor and my fellow Board members, my wonderful executive, and talented and dedicated staff, thank you for the work you do every day to make this company all that it is.

Thank you and good morning.