ASX Announcement

7 February 2022

Senex Energy Limited

Court approves distribution of the Scheme Booklet and convening of Scheme Meeting

Senex Energy Limited (ASX:SXY) ("**Senex**") is pleased to provide the following update in relation to the proposed acquisition of 100% of the issued shares in Senex by K-A Energy 1 Pty Ltd ("**K-A Energy 1**"), the subsidiary nominated by POSCO INTERNATIONAL Corporation ("**PIC**"), by way of a scheme of arrangement ("**Scheme**").

Court Approval

The Federal Court of Australia has today made the following orders in relation to the Scheme:

- that Senex convene and hold a meeting of Senex Shareholders to consider and vote on the proposed Scheme ("**Scheme Meeting**"); and
- approving the distribution of an explanatory statement providing information about the Scheme and the Notice of Scheme Meeting ("**Scheme Booklet**") to Senex Shareholders.

The Scheme Meeting, at which Senex Shareholders will vote on the proposed Scheme, is currently expected to be held at 9.00 am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Tuesday, 15 March 2022.

The Scheme Booklet has also today been registered with the Australian Securities and Investment Commission ("**ASIC**").

Scheme Booklet

A copy of the Scheme Booklet, which includes the Independent Expert's Report and Notice of Scheme Meeting, is attached to this ASX announcement.

The Scheme Booklet provides Senex Shareholders with important information about the Scheme. Senex Shareholders are advised to read the Scheme Booklet carefully in its entirety before making a decision on whether or not to vote in favour of the Scheme.

Independent Expert's Report

The Independent Expert, Lonergan Edwards & Associates Limited, has concluded that the Scheme Consideration is fair and reasonable and therefore in the best interests of Senex Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the value of Senex Shares to be between $4.17 and $4.92 per Senex Share. The Scheme Consideration of $4.60 per Senex Share is within this range.

The Independent Expert's conclusion should be read in context with the full Independent Expert's Report, which is Appendix B to the Scheme Booklet.

Recommendation of the Senex Board

The Senex Board unanimously recommends that Senex Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Senex Shareholders. Subject to the same qualifications, each Senex Director intends to vote, or procure the voting of, all shares he or she holds or controls at the time of the Scheme Meeting in favour of the Scheme.

Nomination of K-A Energy 1

In accordance with the Scheme Implementation Agreement, PIC has nominated its subsidiary, K-A Energy 1, to acquire the Senex Shares under the Scheme. K-A Energy 1 is owned 50.1% by PIC and 49.9% by Hancock Energy Corporation Pty Ltd, a wholly owned subsidiary of Hancock Prospecting Pty Limited. Refer to Section 9 of the Scheme Booklet for more information about K-A Energy 1.

Interim dividend

In addition to the Scheme Consideration, Senex intends to declare an unfranked interim dividend of up to $0.05 per Senex Share in respect of the half year ended 31 December 2021. The payment of this interim dividend is not dependent on the Scheme becoming Effective and is in addition to the $4.60 per Senex Share that Senex Shareholders will receive under the Scheme (if approved). The interim dividend remains subject to the Senex Board's review and determination. Senex's dividend reinvestment plan is not intended to apply to this interim dividend.

Accessing the Scheme Booklet

The Scheme Booklet will also be made available electronically for viewing and downloading at https://www.edocumentview.com.au/SXY2022.

Senex Shareholders who have previously elected to receive communications electronically will receive an email to their nominated email address that will contain instructions about how to view or download a copy of the Scheme Booklet and the online meeting user guide and access a proxy form. Senex Shareholders who have not made such an election will receive a letter (sent by post to their registered address) containing details of where they can view and download the Scheme Booklet and online meeting user guide, and enclosing a hard copy proxy form. The letter is expected to be despatched to applicable Senex Shareholders later this week.

Senex Shareholders who wish to receive a printed copy of the Scheme Booklet may request one by calling Computershare on 1300 805 505 (within Australia) or +61 3 9415 4000 (outside Australia) Monday to Friday (excluding public holidays in Australia) between 8.30am and 5.30pm AEDT (Sydney, Melbourne).

Scheme Meeting

The Scheme Meeting is currently expected to be held at 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Tuesday, 15 March 2022, in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and virtually through the online meeting platform https://meetnow.global/MJZX2TC.

Senex Shareholders who participate in the Scheme Meeting via the online platform will be able to listen to the Scheme Meeting, ask questions and make comments.

Assuming the Scheme Meeting is held on 15 March 2022, all registered Senex Shareholders as at 7.00 pm AEDT (Sydney, Melbourne) on Sunday, 13 March 2022 will be eligible to vote at the Scheme Meeting.

All Senex Shareholders are encouraged to vote either by completing and returning the proxy form or alternatively by attending the Scheme Meeting in person, virtually, or by proxy, attorney or corporate representative. The Notice of Scheme Meeting (Appendix A to the Scheme Booklet) provides information on how to lodge your proxy form (if applicable).

You should carefully read the Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote. You should also seek professional advice on your individual circumstances, as appropriate.

Unless otherwise indicated, capitalised terms used in this announcement have the meaning given to them in the Scheme Booklet dated 7 February 2022.

Further Information

If you have any questions in relation to the Scheme or the Scheme Booklet, please contact the Senex Shareholder Information Line on 1300 527 403 (within Australia) or + 61 3 9066 6158 (outside Australia), Monday to Friday (excluding public holidays in Australia) between 8.30am and 5.30pm AEDT (Sydney, Melbourne).

Approved for release by the Senex Board

Contact details:

Investor Enquiries	Media Enquiries
Ian Davies	Jim Kelly
Managing Director & CEO	Partner
Senex Energy Limited	Domestique
Email: ian.davies@senexenergy.com.au	Email: jim@domestiqueconsulting.com.au
Phone: +61 7 3335 9825	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.

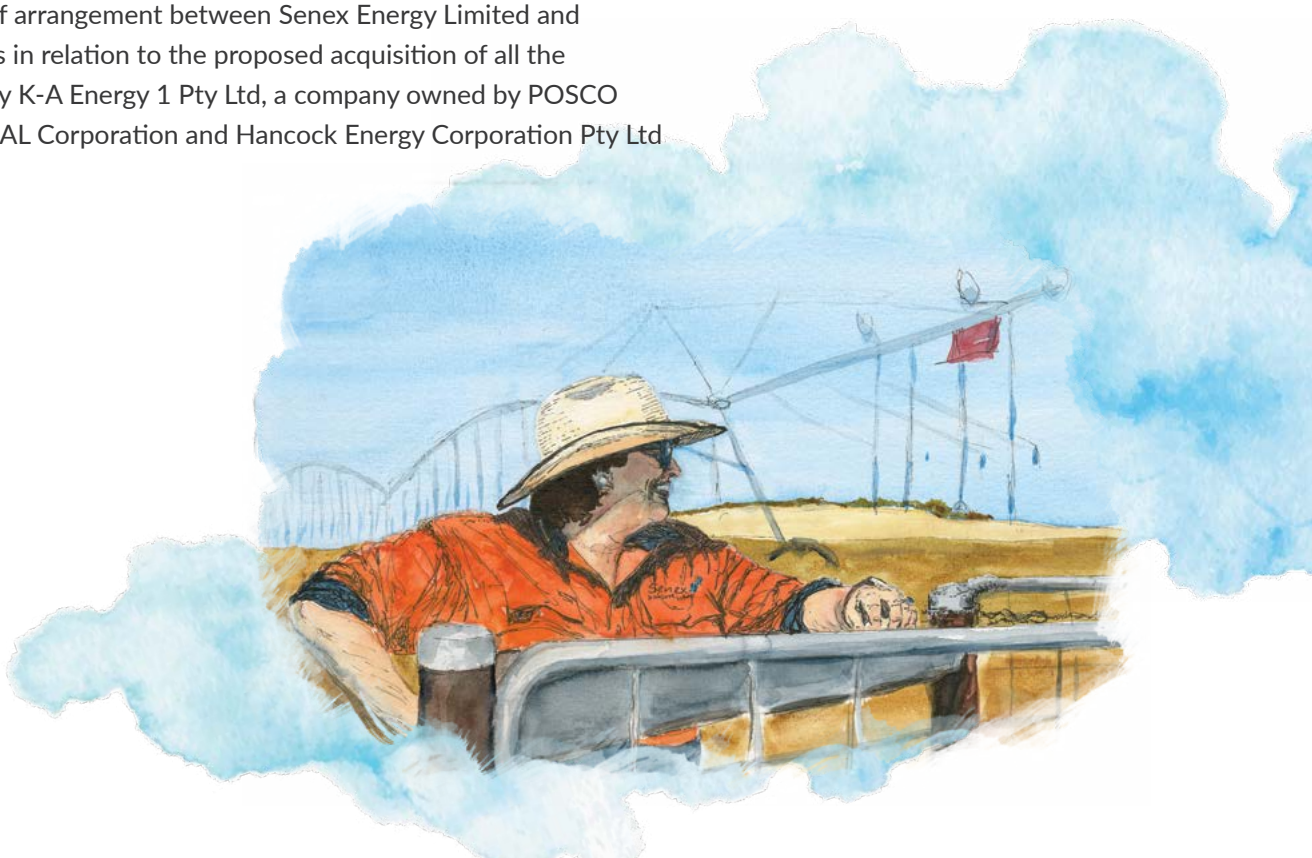
Senex

Senex Energy Limited

ACN 008 942 827

Scheme Booklet

For a scheme of arrangement between Senex Energy Limited and its shareholders in relation to the proposed acquisition of all the Senex Shares by K-A Energy 1 Pty Ltd, a company owned by POSCO INTERNATIONAL Corporation and Hancock Energy Corporation Pty Ltd



VOTE IN FAVOUR

SENEX DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS FAIR AND REASONABLE AND IN THE BEST INTERESTS OF SENEX SHAREHOLDERS*

*You should note when considering this recommendation the matters in relation to the CEO and Managing Director, Mr Ian Davies, set out in footnote 1 on page 10.

This is an important document and requires your immediate attention.

You should read it in its entirety before deciding whether or not to vote in favour of the Scheme.

If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

Financial Advisers:

MACQUARIE

Rothschild & Co

Legal Adviser:

CLAYTON UTZ

If you have any questions in relation to this Scheme Booklet or the Scheme, you should call the Senex Shareholder Information Line on **1300 527 403** (within Australia) or **+61 2 9066 6158** (outside Australia) on Business Days at any time between 8.30am and 5.30pm on Monday to Friday AEDT (Sydney, Melbourne).

Contents

Important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet carefully and in full before making any decision as to how to vote on the Scheme Resolution. You should also consult your legal, financial, tax or other professional adviser.

Capitalised terms used in this Scheme Booklet are defined either in the Glossary set out in Section 13 or where the relevant term first appears.

Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to:

- explain the terms of the Scheme;
- explain the manner in which the Scheme will be considered and implemented (if approved by the requisite majorities of Senex Shareholders and by the Court); and
- provide information as is prescribed or otherwise material to the decision of Senex Shareholders on whether or not to approve the Scheme by voting in favour of the Scheme Resolution, being information that is within the knowledge of the Senex Directors and has not previously been disclosed to Senex Shareholders.

This Scheme Booklet includes the explanatory statement required to be sent to Senex Shareholders in relation to the Scheme pursuant to section 412(1) of the Corporations Act.

Status of Scheme Booklet

This Scheme Booklet does not constitute or contain an offer to Senex Shareholders, or a solicitation of an offer from Senex Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under section 411(1). Instead, Senex Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

No financial product advice

The information contained in this Scheme Booklet is not financial product or investment advice. None of Senex, PIC, Hancock Energy Corporation or K-A Energy 1 are licensed to provide financial product advice.

Investment decisions

This Scheme Booklet is intended for Senex Shareholders collectively and does not take into account the investment objectives, financial situation, tax position or particular needs of each Senex Shareholder or any other person. It is important that you consider the information in this Scheme Booklet in light of your particular circumstances. This Scheme Booklet should not be relied on as the sole basis for any investment decision in relation to Senex Shares. Independent legal, financial and taxation advice should also be sought before any such investment decision is made in relation to your Senex Shares.

Responsibility for information

Senex has prepared, and is responsible for, the Senex Information contained in this Scheme Booklet. None of PIC, any HPPL Group Member, K-A Energy 1 or any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Senex Information or any part of it.

K-A Energy 1 has prepared, and PIC and K-A Energy 1 are responsible for, the PIC Information contained in this Scheme Booklet. None of the Senex Group Members or HPPL Group Members, nor any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the PIC Information or any part of it.

Hancock Energy Corporation has prepared, and is responsible for, the Hancock Information contained in this Scheme Booklet. None of the Senex Group Members, PIC, K-A Energy 1 or any of their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Hancock Information or any part of it.

Lonergan Edwards & Associates has prepared, and is responsible for, the Independent Expert's Report. None of the Senex Group Members and their respective directors, officers, employees or advisers, nor PIC, HPPL Group and K-A Energy 1 and their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in the Independent Expert's Report or any part of it, except in the case of Senex, to the extent that information has been provided by Senex to Lonergan Edwards & Associates for the purposes of preparing the Independent Expert's Report.

PwC has provided, and is responsible for, the information contained in Section 11 (Taxation implications for Scheme Shareholders). None of the Senex Group Members and their respective directors, officers, employees or advisers, nor PIC, HPPL Group, and K-A Energy 1 and their respective directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information in Section 11 or any part of it. PwC does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than that contained in Section 11 (Taxation implications for Scheme Shareholders). Section 11, which was provided by PwC, is general in nature. The exact tax consequences for each Senex Shareholder will depend on their specific circumstances. In this regard, Senex Shareholders should seek their own independent professional tax advice based on their particular circumstances.

Role of ASIC and ASX

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2)(b) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. A copy of this Scheme Booklet has also been lodged with the ASX.

Senex has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides the no objections statement, it will be produced to the Court on the Second Court Date.

None of ASIC, ASX or their respective officers take any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet required to accompany the Notice of Scheme Meeting (Appendix A) does not mean that the Court:

- has formed any view as to the merits of the Scheme or as to how Senex Shareholders should vote on the Scheme Resolution (on this matter Senex Shareholders must reach their own decision); or
- has prepared, or is responsible for the content of, this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Appendix A. The Proxy Form for the Scheme Meeting accompanies this Scheme Booklet.

Foreign Jurisdictions

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements, which may be different from the requirements applicable in other jurisdictions. The financial information included in this document is based on financial statements that have been prepared in accordance with Australian equivalents to International Financial Reporting Standards, which may differ from generally accepted accounting principles in other jurisdictions.

This Scheme Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Forward looking statements

Certain statements in this Scheme Booklet (including in the Independent Expert's Report) relate to the future. Such forward looking statements, which include all information relating to the performance of Senex or the Senex Group, are not based on historical facts but rather reflect the current expectations of Senex (in relation to the Senex Information) and K-A Energy 1 (in relation to the PIC Information) and Hancock Energy Corporation (in relation to the Hancock Information). Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intend', 'foresee', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', 'target' or other similar words and phrases. Similarly, statements that describe the Senex Group, or PIC, K-A Energy 1 and Hancock Energy Corporation's objectives, plans, goals or expectations may be forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties and assumptions and are subject to a variety of other factors that could cause the actual results or performance of Senex to be materially different from what is expressed or implied by such statements. Some of the risks that Senex Shareholders may be exposed to in relation to the Scheme are set out in Sections 10 and 11. Forward looking statements are based on numerous assumptions regarding present and future business strategies and the industries as well as the general economic environment in which the Senex Group, PIC, K-A Energy 1 and the HPPL Group will operate in the future. Accordingly, undue reliance should not be placed on forward looking statements.

Senex Shareholders should note that the historical performance of Senex is no assurance of Senex's future performance. Other than as required by law, none of the Senex Group Members, the PIC Group Members, the HPPL Group Members or any of their respective directors, officers, employees or advisers represents that, or gives any assurance or guarantee that, the occurrence of events expressed or implied in any forward looking statements will actually occur.

The forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Additionally, statements of intention in this Scheme Booklet reflect present intentions as at the date of this Scheme Booklet and may be subject to change.

Opinions, projections, forecasts, targets, and outlook statements given in this Scheme Booklet are not guidance. As explained above, forward looking statements involve uncertainty and are subject to change. Opinions and forward looking statements in this Scheme Booklet have been formed on the key concepts and assumptions outlined in this Scheme Booklet and contractual terms of existing gas sales agreements and project-related assumptions such as drilling results and expected future development, appraisal and exploration projects being delivered in accordance with their current project schedules. These concepts and assumptions have not been subject to audit or review by Senex's external auditors.

Subject to any continuing obligations under law or the ASX Listing Rules, Senex and the Senex Directors, officers, employees and advisers and PIC, K-A Energy 1, the HPPL Group Members and their respective directors, officers, employees and advisers disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or change in events, conditions or circumstance on which a statement is based.

Privacy and personal information

Senex, PIC and K-A Energy 1 may need to collect personal information to implement the Scheme. The personal information it may collect includes the names, contact details, bank account details and other details of Senex Shareholders, as well as the names and contact details of individuals appointed by Senex Shareholders as proxies, attorneys or corporate representatives to attend and vote at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist Senex to conduct the Scheme Meeting and implement the Scheme. Without this information, Senex may be hindered in its ability to issue the Scheme Booklet and implement the Scheme.

The personal information described above may be disclosed to Senex's Registry, securities brokers, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), Related Bodies Corporate of Senex, Regulatory Authorities and also where disclosure is required or allowed by law. Personal information may also be used to contact Senex Shareholders in relation to the Scheme.

Senex Shareholders who are individuals and other individuals in respect of whom personal information is collected have certain rights to access the personal information collected in relation to them. An individual who wishes to exercise any of these rights should contact the Senex Registry on 1800 850 505 (within Australia) or +61 (0)3 9415 4000 (outside Australia) on Business Days at any time between 9.00am and 5.00pm on Monday to Friday. Third parties who receive personal information in the course of providing the above services will be reminded of their obligations to use the personal information only for the purposes set out above and to protect the information according to applicable statutory and legal requirements.

Senex Shareholders who appoint an individual as their proxy, attorney or corporate representative to attend and vote at the Scheme Meeting should inform him or her of the matters outlined above. Further information about how Senex collects, uses and discloses personal information is contained in Senex's Privacy Policy located at https://www.senexenergy.com.au/about/corporate-governance.

Reserves and Resources statement

For further information on reserves and resources presented in this Scheme Booklet, refer to the ASX announcements by Senex dated 9 August 2021 and 8 November 2021 (in respect of PL 209 and PL 445).

Save for the following sentence, Senex is not aware of any new information or data that materially affects the information in the above-mentioned ASX announcements and the material assumptions and technical parameters underpinning the estimates in these ASX announcements continue to apply and have not materially changed.

Senex does note that the Independent Expert's Report uses a production forecast for Project Atlas, PL 209 and PL 445 which is higher than Senex's 3P reserves estimate as assessed and reported (and which are also independently assessed by NSAI). The production forecast in the Independent Expert's Report was prepared by an independent technical expert, RISC Advisory. As at the date of this Scheme Booklet, Senex does not consider this difference would change Senex's assessment of 3P reserves for Project Atlas, PL 209 or PL 445.

Sections and appendices

A reference to a Section or an Appendix is a reference to a section of, or appendix to, this Scheme Booklet, unless otherwise stated.

Some of the documents reproduced in the appendices to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

References to time

Unless expressly stated otherwise, all references in this Scheme Booklet to time relate to the time in Sydney, New South Wales, Australia.

References to currency

Unless expressly stated otherwise, all references in this Scheme Booklet to "$", "A$" or "AUD" are references to Australian currency.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

Any discrepancies between totals in tables and sums of components contained in this Scheme Booklet and between those figures and figures referred to in other parts of the Scheme Booklet are due to rounding.

References to websites

Information contained in or accessible through the websites mentioned in this Scheme Booklet do not form part of this Scheme Booklet. All references in this Scheme Booklet to websites are for information only.

Senex Shareholder Information Line

If you have any questions about this Scheme Booklet or the Scheme, you should call the Senex Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) on Business Days at any time between 8.30am and 5.30pm AEDT (Sydney, Melbourne) on Monday to Friday.

Date

This Scheme Booklet is dated 7 February 2022.

1. Key dates and how to vote

1.1. Key dates

Unless expressly stated otherwise, all references in this Scheme Booklet to time relate to the time in Sydney, New South Wales, Australia.

Event	Date and Time
First Court Date	4 February 2022
Last Date for Proxy Forms Latest date for Proxy Forms or powers of attorney to be received by the Senex Registry for the Scheme Meeting	13 March 2022 at 10.00am
Meeting Record Date Time and date for determining eligibility to vote at the Scheme Meeting	13 March 2022 at 7.00pm
Scheme Meeting	15 March 2022 at 10.00am
If the Scheme is approved by Senex Shareholders at the Scheme Meeting	
Event	**Date and Time**
Second Court Date to seek Court orders approving the Scheme	18 March 2022
Effective Date	18 March 2022
Record Date Time and date for determining entitlements to Scheme Consideration	25 March 2022 at 7.00pm
Implementation Date The date on which the Scheme will be implemented and Scheme Consideration will be paid	1 April 2022

Please note that all of the above times and dates are indicative only and subject to change. Any changes will be announced by Senex through the ASX and notified on Senex's website at http://www.senexenergy.com.au.

1.2. How to vote

Your vote is important and Senex Shareholders are encouraged to vote by completing and returning the Proxy Form or alternatively by attending the Scheme Meeting in person, virtually, or by proxy, attorney or corporate representative. The Scheme Meeting is currently expected to be held at 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Tuesday 15 March 2022, in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and virtually through the online meeting platform at https://meetnow.global/MJZX2TC. **Senex Shareholders should review the online meeting guide in advance and ensure they take note of any steps required to access the Scheme Meeting.**

A summary of how a Senex Shareholder may vote at the Scheme Meeting is set out in the table below:

Voting in person	To vote in person at the Scheme Meeting, Senex Shareholders must attend the Scheme Meeting.
Voting online	Shareholders participating in the meeting using the online meeting platform will be able to vote between the commencement of the meeting and the closure of voting as announced by the Chair during the meeting. If you are unable to attend, please lodge your vote online at www.investorvote.com.au. Registration will open at 8.00am AEST (Brisbane) / 9.00am AEDT (Sydney, Melbourne) on Tuesday, 15 March 2022. To participate in the meeting online, you can log in to the meeting by entering the following URL https://meetnow.global/MJZX2TC into a web browser on your computer, tablet or smartphone.
Voting by proxy	Proxy Forms may be lodged using any one or more of the following methods:

Method	**Instructions**
Online	Lodge your vote online at www.investorvote.com.au using your secure access information. You will need your Holder Identifier (Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on your Proxy Form). You will be taken to have signed the Proxy Form if you lodge in accordance with the instructions on the website.
Mobile device	Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code on the Proxy Form or enter the voting link www.investorvote.com.au into your mobile device. Log in using your secure access information. To scan the code on the Proxy Form you will need a QR code reader application which can be downloaded for free on your mobile device.
Mail	Senex Energy Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia
Fax	1800 783 447 within Australia or +61 3 9473 2555 outside Australia

Voting by attorney	Senex Shareholders wishing to appoint an attorney to attend and vote at the Scheme Meeting on their behalf must, if they have not already done so, deliver an instrument appointing the attorney to the Senex Registry by no later than the Last Date for Proxy Forms. Persons attending the Scheme Meeting as an attorney should bring to the Scheme Meeting the original or a certified copy of the instrument under which they have been appointed as an attorney and authorised to attend and vote at the Scheme Meeting.
Voting by corporate representative	Senex Shareholders who are bodies corporate may appoint a corporate representative to participate and vote at the Scheme Meeting on their behalf and must provide a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

2. Chairman's letter

7 February 2022

Dear Senex Shareholder

On behalf of the Senex Board, I am pleased to provide you with this Scheme Booklet, which contains important information for your consideration about the proposed acquisition of Senex by K-A Energy 1 Pty Ltd (**K-A Energy 1**), a company owned 50.1% by POSCO INTERNATIONAL Corporation (**PIC**) and 49.9% by Hancock Energy Corporation Pty Ltd.

On 13 December 2021, Senex announced that it had entered into a Scheme Implementation Agreement with PIC, under which it is proposed that PIC or its subsidiary will acquire 100% of the Senex Shares on issue via a scheme of arrangement (**Scheme**). The proposed acquisition is subject to Senex Shareholder and Court approval, and certain other conditions. Full details of the Scheme are set out in this Scheme Booklet.

PIC has notified Senex that its subsidiary, K-A Energy 1, will acquire all of the Senex Shares. PIC has irrevocably and unconditionally guaranteed to Senex the performance of K-A Energy 1 in connection with each Transaction Document (which includes the Scheme).

Scheme Consideration

If the Scheme is approved and implemented, Senex Shareholders will receive cash consideration equal to $4.60 per Senex Share in respect of all their Senex Shares held as at the Record Date (**Scheme Consideration**).

The proposed Scheme Consideration of $4.60 per Senex share represents:

- a 25% premium to the 30-day VWAP up to and including 15 October 2021, the last trading day before discussions between Senex and PIC, regarding a potential change of control transaction, were announced on the ASX;
- a 32% premium to the 60-day VWAP up to and including 15 October 2021;
- a 34% premium to the 90-day VWAP up to and including 15 October 2021; and
- a 20% premium to the closing price of Senex shares on 15 October 2021.

In addition to the Scheme Consideration, Senex currently intends to declare an unfranked Interim Dividend of up to $0.05 per Senex Share in respect of the half year ended 31 December 2021. Senex's dividend reinvestment plan is not intended to apply to the Interim Dividend. Importantly, the Scheme Consideration will not be reduced by the amount of the Interim Dividend. The Interim Dividend remains subject to Senex Board review and determination.

The payment of the Interim Dividend is not dependent on the Scheme becoming Effective and is in addition to the $4.60 per Senex Share that Senex Shareholders will receive under the Scheme.

Independent Expert's Report

Lonergan Edwards & Associates have been appointed by the Senex Board, to assess the merits of the Scheme and have provided their opinion as an Independent Expert.

The Independent Expert has concluded that the Scheme Consideration is fair and reasonable and in the best interests of Senex Shareholders in the absence of a superior proposal. The Independent Expert has assessed the value of Senex Shares to be between $4.17 and $4.92 per Senex Share. The Scheme Consideration of $4.60 per Senex Share is within this range.

A complete copy of the Independent Expert's Report is attached at Appendix B to this Scheme Booklet.

Directors' recommendation

The Senex Directors consider that the Scheme Consideration represents compelling value for Senex Shareholders.

The Senex Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Senex Shareholders[1]. Subject to those same qualifications, each of the Senex Directors intends to vote all the Senex Shares he or she holds or controls in favour of the Scheme.

In reaching the unanimous decision to recommend the Scheme to Senex Shareholders[1], subject to the qualifications described above, the Senex Directors considered various alternatives to maximise value, including assessment of standalone value creation opportunities. After considering these alternatives, the Senex Directors formed the view that the combination of value and certainty offered by the Scheme Consideration is likely to deliver a superior outcome for Senex Shareholders compared to Senex continuing to operate as a standalone entity.

The Senex Directors were unanimous in their decision to recommend the Scheme[1], in the absence of a Superior Proposal, for the following reasons:

- the Independent Expert has concluded that the Scheme Consideration is fair and reasonable and in the best interests of Senex Shareholders, in the absence of a superior proposal;
- the Scheme Consideration represents an attractive premium to the recent historical trading price of Senex Shares;
- the Scheme Consideration of $4.60 per Senex Share is within the Independent Expert's valuation range of $4.17 and $4.92 per Senex Share;
- If the Scheme proceeds, Senex Shareholders will receive a certain cash price for their investment in Senex and will avoid ongoing risks and uncertainties involved in Senex's operations and future developments;
- no Superior Proposal has emerged as at the date of this Scheme Booklet;
- the Senex share price may fall if the Scheme is not implemented; and
- Senex Shareholders will not incur any brokerage fees on the transfer of their Senex Shares if the Scheme proceeds.

In forming their unanimous decision to recommend the Scheme to Senex Shareholders[1], subject to the qualifications described above, the Senex Directors considered the potential disadvantages of the Scheme proceeding. In particular:

- Senex Shareholders may prefer to participate in the future value creation of the Senex business;
- Senex Shareholders may wish to maintain a direct investment in Senex because there may be limited alternative ways of gaining exposure to a comparable asset portfolio;
- the tax consequences of the Scheme may not suit certain Senex Shareholders; and
- the possibility that a Superior Proposal could be made in the foreseeable future.

The Senex Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.

How to vote

Your vote is important and I encourage you to vote by completing and returning the Proxy Form or alternatively by attending the Scheme Meeting in person, virtually, or by proxy, attorney or corporate representative. The Scheme Meeting is currently expected to be held at 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Tuesday, 15 March 2022, in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and virtually through the online meeting platform available at https://meetnow.global/MJZX2TC. For more instructions on how to vote and participate in the Scheme Meeting, please see Section 5 and the Notice of Scheme Meeting at Appendix A.

The Scheme will only be implemented if the Scheme Resolution is approved by Senex Shareholders at the Scheme Meeting. Therefore, if you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme Resolution at the Scheme Meeting.

Further information

The Scheme Booklet sets out important information regarding the Scheme, including the reasons for the Senex Directors' recommendation and the Independent Expert's Report. It also sets out some of the potential reasons why you may wish to vote against the Scheme.

Please read this document carefully and in its entirety as it will assist you in making an informed decision on how to vote. I would also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Senex Shares.

If you require any further information, please call the Senex Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia) on Business Days at any time between 8.30am and 5.30pm on Monday to Friday AEDT (Sydney, Melbourne).

On behalf of the Senex Board, I would like to thank you for your continued support of Senex. I look forward to your participation in the Scheme Meeting and encourage you to vote in favour of the Scheme.

Yours faithfully

Trevor Bourne
Chairman
Senex Energy Limited

1. You should note when considering this recommendation that one of the Senex Directors (being the CEO and Managing Director, Mr Ian Davies) has previously been issued Senex Share Appreciation Rights and Senex Performance Rights under the Senex employee incentive plans. As at the date of this Scheme Booklet all Senex Share Appreciation Rights and 221,740 Senex Performance Rights held by Mr Davies have vested and are exercisable at any time regardless of the Scheme, and have been exercisable for some time. As contemplated by the terms of the Scheme Implementation Agreement all unvested Senex Performance Rights will vest unless the Senex Board decides otherwise under the applicable plan rules. If the Scheme becomes Effective Mr Davies will receive a benefit in the sense that he will receive shares in return for the vesting of his unvested Senex Performance Rights. Subject to the Scheme becoming Effective and the terms of the Employee Performance Rights Plan continuing to be satisfied at such time, Mr Davies may be entitled to receive up to $9,397,868 of which $7,525,255 is in connection with the early vesting of his unvested Senex Performance Rights. Please refer to Section 7.2 and 12.6 for further details.

   Given the importance of the Scheme and Mr Davies' role in the management and operation of Senex and his deep industry knowledge, the Senex Board (excluding Ian Davies) considers that it is appropriate for Mr Davies to make a recommendation on the Scheme. Mr Davies also considers that it is appropriate that he make a recommendation on the Scheme.

3. Key considerations relevant to your vote

The Scheme has a number of advantages and disadvantages that may affect Senex Shareholders in different ways depending on their individual circumstances. Those advantages and disadvantages are described in this Section 3, a summary of which is set out in Section 3.1.

Section 3.2 describes some of the reasons why the Senex Board unanimously recommends Senex Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Senex Shareholders[2]. This section should be read in conjunction with Section 3.3, which sets out reasons why Senex Shareholders may wish to vote against the Scheme. Section 3.4 also sets out some additional considerations that may be relevant to your vote in respect of the Scheme.

While the Senex Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme significantly outweigh the disadvantages.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote. You should also seek professional advice on your individual circumstances, as appropriate.

3.1. Summary of reasons why you might vote for and against the Scheme

a) Reasons to vote in favour of the Scheme

✓	The Scheme Consideration of $4.60 per Senex Share represents a premium to the recent trading price of Senex Shares.
✓	The Independent Expert has concluded that the Scheme Consideration is fair and reasonable and in the best interests of Senex Shareholders in the absence of a superior proposal.
✓	If the Scheme proceeds, you will receive a certain cash price for your investment in Senex and will avoid ongoing risks and uncertainties involved in Senex's operations and future developments.
✓	No Superior Proposal has emerged as at the date of this Scheme Booklet.
✓	The Senex share price may fall if the Scheme is not implemented.
✓	Senex Shareholders will not incur any brokerage fees on the transfer of their Senex Shares if the Scheme proceeds.

b) Potential reasons to vote against the Scheme

✗	You may disagree with the Senex Directors' unanimous recommendation.
✗	You may disagree with the Independent Expert's conclusion and believe that the Scheme is not in your best interests.
✗	You may prefer the opportunity to participate in any future value creation of the Senex business and consider that the Scheme does not adequately compensate you for that opportunity.
✗	You may wish to maintain your investment in Senex because there may be limited alternative ways of gaining exposure to a comparable asset portfolio.
✗	The tax consequences of the Scheme may not suit certain Senex Shareholders.
✗	You may believe there is potential for a Superior Proposal to be made in the foreseeable future.

2. You should note when considering this recommendation that one of the Senex Directors (being the CEO and Managing Director, Mr Ian Davies) has previously been issued Senex Share Appreciation Rights and Senex Performance Rights under the Senex employee incentive plans. As at the date of this Scheme Booklet all Senex Share Appreciation Rights and 221,740 Senex Performance Rights held by Mr Davies have vested and are exercisable at any time regardless of the Scheme, and have been exercisable for some time. As contemplated by the terms of the Scheme Implementation Agreement all unvested Senex Performance Rights will vest unless the Senex Board decides otherwise under the applicable plan rules. If the Scheme becomes Effective Mr Davies will receive a benefit in the sense that he will receive shares in return for the vesting of his unvested Senex Performance Rights. Subject to the Scheme becoming Effective and the terms of the Employee Performance Rights Plan continuing to be satisfied at such time, Mr Davies may be entitled to receive up to $9,397,868 of which $7,525,255 is in connection with the early vesting of his unvested Senex Performance Rights. Please refer to Section 7.2 and 12.6 for further details.

   Given the importance of the Scheme and Mr Davies' role in the management and operation of Senex and his deep industry knowledge, the Senex Board (excluding Ian Davies) considers that it is appropriate for Mr Davies to make a recommendation on the Scheme. Mr Davies also considers that it is appropriate that he make a recommendation on the Scheme.

3.2. Reasons to vote in favour of the Scheme

The Senex Board has formed the view that the Scheme is in the best interests of the Senex Shareholders for the following reasons:

a) The Scheme Consideration of $4.60 per Senex Share represents a premium to the recent trading price of Senex Shares

If the Scheme is implemented, Senex Shareholders will receive $4.60 in cash for each Senex Share held on the Record Date. This Scheme Consideration represents a premium to the recent trading price of Senex Shares up to and including 15 October 2021, the last trading day prior to the announcement of discussions between Senex and PIC relating to a potential change of control transaction. The Scheme Consideration of $4.60 cash per Senex Share represents:

- a 25% premium to the 30-day VWAP up to and including 15 October 2021;
- a 32% premium to the 60-day VWAP up to and including 15 October 2021;
- a 34% premium to the 90-day VWAP up to and including 15 October 2021; and
- a 20% premium to the closing price of Senex Shares on 15 October 2021.

The graph below shows the share price performance of Senex shares over the two years prior to 18 October 2021, relative to the Scheme Consideration.

In addition to the Scheme Consideration, Senex currently intends to declare an unfranked Interim Dividend of up to $0.05 per Senex Share in respect of the half year ended 31 December 2021. Senex's dividend reinvestment plan is not intended to apply to the Interim Dividend. Importantly, the Scheme Consideration will not be reduced by the amount of the Interim Dividend. The Interim Dividend remains subject to Senex Board review and determination.

b) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Senex Shareholders in the absence of a superior proposal

The Senex Board appointed Lonergan Edwards & Associates to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is fair and reasonable and in the best interests of Senex Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Senex Shareholders in the absence of a superior proposal. The Independent Expert has assessed the value of Senex Shares to be between $4.17 and $4.92 per Senex Share. The Scheme consideration of $4.60 per Senex Share is within this range.

The reasons why the Independent Expert has formed their conclusion are set out in the Independent Expert's Report, a copy of which is included as Appendix B of this Scheme Booklet. The Senex Board encourages you to read this report in its entirety.

As at the date of this Scheme Booklet, the Independent Expert has not changed or qualified its conclusion, and no superior proposal has emerged.

c) If the Scheme proceeds, you will receive a certain cash price for your investment in Senex and will avoid ongoing risks and uncertainties involved in Senex's operations and future developments

The Scheme Consideration of $4.60 in cash per Senex Share provides Senex Shareholders with certainty of value for their Senex Shares. The certainty of the all-cash Scheme Consideration should be compared with the risks and uncertainties associated with remaining a shareholder in Senex. Some of these risks are explained in more detail in Section 10.

If the Scheme is not implemented the value shareholders will be able to realise from their investment in Senex, through future share price performance and dividends, will necessarily be uncertain and subject to these risks.

d) No Superior Proposal has emerged as at the date of this Scheme Booklet

Since 18 October 2021, when discussions between Senex and PIC relating to a potential change of control transaction were first disclosed to the market, and up to the date of this Scheme Booklet, no Superior Proposal has emerged. The Senex Board is not aware of any Superior Proposal and has no basis to believe that a Superior Proposal is likely to emerge.

The Scheme Implementation Agreement, entered into with PIC, permits Senex to engage with any party that offers a Superior Proposal, subject to certain conditions in favour of PIC. Further details on the key terms of the Scheme Implementation Agreement are provided in Section 7 of this Scheme Booklet.

e) The Senex share price may fall if the Scheme is not implemented

If the Scheme is not implemented, Senex Shares will continue to remain quoted on the ASX and will continue to be subject to market volatility. This includes exposure to general stock market movements, the impact of general economic conditions and the demand for listed securities. As such, if the Scheme is not implemented, it is likely that the price of Senex Shares will fall to a price below the Scheme Consideration being offered.

Over the two years prior to the announcement of discussions between Senex and PIC on 18 October 2021, Senex Shares have closed between a low of $1.04 per share on 23 March 2020[3] and a high of $3.95 per share on 11 October 2021. On 15 October 2021, the last trading day prior to the announcement of discussions between Senex and PIC, Senex Shares closed at $3.82 per share.

The graph below shows the share price performance of Senex Shares over the two years prior to 18 October 2021, relative to the Scheme Consideration.

f) Senex Shareholders will not incur any brokerage fees on the transfer of their Senex Shares if the Scheme proceeds

If the Scheme is implemented, Senex Shareholders will not incur brokerage charges on the transfer of their Senex Shares under the Scheme. Senex Shareholders may incur such charges if they dispose of their Senex Shares in a manner other than that contemplated by the Scheme.

3. The price of $1.04 per share has been adjusted to reflect the consolidation of Senex Shares in March 2021.

3.3. Potential reasons to vote against the Scheme

Notwithstanding the unanimous recommendation of the Senex Directors[4] and the Independent Expert concluding that the Scheme Consideration is fair and reasonable and in the best interests of Senex Shareholders, in the absence of a superior proposal, this Section 3.3 sets out some of the reasons which may lead you to consider voting against the Scheme.

a) You may disagree with the Senex Board's unanimous recommendation

Despite the unanimous recommendation of the Senex Board to vote in favour of the Scheme, in the absence of a Superior Proposal, you may believe that the Scheme is not in the best interests of Senex Shareholders or not in your own individual best interests.

b) You may disagree with the Independent Expert's conclusion

In concluding that the Scheme is fair and reasonable and therefore in the best interests of Senex Shareholders, the Independent Expert has had to make judgements based on future conditions and events which cannot be predicted with certainty. You may hold a different view and consequently may not agree with the Independent Expert's conclusion that the Scheme is fair and reasonable and therefore in the best interests of Senex Shareholders.

c) You may prefer the opportunity to participate in any future value creation of the Senex business and consider that the Scheme does not adequately compensate you for that opportunity

If the Scheme is implemented, you will no longer be a Senex Shareholder. This means that you will not participate in the future performance of Senex, you will not retain any exposure to Senex's business or assets, and you will not be entitled to share in value that could be generated by Senex in the future.

You may consider that, despite the risk factors relevant to Senex's future operations, Senex may be able to return greater value for shareholders by remaining a listed entity or by seeking alternative corporate transactions in the future.

d) You may wish to maintain your investment in Senex because there may be limited alternative ways of gaining exposure to a comparable asset portfolio

You may wish to maintain your investment in Senex as an investment in a publicly listed company with the specific characteristics of Senex in terms of industry, operational profile, development pipeline, size, liquidity, capital structure and potential dividend stream.

If the Scheme is implemented, you will no longer be a Senex Shareholder. You may want to maintain your investment profile and consider that it will be difficult to find an alternative investment with similar characteristics to Senex. Furthermore, you may incur transaction costs in undertaking any new investment.

e) The tax consequences of the Scheme may not suit your current financial circumstances

The tax consequences of the Scheme will depend on your individual situation. If the Scheme is implemented, it may result in unfavourable taxation consequences for you.

A general guide to the taxation implications of the Scheme is set out in Section 11. Senex Shareholders should consider the information in Section 11 to be general in nature and should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

f) You may believe that there is potential for a Superior Proposal to emerge

You may consider that a Superior Proposal could emerge in the foreseeable future which would deliver total consideration to Senex Shareholders that exceeds the Scheme Consideration.

As at the date of this Scheme Booklet, no Superior Proposal has emerged, and the Senex Board has no basis to believe that a Superior Proposal is likely to emerge.

4. You should note when considering this recommendation that one of the Senex Directors (being the CEO and Managing Director, Mr Ian Davies) has previously been issued Senex Share Appreciation Rights and Senex Performance Rights under the Senex employee incentive plans. As at the date of this Scheme Booklet all Senex Share Appreciation Rights and 221,740 Senex Performance Rights held by Mr Davies have vested and are exercisable at any time regardless of the Scheme, and have been exercisable for some time. As contemplated by the terms of the Scheme Implementation Agreement all unvested Senex Performance Rights will vest unless the Senex Board decides otherwise under the applicable plan rules. If the Scheme becomes Effective Mr Davies will receive a benefit in the sense that he will receive shares in return for the vesting of his unvested Senex Performance Rights. Subject to the Scheme becoming Effective and the terms of the Employee Performance Rights Plan continuing to be satisfied at such time, Mr Davies may be entitled to receive up to $9,397,868 of which $7,525,255 is in connection with the early vesting of his unvested Senex Performance Rights. Please refer to Section 7.2 and 12.6 for further details.

   Given the importance of the Scheme and Mr Davies' role in the management and operation of Senex and his deep industry knowledge, the Senex Board (excluding Ian Davies) considers that it is appropriate for Mr Davies to make a recommendation on the Scheme. Mr Davies also considers that it is appropriate that he make a recommendation on the Scheme.

3.4. Additional considerations relating to the Scheme

You should also take into account the following additional considerations when deciding how to vote on the Scheme.

a) The Scheme may be implemented even if you vote against the Scheme or do not vote at all

You should be aware that if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the requisite majorities of Senex Shareholders and by the Court and if the Conditions are satisfied or waived (as applicable) in accordance with the terms of the Scheme Implementation Agreement. If this occurs, your Senex Shares held on the Record Date will be transferred to K-A Energy 1 and you will receive the Scheme Consideration even though you voted against, or did not vote on, the Scheme.

b) Conditionality of the Scheme

Implementation of the Scheme is subject to the satisfaction (or waiver) of the Conditions, which are summarised in Section 7.1 and set out in clause 3 of the Scheme Implementation Agreement. If the Conditions are not satisfied or waived (as applicable) in accordance with the terms of the Scheme Implementation Agreement by the End Date, the Scheme will not become Effective and Senex Shareholders will not receive the Scheme Consideration.

As far as the Senex Board is aware, as at the date of this Scheme Booklet, no circumstances have occurred which are likely to cause any of the Conditions not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until 8.00am on the Second Court Date. In the event of any material change in status, Senex will inform Senex Shareholders through an announcement to the ASX.

The Scheme Implementation Agreement may be terminated by Senex or PIC if any of the Conditions have not been satisfied or waived in accordance with the terms of the Scheme Implementation Agreement by the End Date.

Further information about the Conditions and termination rights under the Scheme Implementation Agreement is set out in Sections 7.1a) and 7.1i).

c) Warranty by Scheme Shareholders about their Scheme Shares

If the Scheme is implemented, each Scheme Shareholder is deemed to have warranted to Senex, PIC and K-A Energy 1, and appointed and authorised Senex as its attorney and agent to warrant to PIC and K-A Energy 1, that their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, on the date of their transfer to K-A Energy 1, be transferred fully paid, free from all Encumbrances and third party rights or interests of any kind and free from all restrictions on transfer of any kind and that they have full power and capacity to sell and to transfer those Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to K-A Energy 1. Each Scheme Shareholder is also deemed to have warranted to Senex, PIC and K-A Energy 1 and appointed and authorised Senex as its attorney and agent to warrant to PIC and K-A Energy 1, that they have no existing right to be issued any Senex Shares, options or rights exercisable into Senex Shares or any other form of Senex security.

d) Exclusivity

The Scheme Implementation Agreement includes certain exclusivity arrangements that Senex has given in favour of PIC. These include customary no-shop, no-talk and no-due diligence obligations, as well as obligations of notification of Competing Proposals and providing a matching right to PIC in the event that a Superior Proposal is received by Senex. These exclusivity arrangements are described in further detail in Section 7.1b).

e) Target Payment

Senex will be obliged to pay PIC the Target Payment in certain circumstances, including if:

- during the Exclusivity Period, any Senex Director fails to make, withdraws, adversely changes or adversely revises their recommendation to vote in favour of the Scheme or intention to cause any Senex Shares in which they have a relevant interest to be voted in favour of the Scheme or recommends, supports or endorses a Competing Proposal, unless:
  - the Independent Expert concludes in the Independent Expert's Report (including the initial report or any update, revision, amendment, addendum or supplementary reports to it) that the Scheme is not fair and reasonable to Senex Shareholders except where the Independent Expert reached such conclusion as a result (in whole or in part) of a Competing Proposal; or
  - Senex is entitled to terminate the Scheme Implementation Agreement in circumstances where PIC is in material breach of the Scheme Implementation Agreement and fails to remedy that breach within the requisite timeframe and has given PIC the appropriate termination notice;
- a Competing Proposal is announced or made on or before the Second Court Date and, within 12 months of the date of such announcement, the Third Party making such proposal or an Associate of that Third Party:
  - completes in all material respects, a transaction of the kind referred to in the paragraphs (b), (c) or (d) of the definition of Competing Proposal; or
  - directly or indirectly acquires a Relevant Interest in, or have, or have a right to acquire, a legal, beneficial or economic interest in or control of, 50% or more of the securities of Senex or Voting Power of 50% or more in Senex; or
- PIC terminates the Scheme Implementation Agreement in circumstances where Senex is in material breach of the Scheme Implementation Agreement and fails to remedy that breach within the requisite timeframe and has given Senex the appropriate termination notice.

Notwithstanding the above Senex is not required to pay the Target Payment to PIC:

- in accordance with clause 7.1(c)(ii) of the Scheme Implementation Agreement, which provides that Senex will not be in breach and will not be liable to PIC under the Scheme Implementation Agreement (which includes any liability to make the Target Payment) as a result of a Senex Director changing or withdrawing his or her recommendation or not making a recommendation after reasonably determining, after first having obtained written advice from independent Senior or Queen's Counsel of the New South Wales bar, that he or she has an interest in the Scheme that renders it inappropriate to make such recommendation;
- in accordance with clause 9.2(d) of the Scheme Implementation Agreement as a result of one or more Senex Directors abstaining from making a recommendation or withdrawing their recommendation and then abstaining from making a recommendation as to whether Senex Shareholders should vote for or against the Scheme, if this is required by a court of competent jurisdiction or Regulatory Authority due to an interest the Senex Director has in the Scheme that renders it inappropriate for him or her to make or maintain such recommendation; or
- solely for the reason that Senex Shareholders do not approve the Scheme Resolution at the Scheme Meeting.

f) Expense Reimbursement Fee payable to Senex

PIC will be required to pay Senex the Expense Reimbursement Fee if the Korean Foreign Exchange Condition is not satisfied by the End Date. As noted in Section 7.1a), the Korean Foreign Exchange Condition has been satisfied.

g) Foreign Resident Capital Gains Tax Withholding and Relevant Foreign Resident Declaration Form

Scheme Shareholders with an address outside Australia (or which K-A Energy 1, as a purchaser, reasonably believes is a "relevant foreign resident") and who K-A Energy 1 also reasonably believes may have an "associate inclusive" voting power of 10% or more of the Senex Shares (which, in some instances, could include Scheme Shareholders with a voting power of less than 10%), will be provided with a Relevant Foreign Resident Declaration Form for the purposes of determining if K-A Energy 1 has an obligation to withhold and remit a foreign resident capital gains tax withholding amount to the Commissioner of Taxation (**Foreign Resident CGT Withholding Amount**) for these Scheme Shareholders.

In this declaration form, a Senex Shareholder may provide K-A Energy 1 with a declaration that:

- the registered holder of the relevant Senex Shares is an Australian tax resident ("Residency Declaration"); or
- the Senex Shares held by the registered holder are not indirect Australian real property interests ("Interest Declaration").

It is important that Senex Shareholders who receive a Relevant Foreign Resident Declaration Form complete this form.

Unless a signed Relevant Foreign Resident Declaration Form regarding residency or interest, or a notice of variation granted by the Commissioner of Taxation (Variation Notice), is provided to K-A Energy 1 for these Senex Shareholders, if K-A Energy 1 determines (acting reasonably) that Foreign Resident CGT Withholding Amount is applicable to the relevant Senex Shareholder ("Foreign Resident CGT Shareholder") it may withhold and pay to the Commissioner of Taxation a withholding amount of 12.5% from the Scheme Consideration otherwise payable to such Scheme Shareholder. The following process will be applied to give effect to the withholding:

- K-A Energy 1 will determine the relevant amount required to be paid to the Commissioner of Taxation being 12.5% of the Scheme Consideration otherwise payable to the Scheme Shareholder (or such lesser amount approved by the Commissioner of Taxation in the Variation Notice) as the Foreign Resident CGT Withholding Amount;
- K-A Energy 1 will then pay any Foreign Resident CGT Withholding Amount to the Commissioner of Taxation.

If requested by the relevant Scheme Shareholder in writing, K-A Energy 1 will provide the Scheme Shareholder with a receipt or evidence of the payment of the relevant amount withheld to the Commissioner of Taxation.

Further information regarding the foreign resident CGT withholding law can be found in Section 11 which contains a general summary of the Australian tax consequences of the Scheme for Senex Shareholders.

4. Frequently asked questions

Question	Answer	More information
1	**Background and overview of the Scheme**	
What are Senex Shareholders being asked to consider?	Senex Shareholders are being asked to consider and vote on a proposal to transfer all of their Senex Shares to K-A Energy 1, in exchange for K-A Energy 1 paying the Scheme Consideration of $4.60 in cash for each Senex Share they hold on the Record Date. The proposal is structured as a scheme of arrangement between Senex and all persons who hold Senex Shares as at the Record Date. If the Scheme becomes Effective, Senex will become a subsidiary of K-A Energy 1 and be removed from ASX's official list.	Section 6 contains an overview of the Scheme and a copy of the Scheme is attached as Appendix C.
What is the Scheme Consideration?	If the Scheme becomes Effective, Senex Shareholders will receive Scheme Consideration of $4.60 in cash for each Senex Share held as at the Record Date.	N/A
What is a scheme of arrangement?	A scheme of arrangement is a way of implementing an acquisition of shares under the Corporations Act and is commonly used in transactions in Australia that may result in a change of ownership or control of a company. It requires a vote in favour of the Scheme by the requisite majorities of Senex Shareholders as well as approval of the Court.	Section 6.
What do the Senex Directors recommend?	The Senex Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Senex Shareholders.[5] The reasons for the Senex Directors' unanimous recommendation and other matters that you may wish to consider are outlined in Section 3.	Section 3 provides a summary of some of the reasons why Senex Shareholders might vote for and against the Scheme, as well as some additional considerations that may be relevant to Senex Shareholders' vote in respect of the Scheme.
How do the Senex Directors intend to vote?	Each Senex Director intends to vote the Senex Shares he or she holds or controls in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Senex Shareholders.	Sections 2 and 3.
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the Scheme Consideration is fair and reasonable and in the best interests of Senex Shareholders in the absence of a superior proposal. The Independent Expert has assessed the full underlying value of Senex at between $4.17 and $4.92 per Senex Share. The Scheme Consideration is within this range. A complete copy of the Independent Expert's Report is included in Appendix B.	A copy of the Independent Expert's Report is contained in Appendix B.

5. You should note when considering this recommendation that one of the Senex Directors (being the CEO and Managing Director, Mr Ian Davies) has previously been issued Senex Share Appreciation Rights and Senex Performance Rights under the Senex employee incentive plans. As at the date of this Scheme Booklet all Senex Share Appreciation Rights and 221,740 Senex Performance Rights held by Mr Davies have vested and are exercisable at any time regardless of the Scheme, and have been exercisable for some time. As contemplated by the terms of the Scheme Implementation Agreement all unvested Senex Performance Rights will vest unless the Senex Board decides otherwise under the applicable plan rules. If the Scheme becomes Effective Mr Davies will receive a benefit in the sense that he will receive shares in return for the vesting of his unvested Senex Performance Rights. Subject to the Scheme becoming Effective and the terms of the Employee Performance Rights Plan continuing to be satisfied at such time, Mr Davies may be entitled to receive up to $9,397,868 of which $7,525,255 is in connection with the early vesting of his unvested Senex Performance Rights. Please refer to Section 7.2 and 12.6 for further details.

   Given the importance of the Scheme and Mr Davies' role in the management and operation of Senex and his deep industry knowledge, the Senex Board (excluding Ian Davies) considers that it is appropriate for Mr Davies to make a recommendation on the Scheme. Mr Davies also considers that it is appropriate that he make a recommendation on the Scheme.

Question	Answer	More information

What are my options?	You may:
	• vote for or against the Scheme Resolution to approve the Scheme (in person, online, or by proxy, corporate representative or attorney);
	• sell your Senex Shares on-market before the Effective Date or off-market before the Record Date; or
	• abstain or do nothing, in which case:
	  ○ if the Scheme becomes Effective, your Senex Shares will be transferred to K-A Energy 1 and you will receive the Scheme Consideration for all of your Senex Shares held on the Record Date; and
	  ○ if the Scheme does not become Effective, you will continue to hold your Senex Shares.
		Section 3 provides a summary of some of the reasons why Senex Shareholders might vote for and against the Scheme, as well as some additional considerations that may be relevant to Senex Shareholders' vote in respect of the Scheme.

Can I sell my Senex Shares now?	Yes. You can sell your Senex Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). You will not be able to sell your Senex Shares on market after the Effective Date, as this will be the last day of trading in Senex Shares on the ASX before trading in Senex Shares on the ASX is suspended. You may however seek to sell your Senex Shares off-market after the Effective Date but before the Record Date. If you sell your Senex Shares before the Record Date, you: • may receive the proceeds from the sale of your Senex Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); • will not receive the Interim Dividend, if you are not a Senex Shareholder on the record date for that dividend; • may incur brokerage costs if you sell your Senex Shares on market; and • will not be able to participate in the Scheme or a Superior Proposal, if one emerges after the date on which you sell your Senex Shares.	N/A
Will I receive a dividend from Senex for the half year ended 31 December 2021?	The Senex Board's current intention is to declare an unfranked Interim Dividend of up to $0.05 per Senex Share for the half year ended 31 December 2021. Senex's dividend reinvestment plan is not intended to apply to the Interim Dividend. The Interim Dividend remains subject to Senex Board review and determination at that time. The Interim Dividend will not reduce the value of the Scheme Consideration. All Senex Shareholders who hold Senex Shares on the record date for the Interim Dividend will be entitled to that dividend. Senex intends to pay the Interim Dividend regardless of whether the Scheme is implemented.	Section 6.4.

Question	Answer	More information
2	**Information about PIC, Hancock Energy and K-A Energy 1**	
Who is PIC?	PIC is an integrated trading company listed on the Korea Stock Exchange with a market capitalisation of approximately US$2.1 billion as of 28 January 2022. PIC serves a broad range of industries including steel, energy, agriculture, chemicals, mobility, materials and infrastructure. PIC has an extensive global network of 100 overseas branches and subsidiaries in 45 countries, including an office in Sydney. PIC's largest shareholder (and ultimate holding company) is POSCO. POSCO is the sixth largest steel producer in the world by production and is listed on the Korea Exchange (KRX) and the New York Stock Exchange (NYSE).	Section 9.2.
Who has PIC nominated to acquire the Scheme Shares?	PIC has notified Senex that its subsidiary, K-A Energy 1, will acquire all of the Senex Shares. PIC has irrevocably and unconditionally guaranteed to Senex the performance of K-A Energy 1 under or in connection with each Transaction Document (which includes the Scheme). The guarantee provides that if K-A Energy 1 commits any default or breach of any Transaction Document, PIC will, on demand by Senex, perform all obligations of K-A Energy 1 in accordance with the provisions of the relevant Transaction Document.	N/A
Who is K-A Energy 1?	K-A Energy 1 is a special purpose company that was incorporated on 4 January 2022 for the purpose of acquiring (under the Scheme) and holding (following implementation of the Scheme) all the Senex Shares. K-A Energy 1 is an Australian proprietary company limited by shares that has not conducted business and does not own any assets or have any liabilities, other than in connection with its incorporation and the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the implementation of the Scheme. As at the date of this Scheme Booklet, K-A Energy 1 is owned 50.1% by PIC and 49.9% by Hancock Energy Corporation.	Section 9.1.
Who is Hancock Energy Corporation?	Hancock Energy Corporation is an Australian proprietary company limited by shares and is a wholly-owned subsidiary of HPPL. Hancock Energy Corporation was incorporated in Western Australia on 29 October 2018. Since incorporation, Hancock Energy Corporation has been dormant. Its sole purpose is to acquire and hold 49.9% of all fully paid ordinary shares in K-A Energy 1. HPPL is a privately held Australian company that is majority owned by Mrs Georgina Rinehart.	Section 9.3.
What are K-A Energy 1's intentions if the Scheme is implemented?	Please refer to Section 9.6.	Section 9.6.

Question	Answer	More information
3	**Scheme Meeting and Voting Requirements**	
What is the Scheme Resolution?	The Scheme Resolution is a resolution to approve the Scheme. It will be voted on at the Scheme Meeting and is set out in the Notice of Scheme Meeting at Appendix A.	The Notice of Scheme Meeting contained in Appendix A sets out further details on the Scheme Meeting.
What voting majority is required to approve the Scheme?	The Scheme needs to be approved by the requisite majorities of Senex Shareholders at the Scheme Meeting, which is: • at least 75% of the total number of votes cast on the Scheme Resolution (in person or by proxy, corporate representative or attorney), where each Senex Share carries one vote; and • a majority in number (more than 50%) of Senex Shareholders present and voting (in person or by proxy, corporate representative or attorney), where each Senex Shareholder counts as one vote. • The Court has the discretion to waive the second of these two requirements if it considers it appropriate to do so. • If the Scheme is not approved by the requisite majorities of Senex Shareholders and approved by the Court, the Scheme will not proceed.	Section 5.2.
Am I entitled to vote?	Each Senex Shareholder who is registered on the Senex Share Register as at the Meeting Record Date, is entitled to vote at the Scheme Meeting.	The Notice of Scheme Meeting contained in Appendix A sets out further details on your entitlement to vote at the Scheme Meeting.
How do I vote?	You can vote: • in person, by personally attending the Scheme Meeting, or by appointing a proxy, attorney or corporate representative to attend the Scheme Meeting and vote on your behalf; • online if you attend the Scheme Meeting virtually via the online meeting platform by entering the following URL https://meetnow.global/MJZX2TC into a web browser on your computer, tablet or smartphone; or • by appointing a proxy (including by completing and returning the Proxy Form or lodging your proxy online before 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Sunday, 13 March 2022) or an attorney to participate on your behalf. You may also vote by corporate representative if that option is available to you.	Section 5.5 and the Notice of Scheme Meeting contained in Appendix A set out further details on how to vote at the Scheme Meeting.
Is voting compulsory?	No. Voting is not compulsory. However, Senex Directors believe that the Scheme is important for all Senex Shareholders and the Senex Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Senex Shareholders.[6]	The reasons for the Senex Directors' unanimous recommendation and other matters that you may wish to consider are outlined in Section 3.
Why should I vote in favour of the Scheme?	Section 3.2 sets out some of the reasons why the Senex Directors consider that you should vote in favour of the Scheme.	Section 3.2.
Why might I consider voting against the Scheme?	Section 3.3 sets out some of the reasons which may lead you to consider voting against the Scheme.	Section 3.3.
When and where will the Scheme Meeting be held?	The Scheme Meeting is currently expected to be held at 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Tuesday, 15 March 2022 in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and online by via the online meeting platform at https://meetnow.global/MJZX2TC.	Section 5.1 and the Notice of Scheme Meeting contained in Appendix A set out further details on the Scheme Meeting.

6. You should note when considering this recommendation that one of the Senex Directors (being the CEO and Managing Director, Mr Ian Davies) has previously been issued Senex Share Appreciation Rights and Senex Performance Rights under the Senex employee incentive plans. As at the date of this Scheme Booklet all Senex Share Appreciation Rights and 221,740 Senex Performance Rights held by Mr Davies have vested and are exercisable at any time regardless of the Scheme, and have been exercisable for some time. As contemplated by the terms of the Scheme Implementation Agreement all unvested Senex Performance Rights will vest unless the Senex Board decides otherwise under the applicable plan rules. If the Scheme becomes Effective Mr Davies will receive a benefit in the sense that he will receive shares in return for the vesting of his unvested Senex Performance Rights. Subject to the Scheme becoming Effective and the terms of the Employee Performance Rights Plan continuing to be satisfied at such time, Mr Davies may be entitled to receive up to $9,397,868 of which $7,525,255 is in connection with the early vesting of his unvested Senex Performance Rights. Please refer to Section 7.2 and 12.6 for further details.

   Given the importance of the Scheme and Mr Davies' role in the management and operation of Senex and his deep industry knowledge, the Senex Board (excluding Ian Davies) considers that it is appropriate for Mr Davies to make a recommendation on the Scheme. Mr Davies also considers that it is appropriate that he make a recommendation on the Scheme.

Question	Answer	More information
When will the result of the Scheme meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX as soon as practicable. Even if the Scheme Resolution is passed by the Scheme Meeting, the Scheme is subject to approval of the Court.	Section 5.
What happens to my Senex Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective?	If the Scheme becomes Effective and you are a Senex Shareholder as at the Record Date, your Senex Shares will be transferred pursuant to the Scheme and you will be entitled to receive the Scheme Consideration for your Senex Shares. This is even if you did not vote, or voted against the Scheme. If the Scheme is not approved by Senex Shareholders and the Court and does not become Effective, you will remain a Senex Shareholder.	Section 3.4.
Where can I get further information?	For further information, you can call the Senex Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia).	Section 8.14.
4	**Implementation of the Scheme**	
What will happen to Senex if the Scheme becomes Effective?	If the Scheme becomes Effective, all of the Senex Shares will be acquired by K-A Energy 1 and it is intended that Senex will be removed from ASX's official list.	Section 7.
Are there conditions that need to be satisfied before the Scheme can proceed?	Yes. Implementation of the Scheme is subject to the satisfaction or waiver (as applicable) of a number of Conditions. These Conditions are summarised in Section 7.1a) and set out in full in clause 3.1 of the Scheme Implementation Agreement. As at the date of this Scheme Booklet, the Senex Directors are not aware of any reason why any condition to the Scheme will not be satisfied or waived (if capable of waiver).	Section 7.
When will the Scheme become Effective?	The Scheme will become Effective if: • the Scheme is approved by the requisite majorities of Senex Shareholders at the Scheme Meeting; • the Court approves the Scheme on the Second Court Date; and • all other Conditions are satisfied or waived (as applicable). Subject to the above, the Scheme will become Effective on the Effective Date.	Sections 3.4b) and 7.1.
When will Senex Shares cease trading on ASX?	Senex Shares are expected to cease trading from the close of trading on ASX on the Effective Date.	Sections 7.3c) and 12.2.
When will I receive the Scheme Consideration?	If the Scheme becomes Effective, the Scheme Consideration will be paid to Scheme Shareholders on the Implementation Date. If the Scheme is not approved by the requisite majorities of Senex Shareholders or the Court, the Scheme Consideration will not be provided.	Section 7.3f).
How will I be paid the Scheme Consideration?	All cash payments will be made by direct deposit into your nominated bank account, as advised to the Senex Registry as at the Record Date. If you have not nominated a bank account, payment will be made by Australian dollar cheque sent by post to your Registered Address as shown on the Senex Share Register. You can review and update your bank account details online at www.computershare.com.au/easyupdate/SXY before the Record Date.	Section 7.3f).

Question	Answer	More information
What are the tax implications of the Scheme?	If the Scheme becomes Effective, there may be tax consequences for Scheme Shareholders which may include tax being payable on any gain or disposal of Senex Shares. For further general information about the Australian tax consequences of the Scheme for certain Senex Shareholders, see Section 11. The tax treatment may vary depending on your individual circumstances. Senex encourages you to seek independent professional taxation advice in relation to your particular circumstances.	Section 11.
What happens if the Scheme is not approved?	If the Scheme is not approved by the requisite majorities of Senex Shareholders, or the Court, the Scheme will not proceed. If the Scheme does not proceed: • the Scheme Consideration will not be provided to Scheme Shareholders; • K-A Energy 1 will not acquire the Scheme Shares; • Senex will continue to be listed on the ASX; and • Senex Shareholders will retain their Senex Shares and continue to share in any benefits and risks of Senex's ongoing business. If the Scheme does not proceed, and no Superior Proposal emerges, Senex Shareholders will continue to be exposed to the general market risks set out in Section 10.2 and the risk factors relating to the business and operations of Senex set out in Section 10.3, including the risk that the price of Senex Shares may fall.	Section 5.2.
What happens if a Competing Proposal for Senex emerges?	Although no Competing Proposal has emerged as at the date of this Scheme Booklet, if an unsolicited Competing Proposal for Senex is received before the Scheme Meeting, the Senex Directors will carefully consider it to determine whether it is a Superior Proposal and will inform you of any material developments. Senex must notify PIC of, and PIC has a right to match, any Competing Proposal in accordance with the Scheme Implementation Agreement. Senex Shareholders should note that Senex has agreed to certain exclusivity and break fee provisions in favour of PIC under the Scheme Implementation Agreement.	Section 7.1.
When will the Target Payment be payable?	Senex will be obliged to pay PIC the Target Payment in certain circumstances, including if during the Exclusivity Period, subject to certain exceptions, any Senex Director withdraws, adversely changes or adversely revises their recommendation to vote in favour of the Scheme or recommends, supports or endorses a Competing Proposal, or is in material breach of the Scheme Implementation Agreement.	Sections 3.4e) and 7.1e) set out a detailed explanation of circumstances in which the Target Payment is payable.
When will the Expense Reimbursement Fee be payable?	PIC will be required to pay Senex the Expense Reimbursement Fee if the Korean Foreign Exchange Condition is not satisfied by the End Date. As noted in Section 7.1a), the Korean Foreign Exchange Condition has been satisfied.	Section 7.1g).

5. Scheme Meeting details and instructions on how to vote

5.1. Scheme Meeting details

The notice convening the Scheme Meeting is attached at Appendix A to this Scheme Booklet. Depending on your elected communication preferences, you will receive an email with details of the Scheme Meeting or a Letter of Notice and Access with a personalised Proxy Form that contains a control number that you will need if you wish to lodge your proxy online.

The Scheme Meeting is expected to be held on Tuesday, 15 March 2022 at 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and online by via the online meeting platform at https://meetnow.global/MJZX2TC.

Instructions on how to log on to ask questions during the meeting are outlined in the Notice of Scheme Meeting and available at https://www.edocumentview.com.au/SXY2022. Please note, only Senex Shareholders may ask questions online and only once they have been verified. It may not be possible to respond to all questions raised during the meeting. Senex Shareholders are therefore encouraged to lodge questions prior to the Scheme Meeting at companysecretary@senexenergy.com.au by 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne), Sunday, 13 March 2022.

Senex Shareholders should review the online meeting guide in advance and ensure they take note of any steps required to access the Scheme Meeting.

5.2. Voting majorities required

The Scheme needs to be approved by the requisite majorities of Senex Shareholders at the Scheme Meeting, which is:

- at least 75% of the total number of votes cast on the Scheme Resolution by Senex Shareholders present and voting (in person or by proxy, corporate representative or attorney), where each Senex Share carries one vote; and
- a majority in number (more than 50%) of Senex Shareholders present and voting (in person or by proxy, corporate representative or attorney), where each Senex Shareholder counts as one vote.

The Court has the discretion to waive the second of these two requirements if it considers it appropriate to do so.

If the Scheme is not approved by the requisite majorities of Senex Shareholders and approved by the Court, the Scheme will not proceed.

5.3. Your vote is important

Senex Directors urge Senex Shareholders to vote on the Scheme Resolution. The Scheme affects your shareholding and your vote on the Scheme Resolution is important in determining whether the Scheme becomes Effective.

5.4. Voting entitlements

Senex Shareholders registered on the Senex Share Register on the Meeting Record Date will be entitled to vote at the Scheme Meeting.

5.5. How to vote

a) Voting in person

To vote in person at the Scheme Meeting, Senex Shareholders must attend the Scheme Meeting. A Senex Shareholder entitled to attend and vote at the Scheme Meeting will be admitted to the Scheme Meeting upon providing evidence of his or her name and address at the point of entry to the Scheme Meeting.

b) Voting online

Shareholders participating in the meeting using the online meeting platform will be able to vote between the commencement of the meeting and the closure of voting as announced by the Chair during the meeting. If you are unable to attend, please lodge your vote online at www.investorvote.com.au.

If you choose to participate in the meeting online, registration will open at 8.00am AEST (Brisbane) / 9.00am AEDT (Sydney, Melbourne) on Tuesday, 15 March 2022. To participate in the meeting online, you can log in to the meeting by entering the following URL https://meetnow.global/MJZX2TC into a web browser on your computer, tablet or smartphone.

Once on the URL, shareholders will need the following information to participate in the Scheme Meeting in real-time:

1. The meeting ID for the Senex Scheme Meeting, which is https://meetnow.global/MJZX2TC;
2. Your username, which is your SRN/HIN; and

3. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the online meeting guide at https://www.edocumentview.com.au/SXY2022 for their password details.

c) Voting by proxy

A Proxy Form is enclosed with this Scheme Booklet.

Senex Shareholders wishing to appoint a proxy to attend and vote at the Scheme Meeting must complete and return the Proxy Form in accordance with the instructions on the Proxy Form. The Proxy Form contains a control number that you will need if you wish to lodge your proxy online.

There are a number of ways Proxy Forms may be submitted. Proxy Forms may be lodged by using one or more of the following methods:

Method	Instructions
Online	Lodge your vote online at www.investorvote.com.au using your secure access information. You will need your Holder Identifier (Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on your proxy form). You will be taken to have signed the Proxy Form if you lodge in accordance with the instructions on the website.
Mobile device	Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code on the Proxy Form or enter the voting link www.investorvote.com.au into your mobile device. Log in using your secure access information. To scan the code on the Proxy Form you will need a QR code reader application which can be downloaded for free on your mobile device.
Mail	Senex Energy Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia
Fax	1800 783 447 within Australia or +61 3 9473 2555 outside Australia

Proxy Forms must be received by the Senex Registry by the Last Date for Proxy Forms. If you have an attorney sign a Proxy Form on your behalf, the original or a certified copy of the power of attorney or other evidence of your attorney's authority must be received by the Senex Registry at the same time as the Proxy Form (unless previously provided to the Senex Registry).

A proxy will be admitted to the Scheme Meeting upon providing evidence of their name and address at the point of entry to the Scheme Meeting.

Senex Shareholders who have returned a Proxy Form may revoke the proxy by attending and voting at the Scheme Meeting.

d) Voting by attorney

Senex Shareholders wishing to appoint an attorney to attend and vote at the Scheme Meeting on their behalf must, if they have not already done so, deliver an instrument appointing the attorney to the Senex Registry by no later than the Last Date for Proxy Forms. Persons attending the Scheme Meeting as an attorney should bring to the Scheme Meeting the original or a certified copy of the instrument under which they have been appointed as an attorney and authorised to attend and vote at the Scheme Meeting.

e) Voting by corporate representative

Senex Shareholders who are bodies corporate may appoint a corporate representative to participate and vote at the Scheme Meeting on their behalf and must provide a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

5.6. Further information

Please refer to the Notice of Scheme Meeting set out in Appendix A for further information on voting procedures and details of the Scheme Resolution to be voted on at the Scheme Meeting (including who is entitled to vote on the Scheme Resolution).

6. Transaction overview

6.1. Background

On 13 December 2021, Senex announced that it had entered into a Scheme Implementation Agreement with PIC to acquire 100% of the Senex Shares, subject to the satisfaction or waiver of a number of Conditions. This followed an announcement by Senex on 8 November 2021 noting receipt of an improved non-binding indicative proposal from PIC at an offer price of $4.60 cash per Senex Share, being a further revised proposal following the submission of three prior non-binding proposals received from PIC on 30 July 2021 ($4.00 per Senex Share), 27 August 2021 ($4.20 per Senex Share) and 2 September 2021 ($4.40 per Senex Share) as announced to the ASX on 18 October 2021.

In accordance with clause 4.3 of the Scheme Implementation Agreement, PIC has notified Senex that K-A Energy 1 will acquire all of the Senex Shares instead of PIC and PIC irrevocably and unconditionally guarantees the performance of K-A Energy 1 under or in connection with each Transaction Document. Under that guarantee if K-A Energy 1 commits any default or breach of any Transaction Document, PIC will, on demand by Senex, perform all obligations of K-A Energy 1 in accordance with the provisions of the relevant Transaction Document. Accordingly, the Scheme Implementation Agreement sets out a framework for Senex to propose a scheme of arrangement between itself and Senex Shareholders under which K-A Energy 1 will acquire all of the Senex Shares on issue as at the Record Date for $4.60 cash per Senex Share.

Senex appointed Macquarie Capital and Rothschild & Co as its joint financial advisers and Clayton Utz as its legal adviser to help coordinate its discussions and negotiations with PIC with a view to maximising Senex Shareholder value.

Having carefully considered PIC's proposal and the merits of the alternatives, the Senex Board unanimously recommends that Senex Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and therefore in the best interests of the Senex Shareholders[7]. Subject to those same qualifications, each of the Senex Directors intend to vote all the Senex Shares held or controlled by them in favour of the Scheme.

In forming their unanimous recommendation[7], the Senex Board has carefully considered the expected advantages of the Scheme and potential reasons to vote against the Scheme. These considerations are discussed in Section 3.

The key terms of the Scheme Implementation Agreement are summarised in Section 7.1. A full copy of the Scheme Implementation Agreement, is attached to Senex's ASX announcement on 13 December 2021, which can be obtained from the ASX website (www.asx.com.au) or Senex's website (www.senexenergy.com.au).

6.2. What will happen under the Scheme?

If the Scheme is approved by Senex Shareholders and the Court (as discussed in Sections 5.2 and 7) and subject to the satisfaction or waiver of the other Conditions in accordance with the terms of the Scheme Implementation Agreement, all Senex Shareholders who hold Senex Shares as at the Record Date will participate in the Scheme, whether or not they voted for the Scheme (and even if they did not vote or voted against the Scheme).

If the Scheme becomes Effective:

- at the close of trading on the Effective Date, Senex Shares will cease trading on the ASX;
- on the Implementation Date:
  - all Scheme Shares will be transferred to K-A Energy 1 (without any need for action by Scheme Shareholders); and
  - each Scheme Shareholder will receive cash payments in exchange for each Scheme Share held by that Scheme Shareholder at the Record Date, being the Scheme Consideration; and
- Senex will be removed from the official list of ASX and will cease to be listed on the ASX.

The detailed terms of the Scheme are set out in the Scheme Implementation Agreement and the annexures to it. In support of its obligations to provide or procure the provision of the Scheme Consideration under the Scheme Implementation Agreement, PIC and K-A Energy 1 have executed the Deed Poll in favour of Senex Shareholders, a copy of which is provided in Annexure D.

For the Scheme to proceed, the Scheme Resolution must be approved by the requisite majorities of Senex Shareholders and the Scheme must be approved by the Court. There are also other Conditions that need to be satisfied or waived before the Scheme proceeds. The key Conditions are outlined in Section 7.1a).

7. You should note when considering this recommendation that one of the Senex Directors (being the CEO and Managing Director, Mr Ian Davies) has previously been issued Senex Share Appreciation Rights and Senex Performance Rights under the Senex employee incentive plans. As at the date of this Scheme Booklet all Senex Share Appreciation Rights and 221,740 Senex Performance Rights held by Mr Davies have vested and are exercisable at any time regardless of the Scheme, and have been exercisable for some time. As contemplated by the terms of the Scheme Implementation Agreement all unvested Senex Performance Rights will vest unless the Senex Board decides otherwise under the applicable plan rules. If the Scheme becomes Effective Mr Davies will receive a benefit in the sense that he will receive shares in return for the vesting of his unvested Senex Performance Rights. Subject to the Scheme becoming Effective and the terms of the Employee Performance Rights Plan continuing to be satisfied at such time, Mr Davies may be entitled to receive up to $9,397,868 of which $7,525,255 is in connection with the early vesting of his unvested Senex Performance Rights. Please refer to Section 7.2 and 12.6 for further details.

   Given the importance of the Scheme and Mr Davies' role in the management and operation of Senex and his deep industry knowledge, the Senex Board (excluding Ian Davies) considers that it is appropriate for Mr Davies to make a recommendation on the Scheme. Mr Davies also considers that it is appropriate that he make a recommendation on the Scheme.

6.3. What you will receive

If the Scheme becomes Effective, each Senex Shareholder will receive the Scheme Consideration of $4.60 cash for each Senex Share held by that Senex Shareholder as at the Record Date.

6.4. Interim Dividend

In addition to the Scheme Consideration, Senex currently intends to declare an unfranked Interim Dividend of up to $0.05 per Senex Share in respect of the half year ended 31 December 2021. The Interim Dividend remains subject to Senex Board review and determination. Senex's dividend reinvestment plan is not intended to apply to the Interim Dividend. Importantly, the Scheme Consideration will not be reduced by the amount of the Interim Dividend.

The payment of the Interim Dividend is not dependent on the Scheme becoming Effective and is in addition to the $4.60 per Senex Share that Senex Shareholders will receive under the Scheme. All Senex Shareholders who hold Senex Shares on the record date for the Interim Dividend will be entitled to that dividend.

7. Implementation of the Scheme

7.1. Key Terms of the Scheme Implementation Agreement

a) Conditions

The implementation of the Scheme is subject to the satisfaction or waiver (where capable of waiver) of a number of Conditions, as set out below:

- **FIRB Approval**

  Before 8.00am on the Second Court Date, the Treasurer (or the Treasurer's delegate) has either:

  - provided written notice that there is no objection under the *Foreign Acquisition and Takeovers Act 1975* (Cth) to the Scheme, with the notice of no objection being either unconditional or subject only to Taxation Conditions and/or other conditions which are reasonably acceptable to PIC and that notice has not been varied on terms unacceptable to PIC or has been withdrawn; or
  - become precluded from exercising any power to make an order under the *Foreign Acquisition and Takeovers Act 1975* (Cth) in relation to the Scheme,

  (FIRB Approval).

- **Other Regulatory Approvals**

  Before 8.00am on the Second Court Date, PIC has filed a foreign investment report in relation to the Transaction pursuant to Article 18 of the Republic of Korea's Foreign Exchange Transaction Act, and either:

  - the relevant Regulatory Authority providing approval for such transaction (either without conditions, or on conditions acceptable to PIC and Senex acting reasonably); or
  - any required waiting periods, including any extensions thereof, have expired without the relevant Regulatory Authority objecting to such transactions.

- **No restraint**

  At 8.00am on the Second Court Date, there is not in effect:

  - any temporary restraining order, preliminary or permanent injunction or other order or prohibition issued by a court of competent jurisdiction or Regulatory Authority or other legal restraint; or
  - an action or investigation which has been commenced by a Regulatory Authority,

  which delays, restrains, prohibits or prevents, or could reasonably be expected to result in the delay, restraint, prohibition or prevention of, the implementation of the Scheme.

- **ASIC and ASX**

  Before 8.00am on the Second Court Date, ASIC and ASX have issued (and not withdrawn, cancelled or revoked) all consents, approvals, declarations, modifications, waivers or authorisations as are necessary, or which the parties agree are reasonably necessary or desirable, to implement the Scheme.

- **Senex Prescribed Occurrences**

  No Senex Prescribed Occurrence occurs between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date (each inclusive).

- **Senex Shareholder approval**

  Senex Shareholders approve the Scheme by the majorities required under section 411(4)(a)(ii) of the Corporations Act.

- **Court approval**

  The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.

- **Senex Warranties and PIC Warranties**

  At all times on and before 8.00am on the Second Court Date, the Senex Warranties and PIC Warranties are true and correct in all material respects as at the time they are given.

- **APLNG Acquisition**

  Before 8:00am on the Second Court Date, the acquisition of Petroleum Leases PL 209 and PL 445 from Australia Pacific LNG Pty Ltd has completed in accordance with the terms of the agreement for that acquisition included in Senex Due Diligence Material.

- **Independent Expert**

  The Independent Expert:

  - concludes in the Independent Expert's Report that in its opinion the Scheme is fair and reasonable and therefore in the best interests of Senex Shareholders on or before the date on which this Scheme Booklet is registered by ASIC under the Corporations Act; and
  - has not in any written update, revision, amendment, addendum or supplementary report to the Independent Expert's Report concluded that the Scheme is not fair and reasonable to the Senex Shareholders prior to 8.00am on the Second Court Date.

- **Material Adverse Change**

  No Material Adverse Change occurs between the date of the Scheme Implementation Agreement, and 8.00am on the Second Court Date (each inclusive).

As at the date of this Scheme Booklet:

- Senex has completed the acquisition of PL 209 and PL 445;
- PIC has received foreign investment approval under Article 18 of the Republic of Korea's Foreign Exchange Transaction Act,

and accordingly these conditions have been satisfied.

As far as the Senex Board is aware, as at the date of this Scheme Booklet, no circumstances have occurred which are likely to cause any of the Conditions not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until 8.00am on the Second Court Date. In the event of any material change in status, Senex will inform Senex Shareholders of the status of the Conditions through an announcement to the ASX. Details regarding the Conditions are set out in full in clause 3 of the Scheme Implementation Agreement.

b) Exclusivity

The Scheme Implementation Agreement contains certain exclusivity arrangements in favour of PIC. In summary during the Exclusivity Period:

- (**No shop**) Senex must not, and must ensure that its Related Bodies Corporate and/or Representatives do not, directly or indirectly solicit, invite, encourage or initiate any enquiries, expressions of interest, offers, proposals, negotiations or discussions or communicate any intention to do any of these things in relation to, or with a view to, or that may reasonably be expected to lead to a Competing Proposal;
- (**No talk**) Senex must not, and must ensure that its Related Bodies Corporate and/or Representatives do not, negotiate or enter into or continue or participate in negotiations or discussions with any other person regarding a Competing Proposal or any agreement, understanding or arrangement in relation to, or that may be reasonably expected to lead to a Competing Proposal even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Senex or any of its Related Bodies Corporate or Representatives or the person has publicly announced the Competing Proposal;
- (**No diligence**) Senex must not, and must ensure that its Related Bodies Corporate and/or Representatives do not, provide to any person other than PIC and its Representatives any non-public information relating to any member of the Senex Group or otherwise facilitate or permit any person other than PIC and its Representatives to undertake due diligence investigations in relation to any member of the Senex Group in connection with that person formulating, developing or finalising, or assisting in the formulation, development or finalisation of a Competing Proposal or any agreement, understanding or arrangement in relation to, or that may be reasonably expected to lead to a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Senex or any of its Related Bodies Corporate or Representatives or the person has publicly announced the Competing Proposal; and
- (**Limitation to no talk and no due diligence**) Senex and Senex Directors may undertake any action that would otherwise be prohibited by the 'no talk' and 'no due diligence' restrictions described above in relation to a genuine Competing Proposal (which has not arisen out of a contravention of the exclusivity arrangements) provided that the Senex Board has determined in good faith that:
  - after consultation with its financial advisers, the genuine Competing Proposal, is or could reasonably be considered to become, a Superior Proposal; and
  - after receiving written legal advice from its external legal advisers that failing to respond to the genuine Competing Proposal would be reasonably likely to constitute a breach of the fiduciary or statutory obligations of any member of the Senex Board.

Senex also represented and warranted to PIC that as at the date of the Scheme Implementation Agreement none of Senex, nor any of its Related Bodies Corporate or Representatives was a party to any agreement or arrangement with any Third Party entered into in relation to, or for the purposes of facilitating a Competing Proposal, was not directly or indirectly participating in any discussions or negotiations with a Third Party in relation to, with a view to, or that may be reasonably expected to encourage or lead to a Competing Proposal and any due diligence access granted to a Third Party for the purposes of making, formulating, developing or finalising, or assisting in the making, formulation, development or finalisation of a Competing Proposal has been terminated. Details regarding exclusivity are set out in full in clause 8 of the Scheme Implementation Agreement.

c) Notice of approaches

During the Exclusivity Period, Senex must promptly, and in any event within 48 hours, notify PIC in writing if Senex, or any of its Related Bodies Corporate or Representatives receives a written proposal, of:

- the fact that Senex has been approached;
- the identity of the person making the approach (and if different, the identity of the proposed bidder or acquirer), unless the Senex Board has determined in good faith after receiving written legal advice from its external legal advisors that disclosing the identity would be reasonably likely to constitute a breach of the fiduciary or statutory obligations of any member of the Senex Board; and
- the material terms of the Competing Proposal (to the extent known) and to the extent received during the Exclusivity Period any material updates to the Competing Proposal.

d) Matching right

In respect of any Competing Proposal made, announced or received during the Exclusivity Period, which the Senex Board determines before the end of the Exclusivity Period is a Superior Proposal, Senex must not enter into any agreement to give effect to, or consent to, accept or give support in any way to the Competing Proposal and must procure that no Senex Director publicly recommends or otherwise publicly supports the Competing Proposal, unless:

- PIC has been notified of the identity of the relevant person making or proposing the Competing Proposal, together with all material terms and conditions (including price) of the Competing Proposal and that the Senex Board has determined the Competing Proposal is a Superior Proposal;
- Senex has given PIC at least 5 Business Days to provide a written revised proposal to Senex that is equally favourable to, or more favourable as a whole to Senex Shareholders than the terms of that Competing Proposal (**Counter Proposal**); and
- PIC has not delivered a Counter Proposal by the expiry of that 5 Business Day period, or PIC has delivered a Counter Proposal to Senex which the Senex Board, acting in good faith, determines (after having consulted with Senex's external financial and legal advisers) is not equally as favourable to or more favourable to Senex Shareholders as a whole than the Competing Proposal.

If PIC has delivered a Counter Proposal, the Senex Board must review the Counter Proposal in good faith to determine whether, having consulted with Senex's external legal and financial advisors, the Counter Proposal is equally favourable to, or more favourable to Senex Shareholders as a whole compared to the Competing Proposal notified to PIC. Following that determination, Senex must promptly and in any event within 1 Business Day of making that determination, notify PIC in writing.

e) Change in recommendation

Senex must use reasonable endeavours to ensure that no Senex Director publicly (or otherwise) withdraws, changes or in any way qualifies their recommendation or voting intention unless:

- there is a Superior Proposal and Senex has complied with its notification and matching rights obligations under clause 8 (exclusivity arrangements) of the Scheme Implementation Agreement, if applicable; or
- the Independent Expert concludes in the Independent Expert's Report (either in the initial report or any update, revision, amendment, addendum or supplementary reports to it) that the Scheme is not fair and reasonable to Senex Shareholders.

A Senex Director may publicly (or otherwise) change or withdraw his or her recommendation or not make a recommendation if, after receiving written legal advice from independent Senior or Queen's Counsel of the New South Wales bar, that Senex Director reasonably determines in good faith, that he or she has an interest in the Scheme that renders it inappropriate for him or her to maintain such recommendation and unless that Senex Director changes or withdraws his or her recommendation or does not make a recommendation the Court would be unlikely to grant an order directing Senex to convene the Scheme Meeting or an order approving the Scheme. This includes where a Senex Director is required to abstain from making a Recommendation or withdrawing their Recommendation by a court or Regulatory Authority.

In these circumstances Senex will not be in breach of any term of the Scheme Implementation Agreement, and will not be liable to PIC (including to make the Target Payment), solely as a result of the Senex Director publicly (or otherwise) withdrawing his or her recommendation or not making a recommendation provided that the Senex Director does not otherwise adversely change or adversely qualify their recommendation or endorse or support a Competing Proposal (whether publicly or otherwise).

Senex's obligations regarding the recommendation of the Senex Board are set out in clause 7 of the Scheme Implementation Agreement.

f) Target Payment

Under the Scheme Implementation Agreement, Senex must pay PIC the Target Payment if:

- during the Exclusivity Period, any Senex Director fails to make, withdraws, adversely changes or adversely revises their recommendation to vote in favour of the Scheme or intention to cause any Senex Shares in which they have a relevant interest to be voted in favour of the Scheme or recommends, supports or endorses a Competing Proposal, unless:
  - the Independent Expert concludes in the Independent Expert's Report (including the initial report or any update, revision, amendment, addendum or supplementary reports to it) that the Scheme is not fair and reasonable to Senex Shareholders except where the Independent Expert reached such conclusion as a result (in whole or in part) of a Competing Proposal; or
  - Senex is entitled to terminate the Scheme Implementation Agreement pursuant to clause 14.3(b)(i) where PIC is in material breach and fails to remedy that breach within 5 Business Days after receiving an appropriate termination notice from Senex;
- a Competing Proposal is announced or made on or before the Second Court Date and, within 12 months of the date of such announcement, the Third Party making such proposal or an Associate of that Third Party
  - completes in all material respects a transaction of the kind referred to in the paragraphs (b), (c) or (d) of the definition of Competing Proposal; or
  - directly or indirectly acquires a Relevant Interest in, or have, or have a right to acquire, a legal, beneficial or economic interest in or control of, 50% or more of the securities of Senex or Voting Power of 50% or more in Senex; or
- PIC terminates the Scheme Implementation Agreement pursuant to clause 14.2(b)(i) where Senex is in material breach of the Scheme Implementation Agreement and fails to remedy that breach within 5 Business Days after receiving an appropriate termination notice from PIC.

Notwithstanding the above Senex is not required to pay the Target Payment to PIC:

- in accordance with clause 7.1(c)(ii) of the Scheme Implementation Agreement, which provides that Senex will not be in breach and will not be liable to PIC under the Scheme Implementation Agreement (which includes any liability to make the Target Payment) as a result of a Senex Director changing or withdrawing his or her recommendation or not making a recommendation after reasonably determining, after first having obtained written advice from independent Senior or Queen's Counsel of the New South Wales bar, that he or she has an interest in the Scheme that renders it inappropriate to make such recommendation;

- in accordance with clause 9.2(d) of the Scheme Implementation Agreement as a result of one or more Senex Directors abstaining from making a recommendation or withdrawing their recommendation and then abstaining from making a recommendation as to whether Senex Shareholders should vote for or against the Scheme, if this is required by a court of competent jurisdiction or Regulatory Authority due to an interest the Senex Director has in the Scheme that renders it inappropriate for him or her to make or maintain such recommendation; or
- solely for the reason that Senex Shareholders do not approve the Scheme Resolution at the Scheme Meeting.

The Senex Board considers the Target Payment to represent a genuine and reasonable pre-estimate of the costs that would be incurred by PIC in pursuing the Scheme, and believe that it is appropriate in the circumstances for Senex to agree to the Target Payment in order to secure the participation of PIC in the Transaction. Details regarding the Target Payment are set out in full in clause 9 of the Scheme Implementation Agreement.

g) Expense Reimbursement Fee payable by PIC

PIC must pay Senex the Expense Reimbursement Fee where the Korean Foreign Exchange Condition becomes incapable of satisfaction or is not satisfied by the End Date. Details regarding the Expense Reimbursement Fee are set out in full in clause 10 of the Scheme Implementation Agreement. As noted in Section 7.1a), the Korean Foreign Exchange Condition has been satisfied.

h) Representation and warranties

Each of Senex and PIC will give customary representations and warranties to the other party. In relation to Senex, these warranties include compliance with all material permits and licences, and compliance in all material respects with its continuous disclosure obligations (and not withholding any information under ASX Listing Rule 3.1A that has not been disclosed in due diligence). The details regarding the representations and warranties are set out in full in clause 12 of the Scheme Implementation Agreement.

A material breach of representations and warranties given by Senex triggers a termination right in favour of PIC (subject to PIC first providing Senex notice of PIC's intention to terminate and allowing Senex a 5 Business Day period, from the date of receipt of that notice by Senex, (or such shorter time ending at 5.00pm (Sydney time) on the Business Day before the Second Court Date) within which to remedy the material breach and triggering an obligation for Senex to pay the Target Payment (as summarised in further detail in Section 7.1f) above).

i) Termination

Senex and PIC may each terminate the Scheme Implementation Agreement if:

- any event occurs which would, or does, prevent a Condition being satisfied and that Condition is not waived (where applicable) and, if after a short period of good faith consultation, the parties have failed to determine alternative means or methods by which the Scheme may proceed, including by means of extending the End Date. However, a party is not entitled to terminate the Scheme Implementation Agreement if the relevant occurrence or the failure of the Condition to be satisfied, or of the Scheme to become Effective, arises out of a breach by the terminating party;
- the other party is in material breach of any clause of the Scheme Implementation Agreement (including the Senex Warranties or PIC Warranties as applicable) which is not rectified within 5 Business Days (or any shorter period ending at 5.00pm on the day one Business Day before the Second Court Date) of receipt of notification of the breach by the non-breaching party, with such notice to set out the relevant circumstances and stating an intention to terminate; or
- the parties agree in writing to terminate the Scheme Implementation Agreement.

In addition to the above,

- PIC may terminate by notice in writing to Senex if:
  - any of the Senex Directors publicly change, withdraw or adversely revise their recommendation or voting intention to vote in favour of the Scheme or publicly recommend, support or endorse a Competing Proposal for any reason, whether or not permitted to do so under the Scheme Implementation Agreement; or
  - any member of the Senex Group accepts or enters into any agreement or arrangement or understanding to give effect to or implement a Competing Proposal, whether or not entitled to do so under the Scheme Implementation Agreement.
- Senex may terminate by notice in writing to PIC if a majority of Senex Directors publicly change or withdraw their recommendation or voting intention to vote in favour of the Scheme or publicly recommend a Competing Proposal, in each case where permitted to do so under the Scheme Implementation Agreement.

Details regarding termination are set out in full in clause 14 of the Scheme Implementation Agreement.

7.2. Senex employee incentive arrangements

Senex operates employee incentive plans under which short-term incentives and long-term incentives are offered to executives and certain employees as an incentive and reward. As detailed in Senex's 2021 Annual Report, Senex offers Senex Performance Rights to senior executives as part of their incentive remuneration and has previously offered Senex Share Appreciation Rights to provide key management personnel additional incentive to develop Senex and create value for shareholders. Further details about Senex's employee incentive arrangements can be found in announcements lodged by Senex with the ASX, including Senex's 2021 Annual Report which can be obtained from the ASX website (www2.asx.com.au).

As at the date of this Scheme Booklet, Senex has 6,022,783 Senex Performance Rights and 1,042,438 Senex Share Appreciation Rights on issue. The Senex Performance Rights and Share Appreciation Rights held by Senex Directors are set out in Section 12.6.

A summary of Senex Share Appreciation Rights and Senex Performance Rights on issue as at the date of the Scheme Booklet and their treatment in connection with the Scheme is set out in this table:

	Senex Share Appreciation Rights (all vested)[1]	Senex Performance Rights (vested)[2]	Senex Performance Rights that vest automatically[3]	Remaining Senex Performance Rights [4]	Total[5]
Non-Executive Directors	-	-	-	-	Nil
Managing Director	325,921	221,740	69,892	1,566,033	2,183,586
Other KMP (in FY21 and/or FY22)	-	205,968	197,843	1,902,041	2,305,852
Staff (other than KMP) and former staff	716,517	778,171	71,778	1,009,317	2,575,783
Total	1,042,438	1,205,879	339,513	4,477,391	7,065,221

Accompanying notes:

1. All Senex Share Appreciation Rights have vested which, unless exercised earlier by the holder, will be automatically exercised on change of control of Senex and convert to 684,129 Senex Shares in accordance with their terms. The holder of a Senex Share Appreciation Right benefits by the amount the share price increases from the share price at the time of grant to the date of exercise. The conversion of the Senex Share Appreciation Rights into Senex Shares has been calculated on the basis that the share price on the date of exercise is the Scheme Consideration;
2. 1,205,879 Senex Performance Rights have already vested which, unless exercised earlier by the holder, will be automatically exercised on a change of control of Senex and convert to Senex Shares on a 1:1 basis in accordance with their terms;
3. 339,513 Senex Performance Rights are currently unvested but their vesting is subject only to a service condition (being continued employment by Senex) and, under the Employee Performance Rights Plan, these Senex Performance Rights will automatically vest and be exercised on a change of control of Senex and convert to Senex Shares on a 1:1 basis in accordance with their terms;
4. Under the Employee Performance Rights Plan, where Senex Shareholders approve a scheme of arrangement at a meeting convened by the Court pursuant to section 411(4)(a) of the Corporations Act **(Change of Control)**, all unvested Senex Performance Rights that are subject to a performance condition will be tested for satisfaction of the performance condition on two alternative bases[8], and to the extent that the performance condition is satisfied under those tests part or all of those unvested Senex Performance Rights will vest immediately on change of control. In addition, the Senex Board may at any time exercise an overriding discretion to vest or increase the vesting of unvested Senex Performance Rights that would otherwise lapse at the time the Change of Control occurs. In exercising its discretion in relation to the vesting of unvested Performance Rights on change of control, the Senex Board will consider Senex's performance, the impact of the Scheme on the ability to test performance hurdles, the need to incentivise employees during and prior to implementation of the Scheme, fairness in relation to providing remuneration, employee retention risks and alternatives available to the Senex Board to take account of and address all risks and relevant matters. ASX has granted Senex a waiver of ASX Listing Rule 6.23.3 to the extent necessary to permit the treatment of Performance Rights in this manner; and
5. Senex Performance Rights and Senex Share Appreciation Rights on issue cover Financial Years from FY16 through to FY22.

In accordance with its obligations under the Scheme Implementation Agreement, the Senex Board will ensure that:

- all holders of Senex Performance Rights and Senex Share Appreciation Rights that are vested or will vest (or are deemed to vest) and are exercised (or are deemed to be exercised) whether in connection with the Scheme or otherwise are issued their Senex Shares by the Record Date; and
- Senex Performance Rights and Senex Share Appreciation Rights in respect of which Senex Shares have not been issued by the Record Date lapse, so that by the Record Date there are no outstanding Senex Performance Rights or Senex Share Appreciation Rights and no other rights or securities that may convert into, or give the holder the right to be issued or transferred Senex Shares or other securities in Senex.

8. Unvested Senex Performance Rights that are subject to a performance condition will be tested under the following two tests (per the Employee Performance Rights Plan) at the time a Change of Control occurs, and whichever yields the greater number of Senex Performance Rights under those two tests shall immediately vest at the time the Change of Control occurs:
Test #1: the number of Senex Performance Rights 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 Senex Performance Rights 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.

7.3. Key steps to implement the Scheme

a) Deed Poll

On 3 February 2022, PIC and K-A Energy 1 executed the Deed Poll in favour of the Scheme Shareholders pursuant to which PIC and K-A Energy 1 agreed, subject to the Scheme becoming Effective, to comply with their respective obligations under the Scheme. A copy of the Deed Poll is attached at Appendix D.

b) Court Hearings

The Court has ordered that Senex convene the Scheme Meeting for the purposes of Senex Shareholders considering the Scheme. The Scheme Meeting is currently expected to be held on Tuesday, 15 March 2022 at 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and online via the online meeting platform at https://meetnow.global/MJZX2TC. The order of the Court convening the Scheme Meeting is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

If the Scheme is approved by the requisite majorities of Senex Shareholders at the Scheme Meeting, Senex will apply to the Court (on the Second Court Date) for an order approving the Scheme. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the requisite majorities of Senex Shareholders. The Second Court Date is currently expected to be held at 10.15am AEDT (Sydney, Melbourne) on 18 March 2022, though a different date may be sought.

c) Actions by Senex and PIC

If the Court order approving the Scheme is obtained, the directors of each of Senex and PIC will take or procure the taking of the steps required for the Scheme to be implemented.

In particular, Senex will lodge with ASIC copies of the Court order under section 411 of the Corporations Act, approving the Scheme and the Scheme will become Effective on the date the office copy of the Court order from the Second Court Date is lodged with ASIC.

d) Suspension of trading of Senex Shares

If the Court approves the Scheme, it is expected that the suspension of trading on the ASX in Senex Shares will occur from the close of trading on the Effective Date.

e) Determination of who are Scheme Shareholders

For the purposes of establishing the identity of Scheme Shareholders, dealings in Senex Shares will be recognised by Senex if:

- in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Senex Share Register as the holder of the relevant Senex Shares on or before the Record Date; and
- in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received at the place where the Senex Share Register is kept and registered on or before the Record Date,

and Senex will not accept for registration, or recognise for any purpose (except a transfer to PIC (or K-A Energy 1) pursuant to the Scheme and any subsequent transfer by PIC (or K-A Energy 1) or its successors in title), any transfer or transmission application or other request in respect of Senex Shares received after the Record Date or received prior to the Record Date but not in registrable or actionable form.

Senex will, until the Scheme Consideration has been paid and K-A Energy 1 has been entered in the Senex Share Register as the holder of all of the Scheme Shares, maintain the Senex Share Register in accordance with clause 6.2 of the Scheme and the Senex Share Register in this form will solely determine entitlements to the Scheme Consideration.

f) Provision of Aggregate Scheme Consideration

If the Scheme becomes Effective and subject to any withholdings permitted by the Scheme, by no later than one Business Day before the Implementation Date, PIC (or K-A Energy 1 as applicable) must deposit, or procure the deposit of, an amount in cleared funds at least equal to the Aggregate Scheme Consideration into a trust account operated by or on behalf of Senex, to be held on trust for the Scheme Shareholders, except that any interest on the amount deposited (less bank fees and other charges) will be to PIC's account.

On the Implementation Date, subject to the funds having been deposited by PIC (or K-A Energy 1 as applicable) in the manner described in the previous paragraph, Senex will pay to each Scheme Shareholder the Scheme Consideration which that Scheme Shareholder is entitled to receive for each Scheme Share registered in the name of that Scheme Shareholder as at the Record Date (less any amount to be retained in accordance with clause 5.5. or clause 5.6 of the Scheme) by:

- if the Scheme Shareholder has an election in accordance with the requirements of the Senex Registry to receive dividend payments from Senex by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount to that Scheme Shareholder in Australian currency by electronic means in accordance with that election; or
- dispatching or procuring the dispatch, of a cheque in Australian currency drawn out of the trust account referred to above for the relevant amount to that Scheme Shareholder by prepaid post to the Registered Address of that Scheme Shareholder, such cheque being drawn in the name of the Scheme Shareholder or in the case of joint holders as set out in Section 7.3g) below.

If any cheque issued to a Scheme Shareholder in the manner set out above is returned to Senex or has not otherwise been presented for payment within six months after the date on which the cheque was sent, then Senex may cancel (or procure the cancellation of) that cheque, provided that, during the period of 12 months commencing on the Implementation Date, on request in writing from the Scheme Shareholder (which request must not be made until the date which is 20 Business Days after the Implementation Date), Senex must reissue the cheque that was previously cancelled in the manner described in this paragraph.

If there is any surplus in the amount held by Senex in the trust account, that surplus may, at the election of PIC, either remain with Senex or be paid by Senex as trustee for the Scheme Shareholders to PIC (or K-A Energy 1) once Senex has otherwise satisfied its obligations in respect of the provision of the Scheme Consideration.

In the event that a Scheme Shareholder does not have a Registered Address and that Scheme Shareholder does not have a payment direction for a bank account (as referred above) or a deposit into such account is requested or refunded or a cheque issued in accordance with the Scheme has been cancelled, Senex as trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Senex to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with any applicable unclaimed money legislation (except that any interest or other benefit accruing on the amount will be to the benefit of PIC after the deduction of any bank fees and other charges). Senex must maintain records of the amount paid, the people who are entitled to the amounts and any transfer of the amount(s).

If a written notice is given to Senex (or the Senex Registry) or PIC (or K-A Energy 1) of an order or direction made by a court of competent jurisdiction or another Regulatory Authority that:

- requires payment to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which amount would otherwise be payable to that Scheme Shareholder by Senex, then Senex is entitled to make that payment (or procure that it is made) in accordance with that order or direction; or
- prevents Senex from making a payment to a particular Scheme Shareholder in accordance with the Scheme, or such payment is otherwise prohibited by applicable law, Senex is entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with the Scheme is permitted by that order or direction or otherwise by law,

and the payment or retention by or on behalf of Senex will constitute the full discharge of Senex's obligations under the Scheme with respect to the amount paid or retained until, in the case of any amount that is required to be retained, that amount is no longer required to be retained.

g) Senex Shares held in joint names

In the case of Senex Shares that are held by Scheme Shareholders in joint names:

- any cheque required to be sent to Scheme Shareholders will be made payable to the joint holders of those Senex Shares and sent at the sole discretion of Senex, either to the holder whose name appears first in the Senex Share Register as at the Record Date or to the joint holders (unless the joint holders have nominated a bank account, in which case the amount must be deposited directly to the nominated bank account of the joint holders); and
- any other document required to be sent under the Scheme will be forwarded at the sole discretion of Senex, either to the holder whose name appears first in the Senex Share Register as at the Record Date or to the joint holders.

h) Implementation Date

If the Scheme becomes Effective, it will be implemented on the Implementation Date. On that date, all Senex Shares will be transferred to K-A Energy 1, subject to the payment of the Scheme Consideration in the manner described above.

i) Warranty by Senex Shareholders

If the Scheme is implemented, each Scheme Shareholder is deemed to have warranted to Senex, PIC and K-A Energy 1, and appointed and authorised Senex as its attorney and agent to warrant to PIC and K-A Energy 1, that all of their Scheme Shares (including any rights and entitlement attaching to those Scheme Shares) will, at the time of their transfer to K-A Energy 1 pursuant to the Scheme, be fully paid, free from all Encumbrances and third party rights or interests of any kind and free from all restrictions on transfer of any kind and that they have full power and capacity to sell and transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares) to K-A Energy 1 pursuant to the Scheme. Senex undertakes that it will provide such warranty to PIC and K-A Energy 1 as agent and attorney for each Scheme Shareholder.

j) Delisting of Senex

If directed by PIC in writing, Senex must take all necessary steps for Senex to be removed from the official list of ASX on a date after the Implementation Date determined by PIC (including by lodging a request for removal with the ASX prior to the Implementation Date).

8. Information about Senex

8.1. Overview of Senex

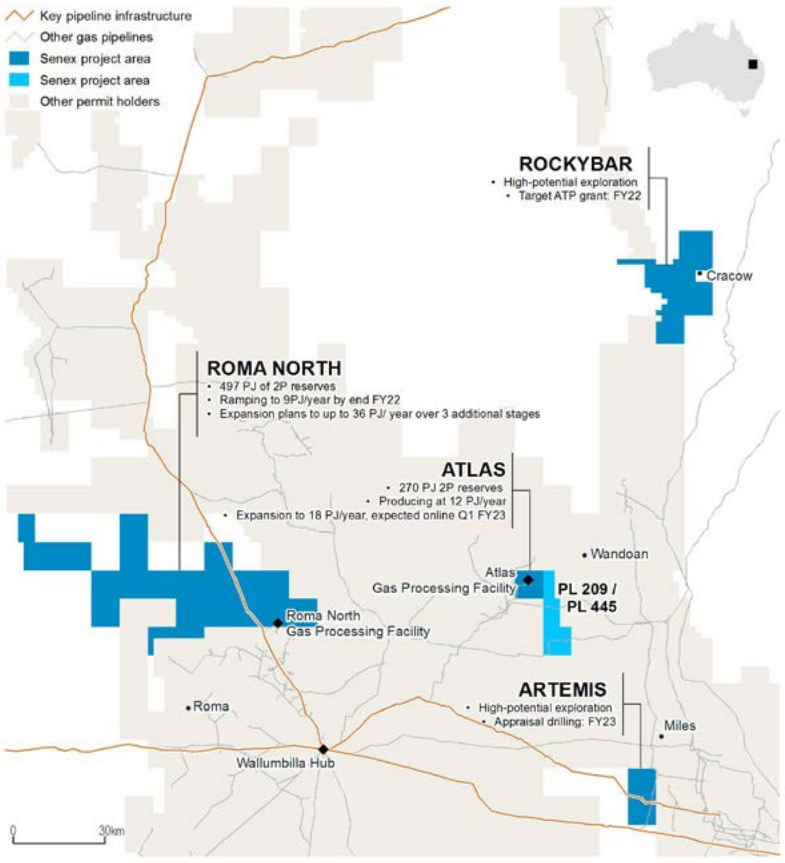
Senex is a leading and rapidly growing Australian natural gas producer committed to supplying reliable, affordable and sustainable energy. Senex is incorporated and domiciled in Australia and is listed on the ASX (ASX:SXY), with principal activities comprising gas exploration, development and production. Senex has a growing and diversified natural gas supply portfolio in the Surat and Bowen Basins, with assets comprising:

- 100% interest in Atlas, an asset with 270 PJ of proven and probable (**2P**) reserves producing at 12 PJ/year and FID taken on expansion to 18PJ/year;
- 100% interest in PL 209 and PL 445[9], which are adjacent to Atlas and are expected to underpin expansion of Atlas production to 30 PJ/year in 2024[10], with an Estimated Ultimate Recoverable (EUR) volume of 184 PJ in northern area of those permits and with additional ~600 PJ estimated gas-in-place in Southern Area requiring future appraisal;[11]
- 100% interest in Roma North, an asset with 497 PJ of 2P reserves production ramping to 9 PJ/year by end of FY22 and is planning to expand to up to 36 PJ/year over three additional stages[12]; and
- other prospects, including Artemis and Rockybar.

Further detail on Senex's key assets is provided in Section 8.2 below.[13]

Senex is targeting total company production growth to more than 60 PJe/year by the end of FY25. [14]

Figure 1: Senex key assets in the Surat Basin



9. Tenement transfers are currently with the regulator for formal registration. As noted above, Senex completed the acquisition on 17 January 2022 of PL 209 and PL 445 (which are indicated in Figure 1 with light blue shading). Please refer to the ASX announcement dated 17 January 2022 for further information.
10. Final investment decision not yet taken, and subject to internal approvals and regulatory approvals.
11. Senex estimates of reserves and resources over PL 209 and PL 445 (independently assessed by NSAI): 2P: 75 PJ | 3P: 130 PJ | 1C: 54 PJ | 2C: 72 PJ | 3C 134 PJ. For further information on reserves, please refer to the reserves and resources statement section on page 5 under Important Notices.
12. Final investment decisions not yet taken and subject to internal approvals and regulatory approvals.
13. Quarterly Report released to the ASX on 30 September 2021 and ASX announcement dated 8 November 2021 for further information on the acquisition and on Senex's growth plans.
14. Final investment decisions not yet taken and subject to internal approvals and regulatory approvals.

Senex's extensive natural gas reserves provide material opportunities for acceleration of gas production and expansion through its hub-and-spoke infrastructure operating model. For perspective, Senex's current total 2P reserves (prior to the acquisition of PL 209 and PL 405) of 767 PJ exceed the entire east coast gas demand for a year.

Senex has a workforce of approximately 120 employees with head office in Brisbane, Australia. Its natural gas footprint in Queensland comprises approximately 2,400 sq km of acreage across the Surat and Bowen Basins. Senex's production from the Surat Basin provides a reliable, affordable and sustainable gas supply to a range of customers in the Australian east coast gas market, supporting the economy and jobs as Australia transitions to a low-carbon future. Natural gas produced from the current Atlas acreage is reserved for domestic consumption, whilst Roma North production feeds a long-term supply agreement with GLNG which liquefies the gas for export at Gladstone.

8.2. Senex Key Assets

a) Atlas

The Atlas operation is 20km south-west of Wandoan in Queensland's Surat Basin, and is the first natural gas acreage in Australia dedicated to domestic supply. Atlas supplies natural gas to a range of domestic east coast market commercial and industrial customers including CSR Building Products, Orora, Visy Glass, Alinta Energy, CleanCo Queensland, Southern Oil Refining, Nyrstar, Adbri, New Century Resources, 29Metals and Shell Energy Australia.

Atlas snapshot

Ownership	100% owned by Senex
Project area	76 sq km, comprising initial 58 sq km plus additional 18 sq km awarded by the Queensland Government in September 2020.
Components	45 existing natural gas wells, plus associated pipelines and water management facilities. An additional 27 wells are planned in FY22 to support the increase in production to 18 PJ/year.
2P Reserves	270 PJ
Gas Processing and Transportation	Energy infrastructure operator Jemena built, owns and operates the dedicated Atlas gas processing facility and pipeline, and owns the downstream pipeline that delivers Atlas gas to the Wallumbilla Gas Supply Hub.
Current capacity	12 PJ/year
Expansion	FID was announced in August 2021 for a $40 million expansion of Atlas production by 50 per cent to 18 PJ/year. Senex has agreed an amendment to the existing gas processing and transportation agreement with Jemena, to expand the Atlas processing facility. Works are underway, with an expected commissioning date of Q1 FY23.

PL 209 and PL 445

On 17 January 2022, Senex completed the acquisition of PL 209 and PL 445 which are adjacent to Atlas and are expected to underpin expansion of Atlas production to 30 PJ/year in 2024.[15]

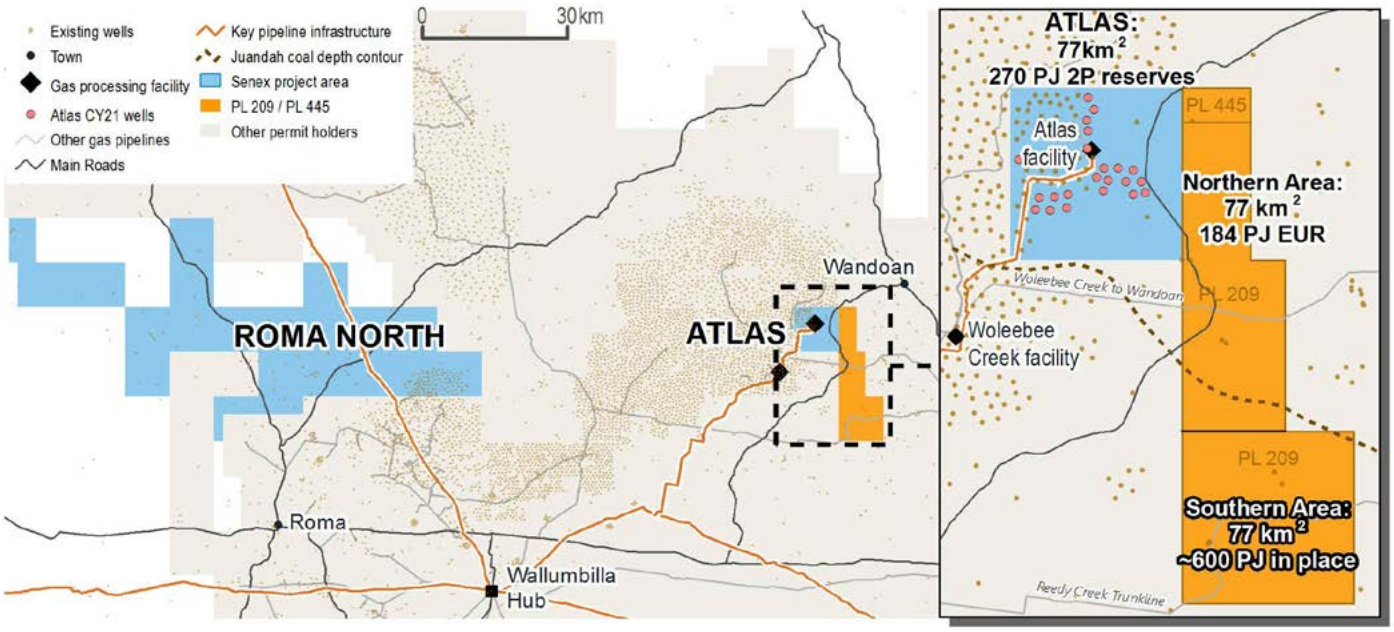
Ownership	100% owned by Senex (tenement transfers are currently with the regulator for formal registration).
Project area	77 sq km development-ready Northern Area, comparable in reservoir quality to the adjacent Atlas field, and a further 77 sq km Southern Area requiring future appraisal.[16]
Volumes	Estimated Ultimate Recoverable (EUR) volume of 184 PJ in Northern Area, with additional ~600 PJ estimated gas-in-place in Southern Area requiring future appraisal.[17]
Marketing	There are no existing gas supply obligations or domestic marketing commitments associated with the acquired tenements.
Acquisition cost	Initial acquisition cost of $50 million (funded from an acquisition bridge facility), with a further $30 million payment upon receipt of satisfactory Commonwealth environmental approvals.

15. Final investment decision not yet taken, and subject to internal approvals and regulatory approvals.

16. Refer to Figure 2 which indicates the total area for PL 209 and PL 445.

17. Senex estimates of reserves and resources over PL 209 and PL 445 (independently assessed by NSAI): 2P: 75 PJ | 3P: 130 PJ | 1C: 54 PJ | 2C: 72 PJ | 3C 134 PJ. For further information on reserves, please refer to the reserves and resources statement section on page 5 under Important Notices.

Figure 2: Atlas development area including newly acquired PL 209 and PL 445



b) Roma North

The Roma North project area is approximately 30 km north of Roma, Queensland, and covers more than 1,500 sq km. The development is underpinned by a long term supply contract with GLNG, which extends to 2035 for up to 50 TJ/d, at oil linked pricing.

The initial stage of development of Roma North reached production plateau of 6 PJ/year 12 months ahead of schedule in March 2020, enabling the FID in October 2020 to expand production to 9 PJ/year, which is expected to be reached in mid-2022.

Three additional stages of expansion of Roma North are planned, to increase production to around 36 PJ/year. These future expansions are expected to supply gas to both GLNG, and other customers.

Roma North snapshot

Ownership	100% owned by Senex
Project area	1,532 sq km
Components	70 existing natural gas wells, and associated pipelines and water management facilities. A range of exploration, appraisal and monitoring wells have also been drilled, with a number suspended as future producers. A further 27 natural gas wells are planned in FY22 to support the increase in production to 9 PJ/year.
2P Reserves	497 PJ
Gas Processing and Transportation	Energy infrastructure operator Jemena owns and operates the existing Roma North processing facility and 5km export pipeline, which connects to GLNG's pipeline infrastructure.
Current capacity	9 PJ/year
Expansion	Senex is planning to expand Roma North production to up to 36 PJ/year over three additional stages[18].

c) Other prospects

Rockybar

Senex was awarded 486 sq km of high-potential exploration acreage in September 2020 as part of the Queensland Government's gas acreage tender process. The acreage is near Cracow in the Bowen Basin, between the Scotia and Meridian gas fields, and close to existing infrastructure.

The new acreage is structurally on trend with the high-permeability, high-gas-content Scotia and Peat fields. Other successful gas developments in the Permian coal measures targeted at Rockybar include the Fairview, Arcadia and Moranbah fields.

Pending grant of the ATP – expected in 2022 following a Native Title Agreement – Senex will undertake an initial four-year work program comprising geological studies, 2D seismic acquisition and an exploration well.

18.Final investment decision not yet taken, and subject to internal approvals and regulatory approvals.

Artemis

The 153 sq km Artemis block represents an opportunity to unlock a large gas resource deep within the Surat Basin.

The acreage, located close to infrastructure and producing fields, was the second domestic gas block awarded to Senex by the Queensland Government as part of its domestic gas acreage tender process. The ATP was granted to Senex in September 2020.

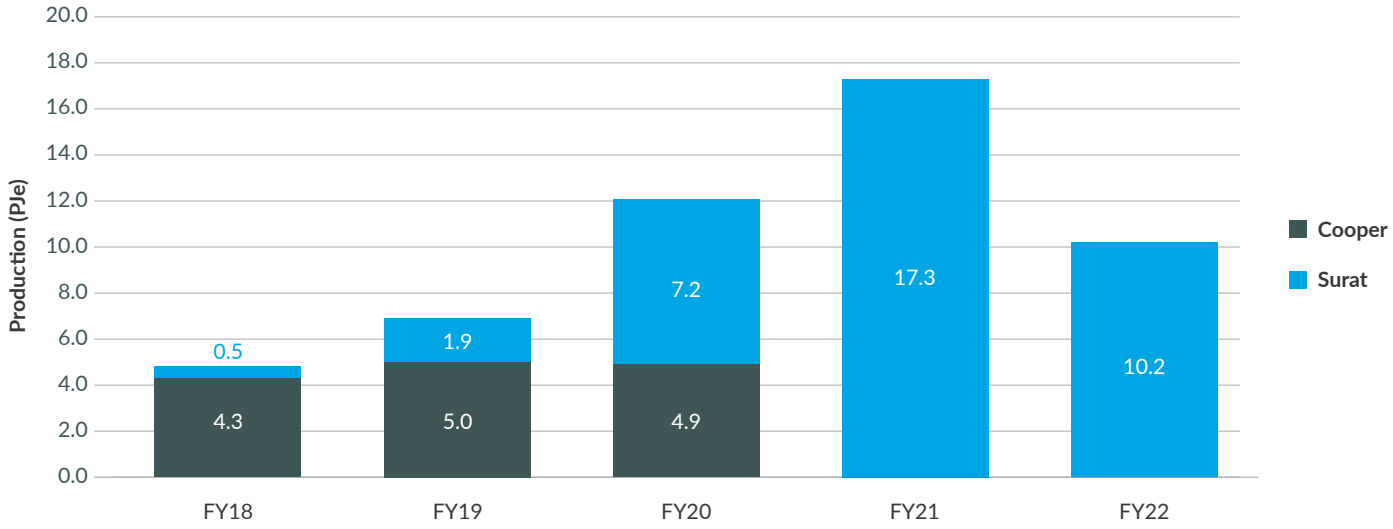
The Artemis block has material potential, with significant volumes of gas in place in the Walloon coals. To overcome the low permeability of the coals, Senex has formed a partnership with The University of Queensland's Centre for Natural Gas to undertake applied research aimed at enabling commercial production. Work is also underway to progress environmental approvals and land access for three exploration wells due to be drilled by the end of 2023, which are a key component of the four-year work program.

8.3. Production

Senex's production was 17.3 PJ in FY21, with Atlas contributing 10.2 PJ (59%) and Roma North contributing 7.1 PJ (41%).

Figure 3 shows Senex's production for the last four financial years and the half year ended 31 December 2021, noting that Senex's Cooper Basin assets were divested in FY21 (effective from 1 July 2020) while production from the Surat Basin operations increased 141 per cent from 7.2 PJ to 17.3 PJ following the ramp up at Atlas.

Figure 3: Senex production from FY18 to 1H FY22.



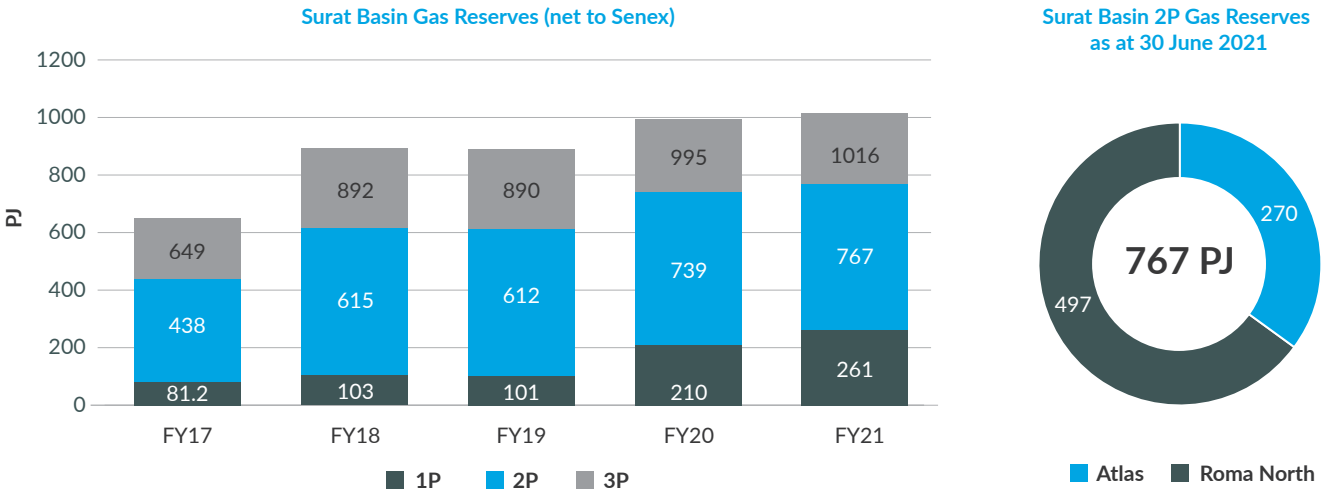
8.4. Reserves

At 30 June 2021, Senex booked 2P reserves of 767 PJ and 3P reserves of 1,016 PJ, up 28 PJ (4%) and 21 PJ (2%) respectively from the previous year as announced on 9 August 2021.

These reserve upgrades were driven by successful development drilling, including targeted appraisal activities, as well as the award of ATP 2059 increasing the area of the Atlas project by 32%. Surat Basin 1P reserves increased 24% to 261 PJ following successful project development and resource delineation.

Senex engaged the services of NSAI to independently assess reserves before reporting any updated estimates. NSAI are an independent resource estimating firm with deep experience in the Surat Basin.

Figure 4: Evolution of Senex's Surat Basin gas reserves over the last five years, and asset split of 2P reserves at 30 June 2021



The following tables set out the net reserves movement in the Surat Basin between FY20 and FY21, and the breakdown of 1P, 2P and 3P reserves as at 30 June 2021, as reported in the Annual Reserves Statement.

Net reserves

PJ	FY20	Sales Gas	Acquisitions & Divestments	Revisions	FY21	*Change (%)*
1P reserves	**210**	(15)	15	51	**261**	*24%*
2P reserves	**739**	(15)	47	(2)	**767**	*4%*
3P reserves	**995**	(15)	47	(10)	**1,016**	*2%*

Minor revision to 3P reserves to adjust fuel and flare consumption. Senex is investigating options to electrify processing facilities to achieve significant mitigation in fuel and flare consumption.

Summary: Proved Reserves (1P)

PJ	Oil	Gas	Total	Developed	Undeveloped	*Total*
Roma North	-	120	120	47	73	120
Atlas	-	141	141	82	59	141
Total 1P reserves	-	261	261	129	132	261

Proportion of total Proved Reserves that are unconventional (coal seam gas): 100%

Summary: Proved and Probable Reserves (2P)

PJ	Oil	Gas	Total	Developed	Undeveloped	*Total*
Roma North	-	497	497	47	450	497
Atlas	-	270	270	82	188	270
Total 2P reserves	-	767	767	129	638	767

Proportion of total Proved and Probable Reserves that are unconventional (coal seam gas): 100%

Summary: Proved, Probable and Possible Reserves (3P)

PJ	Oil	Gas	Total	Developed	Undeveloped	*Total*
Roma North	-	746	746	47	699	746
Atlas	-	270	270	82	188	270
Total 3P reserves	-	1,016	1,016	129	887	1,016

Proportion of total Proved, Probable and Possible Reserves that are unconventional (coal seam gas): 100%

In addition to the above tables, Senex estimates of reserves over PL 209 and PL 445 (independently assessed by NSAI) are 75 PJ of 2P reserves and 130 PJ of 3P reserves, as announced on 8 November 2021.

For further information on reserves, please refer to the reserves and resources statement section on page 5 under Important Notices.

8.5. Environmental, Social, Governance and Sustainability

Senex aims to be a partner of choice, and has a long and strong track record of working with a wide range of stakeholders including government, employees, customers, landholders, suppliers and local community.

Senex's approach to sustainability is to consider social, economic and environmental factors in managing impacts safely and responsibly, and to maximise the benefits of its activities. Senex released its inaugural standalone Sustainability Report on 1 November 2021, which can be viewed at www.senexenergy.com.au/investors/company-reports/.

Senex's approach to sustainability is underpinned by seven pillars: Climate Change, Health & Safety, Environment, Community, Value Chain, People and Economic Sustainability, under which Senex reports its performance and aligns its disclosures with the GRI standards and the United Nations Sustainable Development Goals.

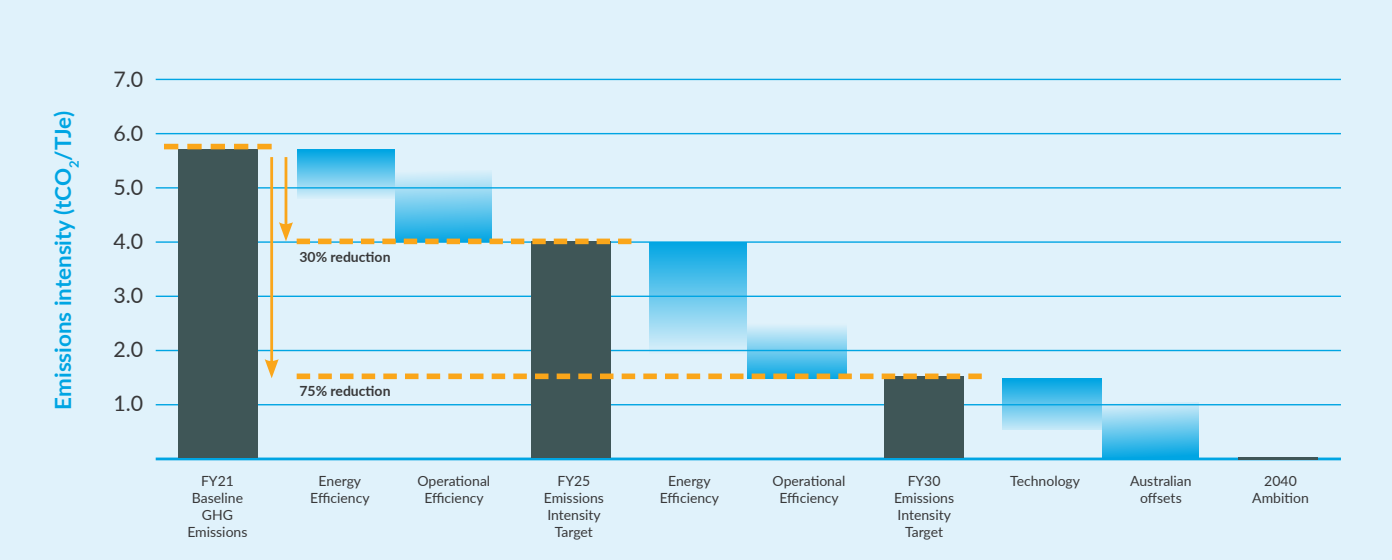
In 2021, Senex achieved zero recordable injuries and 429 days without a lost time injury (as at 30 June 2021) as well as conducting a series of safety leadership workshops to build and maintain a stronger and more effective safety culture. In addition, Senex engaged in more than 30 community partnerships and spent more than $16 million with local businesses.

Senex is committed to supporting the global transition to cleaner energy and a low-carbon economy. Senex's Surat Basin natural gas reserves can sustain long-term production, providing opportunities to support Australia's transition to a low-carbon future.

In October 2021, Senex released its Climate Change Policy and its Decarbonisation Action Plan which outlines Senex's ambitions, targets and actions to reduce direct and indirect GHG emissions. Senex's ambition is to reach net zero Scope 1, Scope 2 and Scope 3 Processing GHG emissions by 2040. This ambition is supported by interim emissions intensity reduction targets of 30% by FY25 and 75% by FY30, against the FY21 baseline, and is underpinned by three pillars:

- Become the gas supplier of choice
- Actively decarbonise the value chain
- Invest in low-carbon growth

Figure 5: Net zero ambition for 2040 and targets for FY25 and FY30



To achieve Senex's commitments, Senex has created a dedicated Energy Solutions team and appointed an Executive General Manager to lead the transition, with at least 5 per cent of annual EBITDA allocated to fund commercially viable, low carbon investment opportunities.

8.6. Senex Board and senior management

a) Senex Board

The Senex Board comprises the following Directors:

Name	Current position
Trevor Bourne	Chairman, Independent Non-Executive Director
Ian Davies	Managing Director, Chief Executive Officer
Ralph Craven	Independent Non-Executive Director
Timothy Crommelin	Independent Non-Executive Director
Margaret Kennedy	Independent Non-Executive Director
Glenda McLoughlin	Independent Non-Executive Director
John Warburton	Independent Non-Executive Director

b) Executive leadership team

Members of Senex's executive leadership team are:

Name	Current position
Ian Davies	Managing Director, Chief Executive Officer
Simon Ellinor	Chief Financial Officer
Suzanne Hockey	Executive General Manager, People and Culture
Tara Hogan	General Counsel, Company Secretary
Ben Lacey	Executive General Manager, Energy Solutions
Mark McCabe	Chief Commercial Officer
David Pegg	Company Secretary
Darren Stevenson	Executive General Manager, Surat Basin

8.7. Capital structure

As at the date of this Scheme Booklet, the capital structure of Senex is as follows:

Type of security	Number on issue
Fully paid ordinary Senex Shares	185,371,172
Senex Performance Rights	6,022,783
Senex Share Appreciation Rights	1,042,438

See Section 7.2 for further information on the intended treatment of the Senex Performance Rights and Senex Share Appreciation Rights in connection with the Scheme.

As at 1 February 2022, the last practicable date before the date of this Scheme Booklet, Senex had a market capitalisation of approximately A$855 million (based on a closing price of $4.61 per Senex Share and 185,371,172 Senex Shares on issue).

8.8. Recent share price history

Senex Shares are listed on the ASX under the code 'SXY'.

On 15 October 2021, being the last trading day before the announcement made by Senex to the ASX on 18 October 2021 that it had received an indicative, incomplete, confidential and non-binding proposal from PIC, the Senex share price closed at $3.82.

On 13 December 2021, the day of the announcement of Senex's entry into the Scheme Implementation Agreement, the Senex share price closed at $4.58. From the day after the announcement of the Scheme to the last practicable date before the date of this Scheme Booklet, the closing price of Senex Shares has ranged between $4.57 and $4.62.

Up to and including 1 February 2022, being the last practicable date before the date of this Scheme Booklet:

- The last recorded Senex share price was $4.61;
- The 3-month VWAP of Senex Shares was $4.52; and
- The lowest and highest closing price of Senex Shares during the preceding twelve months was $2.64 and $4.62, respectively.

The graph below shows the closing Senex share price during the twelve months ended 1 February 2022, being the last practicable date before the date of this Scheme Booklet.

Source: Factset as at 1 February 2022, share price adjusted for consolidation of Senex shares as announced to the ASX on 18 March 2021.

8.9. Senex substantial shareholders

As at the last practicable date before the date of this Scheme Booklet, based on substantial shareholder notice filings released to the ASX, the substantial holders of Senex are as follows:

Shareholder	Number of Senex Shares	Percentage
Paradice Investment Management Pty Ltd.	17,535,858	9.5%

The shareholdings listed in this Section 8.9 are as disclosed to Senex by the shareholders in substantial holding notices. Information in regard to substantial holdings arising, changing, or ceasing after the date of this Scheme Booklet or in respect of which the relevant announcement is not available on the ASX are not included above.

8.10. Subsidiaries and interests

As at the date of this Scheme Booklet, Senex was the ultimate holding company (as defined in the Corporations Act) of the following Subsidiaries:

	Country of incorporation	Interest
Parent entity		
Senex Energy Limited	Australia	100%
Directly controlled by Senex Energy Limited		
Azeeza Pty Ltd	Australia	100%
Victoria Oil Pty Ltd	Australia	100%
Senex Weribone Pty Ltd	Australia	100%
Permian Oil Pty Ltd	Australia	100%
Victoria Oil Exploration (1977) Pty Ltd	Australia	100%
Stuart Petroleum Pty Ltd	Australia	100%
Senex Assets Pty Ltd	Australia	100%
Senex QLD Exploration Pty Ltd	Australia	100%
Senex Assets 2 Pty Ltd	Australia	100%
Senex Compression Facility Pty Ltd	Australia	100%
Directly controlled by Stuart Petroleum Pty Ltd		
Stuart Petroleum Cooper Basin Oil Pty Ltd	Australia	100%
Stuart Petroleum Cooper Basin Gas Pty Ltd	Australia	100%

As at the date of this Scheme Booklet, Senex's portfolio of exploration, development and production assets are as follows:

Permit (*Operated by Senex)	Area (km2)	Interest (%)	Joint Venturers (*Operator)
Exploration – Surat Basin			
Atlas			
ATP 2059*	18	100%	
Roma North			
ATP 767*	76.9	100%	
ATP 593*	230.79	100%	
ATP 771*	538.36	100%	
PCA 125* (East)	154	100%	
PCA 126* (West)	154	100%	
PCA 127* (Central)	231	100%	
PCA 184*	76.9	100%	
PCA 249*	230.79	100%	
Artemis			
ATP 2042*	153	100%	
Weribone			
ATP 1190 (Weribone)	12.19	20.65%	AGL, Armour Energy*
PCA 157 (Weribone block only)	12.19	20.65%	AGL, Armour Energy*
Production – Surat Basin			
Atlas			
PL 1037*	58	100%	
PL 209*[19]	147.7	100%	
PL 445*[19]	6.3	100%	
Roma North			
PL 1022* (East)	230.6	100%	
PL 1023* (West)	230.5	100%	
PL 1024* (Central)	224.6	100%	
Applications – Bowen Basin			
ATP 2058* – Rockybar	486	100%	

8.11. Historical financial information

a) Basis of preparation

The following Section contains historical financial information about the consolidated entity consisting of Senex and the entities it controlled at the end of, or during, the periods ended 30 June 2020, 30 June 2021 and 31 December 2021.

The financial information presented in this Scheme Booklet is in an abbreviated form and does not contain all of the presentations and disclosures that are usually provided in an annual report and should therefore be read in conjunction with the financial statements of Senex for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements. The information has been extracted from the audited financial report of Senex for the year ended 30 June 2021, as announced to the ASX on 19 August 2021, and the unaudited financial results for the half year ended 31 December 2021, as announced to the ASX on 21 January 2022, both of which are available on the Senex website at http://www.senexenergy.com.au.

The 30 June 2021 audited information disclosed below is shown prior to an expected restatement to reflect the write off of certain Software as a Service (SaaS) costs arising from a change in accounting policy. The restatement will be reflected in Senex's full 31 December 2021 half year financial statements expected to be released on 21 February 2022.

19. Senex's acquisition of PL 209 and PL 445 completed on 17 January 2022. For further information refer to the ASX announcements dated 8 November 2021 and 17 January 2022.

b) Senex consolidated statement of comprehensive income

The audited historical consolidated statement of comprehensive income for the full financial years ended 30 June 2020 and 30 June 2021 and the unaudited historical consolidated statement of comprehensive income for the half year ended 31 December 2021 are summarised below.

	Half year ended 31 Dec 2021 A$'000 (unaudited)	Full year ended 30 June 2021 A$'000	Full year ended 30 June 2020 A$'000
Continuing operations			
Revenue	68,356	115,800	61,708
Other income	533	249	1,107
Expenses excluding net finance expenses	(59,257)	(90,750)	(61,153)
Finance expenses	(9,004)	(18,355)	(9,271)
Profit/(loss) before tax from continuing operations	**628**	**6,944**	**(7,609)**
Income tax benefit	-	59,724	-
Profit/(loss) after tax from continuing operations	**628**	**66,668**	**(7,609)**
(Loss) after tax for the period from discontinued operations	-	(1,000)	(43,758)
Net profit/(loss) attributable to owners of the parent entity	**628**	**65,668**	**(51,367)**
Other comprehensive income			
Items that may be subsequently reclassified to Profit or Loss (net of tax)			
Change in fair value of cash flow hedges	2,656	(15,977)	3,657
Total comprehensive income/(loss) for the period attributable to owners of parent entity	**3,284**	**49,691**	**(47,710)**

c) Senex consolidated statement of financial position

The audited historical consolidated statement of financial position for the full financial years ended 30 June 2020 and 30 June 2021 and the unaudited historical consolidated statement of financial position for the half year ended 31 December 2021 are summarised below.

	As at 31 Dec 2021 A$'000 (unaudited)	As at 30 June 2021 A$'000	As at 30 June 2020 A$'000
Assets			
Current assets			
Cash and cash equivalents	62,833	101,017	79,908
Prepayments	7,535	736	590
Trade and other receivables	17,627	17,631	19,965
Stores inventory	12,954	8,283	6,725
Other financial assets	-	-	9,558
Total current assets	**100,949**	**127,667**	**116,746**
Non-current assets			
Trade and other receivables	-	-	49
Property, plant and equipment	230,275	218,813	249,196
Oil and gas properties	255,429	228,723	292,512
Exploration assets	22,930	21,833	46,707
Intangible assets	5,965	8,690	4,133
Other financial assets	-	-	348
Deferred tax assets	65,657	63,994	-
Total non-current assets	**580,256**	**542,053**	**592,945**
TOTAL ASSETS	**681,205**	**669,720**	**709,691**
Liabilities			
Current liabilities			
Trade and other payables	30,379	30,676	31,444
Provisions	4,384	5,099	9,129
Other financial liabilities	9,563	8,692	872
Lease liabilities	12,969	10,387	2,649
Total current liabilities	**57,295**	**54,854**	**44,094**
Non-current liabilities			
Provisions	21,629	19,153	66,290
Interest bearing liabilities	69,939	68,763	116,314
Other financial liabilities	1,599	4,110	1,700
Lease liabilities	185,780	172,063	170,883
Total non-current liabilities	**278,947**	**264,089**	**355,187**
TOTAL LIABILITIES	**336,242**	**318,943**	**399,281**
NET ASSETS	**344,963**	**350,777**	**310,410**
Equity			
Contributed equity	543,005	540,468	540,468
Reserves	18,452	14,342	28,804
Accumulated losses	(216,494)	(204,033)	(258,862)
TOTAL EQUITY	**344,963**	**350,777**	**310,410**

d) Senex consolidated statement of cash flows

The audited historical consolidated statement of cash flows for the full financial years ended 30 June 2020 and 30 June 2021 and the unaudited historical consolidated statement of cash flows for the half year ended 31 December 2021 are summarised below.

	Half year ended 31 Dec 2021 A$'000 (unaudited)	Full year ended 30 June 2021 A$'000	Full year ended 30 June 2020 A$'000
Cash flows from operating activities			
Receipts from customers	84,435	143,957	125,939
Payments to suppliers and employees	(48,866)	(92,711)	(75,962)
Payments for exploration expenditure	(304)	(210)	(5)
Interest received	59	239	775
Loan interest and lease interest paid	(7,489)	(15,687)	(8,207)
Receipts from commodity hedges	(5,349)	7,298	6,579
Other receipts	-	249	2,426
Net cash inflow from operating activities	**22,485**	**43,135**	**51,545**
Cash flows from investing activities			
Payment for oil and gas assets, plant and equipment and intangibles	(49,899)	(38,014)	(160,794)
Proceeds from free carry funding	-	-	4,794
Proceeds from disposal of assets	-	84,509	50,154
Net cash inflow / (outflow) from investing activities	**(49,899)**	**46,495**	**(105,846)**
Cash flows from financing activities			
Dividends paid	(6,674)	(14,680)	-
Repayments of / proceeds from debt funding	-	(50,000)	75,000
Payments for debt facility cost	(458)	(218)	(343)
Payments for principal portion of lease liabilities	(3,852)	(3,166)	(2,984)
Payments to Halliburton under tight oil agreement	-	-	(164)
Net cash (outflow) / inflow from financing activities	**(10,984)**	**(68,064)**	**71,509**
Net increase in cash and cash equivalents	(38,397)	21,566	17,208
Net foreign exchange differences	213	(457)	31
Cash and cash equivalents at the beginning of the period	101,017	79,908	62,669
Cash and cash equivalents at the end of the period	**62,834**	**101,017**	**79,908**

8.12. Material changes to Senex's financial position since 30 June 2021

As at the date of this Scheme Booklet, Senex's latest published financial statements are the audited financial statements for the year ended 30 June 2021. On 21 January 2022, Senex included unaudited versions of its consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows as at 31 December 2021 in its December 2021 Quarterly Report. An extract of the key financial performance metrics has been provided below and an electronic copy of this announcement can be downloaded from the ASX's website at www.asx.com.au.

Notable events and operational updates that have occurred since 30 June 2021 include:

- FID for Atlas expansion, as announced to the ASX on 17 August 2021;
- The completion of the acquisition of PL 209 and PL 445 from APLNG, as announced to the ASX on 17 January 2022;
- Approach from PIC and costs associated with the negotiation and implementation of the Scheme;
- Surat Basin natural gas reserves upgrade, as announced to the ASX on 9 August 2021; and
- Various gas sales agreements with Australian domestic customers as announced to the ASX between 22 July 2021 and 13 December 2021.

To the knowledge of Senex Directors, there have been no material changes to the financial position of Senex since 30 June 2021, except as disclosed to the ASX or in this Section or otherwise in this Scheme Booklet.

Senex's results for the half year ended 31 December 2021 are subject to completion of the independent auditor's review procedures. The final reviewed results may vary from the preliminary unaudited results disclosed in the December Quarterly Report and these unaudited results should not be taken as guidance or relied upon in any other way in respect of the expected performance of Senex.

Senex currently expects to announce its reviewed results for the half year ended 31 December 2021 on 21 February 2022. The Senex Board will confirm with the Independent Expert that the reviewed results do not change the Independent Expert's conclusion that the Scheme is fair and reasonable and therefore is in the best interests of Senex Shareholders, in the absence of a superior proposal. This confirmation will be announced to the ASX. Senex Shareholders are strongly encouraged to read those financial statements before deciding how to vote on the Scheme at the Scheme Meeting.

Sales volumes and revenue from continuing operations

	December Q2 FY22	September Q1 FY22	FY22 YTD
Total production (PJ)	5.2	5.0	10.2
Gas sales volumes (PJ)	4.8	4.6	9.4
Third-party gas purchase volumes (PJ)	0.1	0.2	0.4
Total sales volumes (PJ)	**4.9**	**4.8**	**9.7**
Average realised gas price (A$/GJ)	7.8	7.4	7.6
Total sales revenue (A$m)	**38.7**	**35.4**	**74.1**
Impact of hedging on revenue (A$m)	(4.0)	(2.4)	(6.4)
Net sales revenue – post hedging (A$m)	**34.7**	**33.0**	**67.7**

Capital expenditure

	December Q2 FY22 (A$m)	September Q1 FY22 (A$m)	FY22 YTD (A$m)
Exploration and appraisal	0.7	0.6	1.3
Development, plant and equipment	35.4	11.7	47.1
Total capital expenditure	**36.1**	**12.3**	**48.4**

Liquidity

	As at 31 December 2021 (A$m)	As at 30 September 2021 (A$m)
Cash reserves	62.8	80.1
Drawn debt	75.0	75.0
Undrawn debt	50.0	50.0
Net cash / (debt)	**(12.2)**	**5.1**

8.13. Senex Directors' intentions for the business

The Corporations Act requires a statement by the Senex Directors of their intentions regarding Senex's business. If the Scheme is implemented, the existing Senex Directors will resign and the Senex Board will be reconstituted in accordance with the instructions of PIC after the Implementation Date. Accordingly it is not possible for the Senex Directors to provide a statement of their intentions after the Scheme is implemented regarding:

- the continuation of the business of Senex;
- any major changes, if any, to be made to the business of Senex; and
- the future employment of the present management of Senex.

If the Scheme is implemented, K-A Energy 1 will own and control 100% of Senex. The current intentions of K-A Energy 1, PIC and Hancock Energy Corporation with respect to these matters are set out in Section 9.

If the Scheme is not implemented, the Senex Directors intend to continue to operate the business of Senex in the ordinary course of the business.

8.14. Publicly available information on Senex

As a company listed on the ASX and a disclosing entity under the Corporations Act, Senex is subject to regular reporting and disclosure obligations. Broadly, these require Senex to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential information. The ASX maintains files containing publicly disclosed information about all companies listed on the ASX. Information disclosed to the ASX by Senex is available on the ASX's website at www.asx.com.au. Further announcements concerning developments at Senex will continue to be made available on this website after the date of this Scheme Booklet.

Senex is required to prepare and lodge with ASIC and ASX both annual and half yearly financial statements accompanied by a statement and report from the Senex Directors and an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on the Senex website at http://www.senexenergy.com.au.

Senex Shareholders may also obtain copies of the Senex annual report for the financial year ended 30 June 2021 free of charge by calling the Senex Shareholder Information Line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia).

9. Information about K-A Energy 1

This Section 9 forms part of the PIC Information and has been prepared by, and is the responsibility of, K-A Energy 1. This Section 9 contains information concerning K-A Energy 1 and its shareholders PIC and Hancock Energy Corporation Pty Ltd ACN 629 679 063 (**Hancock Energy Corporation**) (a wholly owned subsidiary of Hancock Prospecting Pty Limited ACN 008 676 417 (**HPPL**)), and outlines how K-A Energy 1 is funding the Scheme Consideration and its intentions in relation to Senex.

9.1. Overview of K-A Energy 1

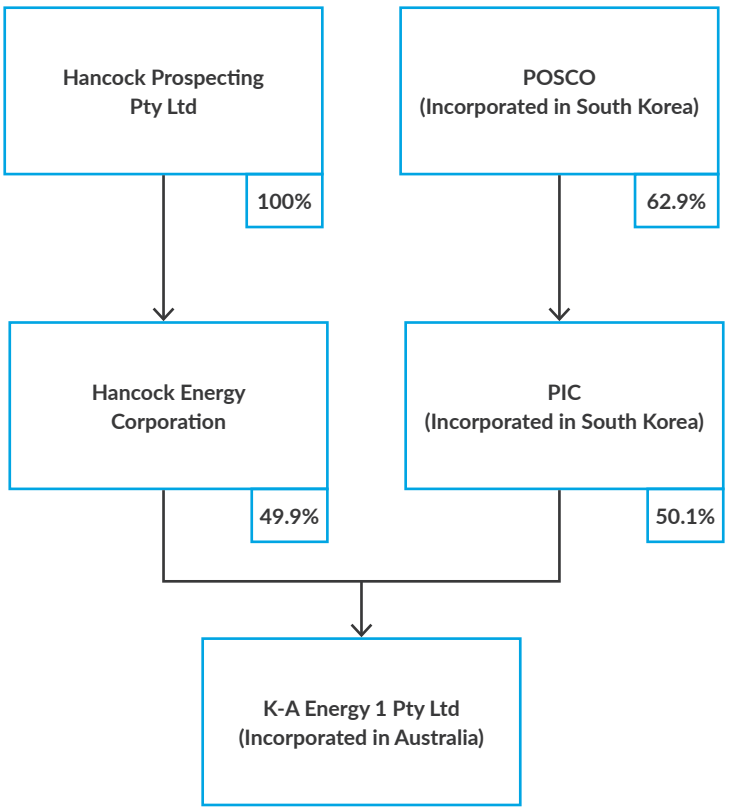
a) About

K-A Energy 1 is a special purpose company that was incorporated on 4 January 2022 for the purpose of acquiring (under the Scheme) and holding (following implementation of the Scheme) all the Senex Shares. K-A Energy 1 is an unlisted Australian proprietary company limited by shares that has not conducted business and does not own any assets or have any liabilities, other than in connection with its incorporation and the entry into transaction documents in connection with the Scheme and the taking of such other actions as are necessary to facilitate the implementation of the Scheme (including actions in relation to the incurrence of costs, fees and expenses in connection with the Scheme and funding the payment of the Scheme Consideration).

b) Ownership structure

As at the date of this Scheme Booklet, K-A Energy 1 is owned 50.1% by PIC (further information about PIC is set out in Section 9.2, below) and 49.9% by Hancock Energy Corporation (further information about Hancock Energy Corporation is set out in Section 9.3, below).

The ownership structure of K-A Energy 1 is illustrated in the diagram below.



The ownership structure of K-A Energy 1 is not expected to change on or prior to the Implementation Date.

c) Directors of K-A Energy 1

As at the date of this Scheme Booklet, the Directors of K-A Energy 1 are:

Directors' name *(Position)*	**Bio**
Jhoon Soo Jho (Director)	Executive Vice President of PIC. Mr Jho has been working in the energy industry for 30 years, with broad experience in oil and gas exploration, development and operation, and has more than 20 years' experience managing the affairs of PIC.
Sunghyung Heo (Director)	Vice President of PIC. Mr Heo has a diverse range of experience including holding chemical, general management, commercial and investment roles and has over 25 years' experience managing affairs of PIC.
Choong Sup Byun (Director)	Managing Director of POSCO INTERNATIONAL CORP. SYDNEY OFFICE. Mr Byun has broad experience in textile and agro-commodities and has more than 25 years' experience managing the affairs of PIC.
Tadeusz Jozef Watroba (Director)	Executive Director of HPPL. Mr Watroba has more than 40 years' experience in mining; including mining operations, exploration, project evaluation and development, as well as corporate affairs and investments. Mr Watroba has more than 20 years' experience managing the affairs of the HPPL Group, including its mining operations.
Stuart Richard Johnston (Director)	Chief Executive Officer of Hancock Energy Corporation. Mr Johnston has more than 30 years' experience in international and Australian natural resources, energy and infrastructure businesses. Mr Johnston has served as Chief Executive Officer of Squadron Energy and DBP Transmission which owned and operated the Dampier to Bunbury Natural Gas Pipeline. Mr Johnston is a former Vice President Strategy, Portfolio & Planning with Shell Upstream International in the Hague. He spent 20 years with Shell working in Australia, the Netherlands, the USA, the UK and throughout Asia, involved with pipeline operations, offshore construction, LNG, energy pricing, M&A and business development. Mr Johnston has a Bachelor of Engineering degree from the University of Nottingham and an MBA from the London Business School.
Ian Rutherford Plimer (Director)	Mr Plimer has been a director of numerous ASX-, TSX- and AIM-listed minerals, oil and gas companies, is a director of unlisted HPPL companies and has worked in the exploration and mining industry. He is Emeritus Professor of earth sciences at The University of Melbourne having had Chairs at Melbourne, Munich, Newcastle and Adelaide.

9.2. Overview of PIC

a) An Integrated Global Business

POSCO INTERNATIONAL Corporation (**PIC**) is an integrated trading company listed on the Korea Stock Exchange with a market capitalisation of approximately US$2.1 billion as of 28 January 2022. PIC serves a broad range of industries including steel, energy, agriculture, chemicals, mobility, materials and infrastructure. PIC has an extensive global network of 100 overseas branches and subsidiaries in 45 countries, including an office in Sydney.

b) PIC's existing oil & gas investments

PIC has a number of existing oil and gas project investments around the world, including interests in:

- an operating offshore gas project in South East Asia (which it has brought from the exploration phase through to development and production);
- development projects in Korea (Donghae-2 gas field), Vietnam (Block 11-2) and Peru (Block 8); and
- a liquified natural gas (LNG) plant in Oman.

In addition, on 31 August 2009 PIC acquired a minority stake in Whitehaven Coal Limited's Narrabri mine in New South Wales.

c) Major shareholder – POSCO

PIC's largest shareholder (and ultimate holding company) is POSCO. As at 30 September 2021, POSCO owns 62.9% of the shares on issue in PIC.

POSCO is the sixth largest steel producer in the world by production and is listed on the Korea Exchange (KRX), New York Stock Exchange (NYSE).

POSCO has:

- as at 28 January 2022, a market capitalisation of US$19.1 billion; and
- as at 30 September 2021, a BBB+ (Positive) corporate credit rating with S&P Global Ratings and a Baa1 (Stable) corporate credit rating with Moody's.

POSCO has a strong track record of investment in Australia, including (but not limited to) investments in the POSMAC iron ore joint venture, the Foxleigh coal mine located in the Bowen Basin, QLD, Newpac coal mine located in the Hunter Region, NSW, Jupiter Mines Limited based in Perth, WA, Roy Hill iron ore mine located in the Pilbara region, WA, and Ravensthorpe nickel mine in WA.

d) Directors of PIC

The members of the Board of Directors of PIC as at the date of this Scheme Booklet are:

Name	Position
Si-Bo Joo	• Inside Director • CEO • Chair of the Board of Directors • Chair of Outside Director Candidate Recommendation Committee
Min-Yong Noh	• Inside Director • Head of Corporate Strategy & Finance Group
Tak Jeong	• Non-Executive Director • Head of Marketing Division, POSCO
Soo-Young Kwon	• Outside Director • Chair of the Audit Committee
Heung-Soo Kim	• Outside Director
Jong-Ho Hong	• Outside Director

9.3. Overview of Hancock Energy Corporation

a) Hancock Energy Corporation

Hancock Energy Corporation is an Australian proprietary company limited by shares and is a wholly-owned subsidiary of HPPL.

As noted above in Section 9.1b), Hancock Energy Corporation has a 49.9% ownership interest in K-A Energy 1.

Hancock Energy Corporation was incorporated in Western Australia on 29 October 2018. Since incorporation, Hancock Energy Corporation has been dormant. Its sole purpose is to acquire and hold 49.9% of all fully paid ordinary shares K-A Energy 1.

HPPL is a privately held Australian company that is majority owned by Mrs Georgina Rinehart. HPPL has a long and important association with the Pilbara region of Western Australia and the iron ore sector. HPPL also has a proud history in Australian agriculture with a significant and diversified portfolio of Australian agricultural assets.

For further information about the HPPL Group please visit: https://www.hancockprospecting.com.au/.

b) Existing investments

The HPPL Group holds interests in major iron ore projects in the Pilbara. Specifically, it holds a 50% interest in the 49 million tonnes per annum Hope Downs Project (in a joint venture with Rio Tinto) and a 70% interest in the Roy Hill Project, a substantial integrated iron ore mine, railway and port project, which for the financial year ended 30 June 2021 produced 57.5 million tonnes of iron ore. In addition, the HPPL Group is conducting exploration activities on the Mulga Downs tenements which consist of three prospective iron ore project areas.

The HPPL Group is the majority shareholder in Atlas Iron Pty Ltd ACN 110 396 168 which currently has two operating iron ore assets at Mt Webber and Sanjiv Ridge with production at a rate of 10 million tonnes per annum of iron ore.

The HPPL Group also has interests in overseas resource projects that include Canada, Ecuador and the United Kingdom.

c) Directors

The directors of Hancock Energy Corporation at the date of this Scheme Booklet are:

- Tadeusz Jozef Watroba, Executive Director of HPPL, with more than 40 years' experience in mining; including mining operations, exploration, project evaluation and development, as well as corporate affairs and investments. Mr Watroba has more than 20 years' experience managing the affairs of the HPPL Group, including its mining operations.
- Jay Eliot Newby, Executive Director of HPPL, and a Chartered Accountant admitted to the Institute of Chartered Accountants in Australia in 1988. Mr Newby has broad experience in corporate finance, accounting and tax and commercial management and has more than 15 years' experience managing the affairs of the HPPL Group.

9.4. Funding of the Scheme Consideration

This Section 9.4 outlines how K-A Energy 1 intends to fund the Scheme Consideration. The Scheme is not subject to any financing condition precedent.

a) Aggregate Scheme Consideration

The maximum amount expected to be required to fund the Aggregate Scheme Consideration is A$883.559 million.

The Aggregate Scheme Consideration has been calculated based on:

- a Scheme Consideration of $4.60 payable by K-A Energy 1 for each Scheme Share (without any adjustment for payment of any Permitted Dividend); and
- Senex's fully diluted share capital being 192,078,084 as at the date of this Scheme Booklet.

b) K-A Energy 1 funding arrangements

K-A Energy 1 will fund the payment of the Aggregate Scheme Consideration from equity subscriptions from PIC and Hancock Energy Corporation under the Subscription and Scheme Process Deed pursuant to which (among other things):

- K-A Energy 1 will be responsible for paying the Aggregate Scheme Consideration in accordance with the terms of the Scheme; and
- prior to the Implementation Date:
  - in consideration for PIC paying an amount equal to not less than 50.1% of the Aggregate Scheme Consideration (**PIC Subscription Amount**) to K-A Energy 1, PIC will subscribe for, and K-A Energy 1 will issue to PIC, additional shares in K-A Energy 1;
  - in consideration for Hancock Energy Corporation paying an amount equal to not less than 49.9% of the Aggregate Scheme Consideration (**Hancock Subscription Amount**) to K-A Energy 1, Hancock Energy Corporation will subscribe for, and K-A Energy 1 will issue to Hancock Energy Corporation, additional shares in K-A Energy 1,

  on a pro-rata basis.

Further details of the Subscription and Scheme Process Deed are set out in Section 9.11a).

c) PIC funding arrangements

PIC intends to fund the PIC Subscription Amount from a combination of its existing uncommitted cash reserves and funds available to be drawn under its existing Revolving Facilities.

Revolving Facilities

As at the date of this Scheme Booklet, PIC has:

- revolving facilities in place with Korea Development Bank for up to KRW 100 billion (A$118.238 million[20]), Shinhan Bank for up to KRW 30 billion (A$35.471 million[20]) and Woori Bank for up to KRW 40 billion (A$47.295 million[20]) **(Revolving Facilities)**;
- aggregate uncommitted funds available to be drawn under the Revolving Facilities totalling approximately KRW 170 billion (A$201.005 million[20]) **(Total Uncommitted Facility Amount)**.

The Revolving Facilities will be utilised by PIC to pay a portion of the PIC Subscription Amount equal to the Total Uncommitted Facility Amount.

Each of the financiers under the Revolving Facilities is a well-established Korean bank. In particular:

- Korea Development Bank is a Korean state-owned bank with more than 3,000 employees, and total assets in excess of US$230 billion;
- Shinhan Bank is one of the oldest banks in Korea, with over 10,000 employees and total assets in excess of US$350 billion;
- Woori Bank is one of the four largest domestic banks in Korea, with more than 10,000 employees and total assets in excess of US$300 billion.

Existing uncommitted cash reserves

As at 30 September 2021, PIC had approximately KRW 649 billion (A$767.283 million[20]) of cash on deposit and cash equivalents.

An amount of these funds which is at least equal to the balance of the PIC Subscription Amount after utilisation of the Revolving Facilities (being approximately A$241.658 million), which are not subject to security interests, rights of set off or required for other arrangements, have been allocated solely towards satisfying the obligations of PIC under the Subscription Agreement.

In addition to the above, PIC has also allocated an amount of funds solely towards ensuring PIC will have adequate funding in Australian currency in the event of an adverse exchange rate movement of up to 5% prior to the Implementation Date.

Until Implementation occurs, PIC will continue to monitor and assess the most effective way of it funding the PIC Subscription Amount. Accordingly, PIC reserves its rights to change its funding arrangements at any time prior to Implementation (including by issuing floating rate notes or entering into and drawing down on new debt facilities), subject to any replacement funding arrangements being finalised, disclosed to the market and not disadvantaging any Senex Shareholder.

20. Conversion based on an AUD/KRW exchange rate of 845.75, being the last close price on Hana Bank on 28 January 2022.

d) Hancock Energy Corporation funding arrangements

Hancock Energy Corporation intends to fund the Hancock Subscription Amount and all other amounts that Hancock Energy Corporation may be required to pay for the purposes of implementing the Scheme (including transaction costs), through a loan facility from HPPL (**Loan Facility**).

The terms and conditions of the Loan Facility are set out in a funding agreement dated 28 January 2022 between HPPL and Hancock Energy Corporation (**Funding Agreement**). The Funding Agreement is for a maximum amount of A$550 million plus additional amounts required by Hancock Energy Corporation for an approved purpose. Drawdown under the Funding Agreement is conditional only on the Scheme becoming Effective.

The funds to be provided by HPPL pursuant to the Loan Facility will be sourced from HPPL's existing cash reserves. At the date of this Scheme Booklet, HPPL holds cash reserves of over A$12 billion.

On the basis of the arrangements described above, K-A Energy 1 believes it has reasonable grounds for holding the view, and holds the view, that K-A Energy 1 will be able to satisfy its obligation to fund the Aggregate Scheme Consideration as and when it is due under the terms of the Scheme.

9.5. Rationale for acquisition

K-A Energy 1's proposed acquisition of Senex is a key step in the expansion and diversification of each of PIC's and HPPL Group's investment portfolios.

a) PIC

In particular, PIC considers the proposed acquisition of an indirect interest in Senex (via K-A Energy 1) an opportunity to:

- gain exposure to the Australian natural gas market (including domestic gas and LNG export), which it expects to be of high importance in the era of carbon neutrality and energy transition;
- provide a platform for PIC to begin pursuing energy transition projects in Australia; and
- leverage its existing expertise in the exploration, development and production of natural gas projects.

b) Hancock Energy Corporation

In particular, Hancock Energy Corporation considers the proposed acquisition of an indirect interest in Senex (via K-A Energy 1) an opportunity to:

- gain exposure to the Australian natural gas market (including domestic gas sales and LNG export), which it expects to be of high importance in the era of carbon neutrality and energy transition;
- leverage HPPL Group's broader experience in the delivery of capital projects in Australia including its experience with mining companies, pastoralists, native title holders and regulators; and
- collaborate with parties that have a proven track record and expertise in the relevant area.

Further, K-A Energy 1 will have access to capital to invest in Senex to increase Senex's annual gas production should market conditions support an investment decision.

9.6. Intentions if the Scheme is implemented

a) Introduction

The Section sets out K-A Energy 1's present intentions in relation to the continuation of the business of the Senex Group, corporate structure and employees. PIC and Hancock Energy Corporation have the same intentions as K-A Energy 1 in relation to these matters.

K-A Energy 1's intentions are based on the information concerning Senex, its business and the general business environment that is known to K-A Energy 1 at the time of preparation of this Scheme Booklet and are statements of current intention only. In addition, K-A Energy 1 will only make a final decision on these matters following receipt of appropriate legal, taxation and financial advice. Accordingly, statements set out in this Section may vary as new information becomes available or circumstances change.

If the Scheme is implemented, K-A Energy 1 will become the holder of all Senex Shares and Senex (and each of its subsidiaries) will become a wholly-owned subsidiary of K-A Energy 1.

b) Operational review and general intentions

If the Scheme is Implemented, K-A Energy 1 intends to conduct a thorough and broad-based general strategic review of Senex's corporate structure, assets, businesses, personnel and operations.

It is intended that this review will apply qualitative and quantitative factors to measure the performance of Senex's portfolio of assets. However, K-A Energy 1 does not have any preconceptions or specific intentions as to what the outcome of that general strategic review will be.

Subject to the foregoing, it is the intention of K-A Energy 1 (based on the information presently known to it):

- to continue the business of Senex (including, if considered appropriate to do so, grow Senex's annual natural gas production via access to additional capital);
- not to make any major changes to the business of Senex;
- not to redeploy any of Senex's fixed assets;
- to continue to operate safely in line with best industry practice;
- to continue investment to sustain and grow investment in gas production to meet the requirements of Senex's customers; and
- subject to Section 9.6e), to continue the employment of the present employees of Senex.

c) Removal from ASX

If the Scheme is implemented, it is intended that quotation of Senex Shares on ASX will be terminated and Senex will be removed from the official list of ASX on a date after the Implementation Date to be determined by K-A Energy 1 in consultation with ASX. It is also intended that K-A Energy 1 will resolve to convert Senex from a public to a proprietary company.

d) Head office

If the Scheme is implemented, it is intended that Senex's head office will remain based in Brisbane, Queensland.

e) Board composition and senior management

If the Scheme is implemented:

- K-A Energy 1 intends to remove and replace the board members of Senex (and each of its subsidiaries) with some or all of the directors of K-A Energy 1 on the Implementation Date; and
- subject to the review to be conducted in accordance with Section 9.6b) (above), K-A Energy 1 intends to retain Senex's key senior management personnel in their current positions.

f) Changes to Senex's constitution

K-A Energy 1 intends to resolve to replace Senex's constitution with a constitution appropriate for a proprietary company limited by shares (consistent with the intention expressed in Section 9.6c) to convert Senex into a proprietary company limited by shares that is owned by K-A Energy 1 following implementation of the Scheme).

9.7. Interests in Senex Shares

As at the date of this Scheme Booklet, none of K-A Energy 1, PIC, Hancock Energy Corporation or any of their Associates has any Relevant Interest or Voting Power in any Senex Shares.

9.8. Dealings in Senex Shares in the previous four months

During the four months before the date of this Scheme Booklet, other than pursuant to the Scheme Implementation Deed, Scheme or Deed Poll, none of K-A Energy 1, PIC, Hancock Energy Corporation or any of their Associates has provided or agreed to provide consideration for any Senex Shares under any transaction or agreement.

9.9. Benefits given during the previous four months

During the four months before the date of this Scheme Booklet, none of K-A Energy 1, PIC, Hancock Energy Corporation or any of their Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate of that person to vote in favour of the Scheme or dispose of Senex Shares, where the benefit was not offered to all Senex Shareholders.

9.10. Benefits to Senex Directors

None of K-A Energy 1, PIC, Hancock Energy Corporation or any of their Associates will be making any payment or giving any benefit to any current officers of Senex as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

9.11. Other agreements or arrangements

a) Subscription and Scheme Process Deed

PIC and Hancock Energy Corporation entered into a Subscription and Scheme Process Deed on 11 December 2021. K-A Energy 1 acceded to the Subscription and Scheme Process Deed through a deed of accession dated 18 January 2022. The Subscription and Scheme Process Deed sets out (among other things), the framework and terms on which PIC and Hancock Energy Corporation agreed to jointly acquire Senex via K-A Energy 1 under the Scheme.

Under the Subscription and Scheme Process Deed:

- (**Subscription**) each of PIC and Hancock Energy Corporation agree to subscribe for, and K-A Energy 1 agrees to issue, shares in K-A Energy 1 for an amount not less than each of their pro-rata proportion of the Aggregate Scheme Consideration (for further details refer to Section 9.4).
- (**Actions and decisions**) PIC and Hancock Energy Corporation agree that all actions in relation to implementing the Transaction will be carried out by PIC (including for and on behalf of K-A Energy 1), but PIC must obtain Hancock Energy Corporation's approval to undertake certain material actions, such as to waive any Condition, and PIC and Hancock Energy Corporation will consult with each other about all material matters arising during the conduct of the Scheme.
- (**Exclusivity**) each of PIC and Hancock Energy Corporation agree not to (without the other party's consent):

- cooperate with any party other than the other party to jointly acquire an interest in Senex or its assets;
- solicit, invite, encourage, initiate, make, propose, discuss, negotiate or enter into any enquiries, expressions of interest, offers, proposals, agreements, understandings or arrangements with any person (including without limitation Senex or any of Senex's Representatives) in relation to a Competing Proposal, or with a view to, or that may reasonably be expected to encourage or lead to a Competing Proposal; or
- communicate any intention to do any of above things,

unless a majority of the board of directors of Senex recommends or agrees to recommend or otherwise publicly supports, a Competing Proposal, or gives notice to PIC of its intention to recommend or otherwise publicly support a Competing Proposal, and either party (**Counter Proposal Party**) notifies the other that it wants to provide a counter proposal which at least matches the price offered under the Competing Proposal and the other party notifies (or is deemed to have notified) the Counter Proposal Party that it does not want K-A Energy 1 to match the price offered under the Competing Proposal.

- (**Expense Reimbursement Fee**) each of PIC and Hancock Energy Corporation agree that if the Expense Reimbursement Fee becomes payable by PIC under the Scheme Implementation Agreement, subject to certain conditions set out in the Subscription and Scheme Process Deed, Hancock Energy Corporation will pay or reimburse PIC for half the amount of the Expense Reimbursement Fee.

9.12. No other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any director of K-A Energy 1, at the date of this Scheme Booklet, which has not previously been disclosed to Senex Shareholders.

10. Investment risk / What if the Scheme is not implemented?

10.1. Introduction

The Scheme presents a number of potential risks that Senex Shareholders should consider when deciding how to vote on the Scheme. In making your decision, you should carefully read this Scheme Booklet in its entirety. You should also carefully consider the risk factors outlined in this Section and your personal circumstances. This Section is general in nature only and does not take into account your individual objectives, financial situation, tax position or particular needs.

This Section outlines some of the:

- risk factors relating to the business and operations of Senex, including your current investment in Senex Shares (see Sections 10.2 and 10.3); and
- risks factors which may prevent the Scheme from becoming Effective (see Section 10.4).

If the Scheme is implemented, the risks in Sections 10.2 and 10.3 will not apply. If the Scheme is not implemented, Senex Shares will remain quoted on the ASX and all Senex Shareholders will continue to be subject to the risks in Sections 10.2 and 10.3.

The outline of risks in this Section 10 is a summary only and should not be considered exhaustive. This Section 10 does not purport to list every risk that may be associated with an investment in Senex now or in the future or which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in this Section 10 may be partially or completely outside the control of Senex and PIC or their respective directors and senior management teams.

The risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Senex Shareholders. You should carefully consider the risk factors discussed in this Section 10, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

10.2. General investment risk

If the Scheme does not become Effective, Senex Shares and future distributions made to Senex Shareholders will be influenced by a number of macroeconomic factors including:

- changes in investor sentiment and overall performance of the Australian and international stock markets;
- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels, retail sales and consumer demand;
- changes in government fiscal, monetary, taxation, climate, environmental and regulatory policies, including foreign investment policies;
- changes in weather patterns, environmental operating conditions and industrial and consumer responses to those changes;
- natural disasters and catastrophes, whether on a global, regional or local scale; and
- accounting standards which affect the financial performance and position reported by Senex.

10.3. Risk factors relating to the business and operations of Senex

In considering the Scheme, you should be aware that there are a number of general risk factors, as well as risks specific to the industries in which Senex operates, which could materially and adversely affect the future operating and financial performance of Senex.

Many of these risks are currently relevant to Senex Shareholders and will continue to be relevant to Senex Shareholders if the Scheme does not become Effective and you retain your current investment in Senex.

a) Senex share price volatility

If the Scheme does not become Effective, Senex Shares will remain quoted on the ASX and will continue to be subject to market volatility, including as a result of general stock market movements and the impact of general economic conditions.

The price of Senex Shares is dependent upon a wide range of factors beyond Senex's control, including the macroeconomic factors described in Section 10.2, analyst recommendations, the performance of other comparable listed entities and the inclusion or exclusion of Senex from major market indices.

If the Scheme does not become Effective, the price at which Senex Shares trade may fall.

b) Health, Safety and Environment risks

Senex's operational activities involve the transportation of produced gas and water as well as the generation of waste materials. Unregulated, these activities could pose a risk of harm to the environment, the workforce and communities near Senex operations from an environmental incident or material non-compliance. Gas operations are also exposed to industry operational safety risks including natural disasters, fire, drought, flood, earthquakes, infections, explosions, blow-outs, pipe failures, leaks, flaring and transport and occupational safety incidents. Major environmental risks include accidental spills or gas leaks, ruptures or discharge of toxic gases. The occurrence of any of these risks and potential failure to manage these risks could result in substantial losses to Senex due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against Senex. Additionally, Senex's ability to mitigate these risks and effectively respond to health and safety incidents may be also impaired by restrictions on the movement of products and personnel relating to the COVID-19 pandemic.

c) COVID-19 related risk

The ongoing COVID-19 pandemic has had a significant impact on the global economy and has affected the ability of businesses, individuals, and governments to operate. A continuation or escalation of the COVID-19 pandemic could materially affect global demand for oil and gas and increase volatility in demand and pricing.

Supply chain disruption of suppliers, logistics partners, products, services/specialists and third-party providers due to the COVID-19 pandemic also has the potential to impact Senex's operations and sales. A continuation or escalation of the COVID-19 pandemic could materially affect the ability of Senex's suppliers to provide products and services and threaten their ability to continue trading. If Senex is unable to source spare parts for machinery and operations or other products and services, including personnel, then Senex may need to suspend certain projects or operations on a temporary or a prolonged basis.

These factors are beyond Senex's control and there is no guarantee that Senex's efforts to address the adverse impacts of the COVID-19 pandemic will be effective. This could have an adverse effect on the overall business sentiment and environment and may materially adversely impact group operations and financial performance.

d) Production risk

Gas producing assets may be exposed to production decreases or stoppages, which may be the result of facility shutdowns, mechanical or technical failure, well, reservoir or other subsurface impediments, safety breaches, natural disasters, interruption from the local community and other unforeseeable events. The risks associated with production are common across the oil and gas industry.

A significant failure to meet production targets could compromise Senex's production and sales deliverability obligations, impact operating cash flows through loss of revenue and/or from incurring additional costs needed to reinstate production to required levels.

e) Resource development

Senex's production growth is dependent on its ability to continue to develop and deliver resources and reserves. The long-term health of the business will depend on the investment decisions it makes over many years.

Gas exploration is a speculative endeavour and each prospect/investment carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities, which can be more challenging in a volatile commodity price environment. The value of exploration and development assets can be affected by a number of different factors including, amongst other things, macro-economic and socio-political conditions, changes to reserves estimates, unforeseen project difficulties and other operational issues.

f) Access and approvals

Senex's ongoing Surat Basin activities include exposure to material technical and non-technical risks, including securing and retaining land access, environmental requirements and water management.

The Surat Basin co-exists with agricultural properties and population centres. Therefore, Senex operations require negotiated land access agreements and broader community relationships. Senex also enters into water supply agreements with landholders which enables them to beneficially use Senex's produced and/or processed water. These requirements have the potential to impact the timing of ongoing development and production in the Surat Basin.

Senex's operations and projects will require the retention of relevant licences, permits, authorisations, concessions and other approvals in connection with its activities. Delay in obtaining or renewing, or failure to obtain or renew, a material and necessary approval could mean that Senex may be delayed or, in a worst-case scenario, unable to proceed with the development or continued operation of a project or asset. This may constrain Senex's ability to conduct its operations and activities, which in turn may impact Senex's financial performance and financial position.

g) Access to infrastructure

Senex wholly owns and operates all the tenements it holds. However, the delivery of Senex-owned product to market is dependent on access to third-party infrastructure to process and transport Senex's gas. An inability to access this supporting infrastructure may result in production delays or increased costs for Senex.

Senex has long-term contractual rights to infrastructure and works closely with infrastructure suppliers and, where appropriate, explores alternative routes to market to diversify risk.

h) Loss of key data or loss of access to key data

Senex's business continuity may be impacted by the compromise of, or disruption to, corporate information, technology systems or data.

Unauthorised access to Senex's data, a cyberattack or significant outages of key technology systems may result in serious business disruption including loss of data, loss of access to data, compromise or disruption of technology systems, privacy violation or damage to reputation.

i) Commodity prices

The prices Senex receives for the gas it produces are subject to volatility due to many factors including global oil prices, the AUD/USD exchange rate and spot and contract gas prices.

Commodity prices and foreign exchange rates are subject to global economic forces. Movements in prices and exchange rates affect Senex's revenue, cashflow and asset values. Sustained periods of low or declining commodity prices may impact the viability of growth projects and access to suitably priced long-term sources of funds.

Under low-carbon scenarios, commodity prices also experience a decline by virtue of lower demand projections for fossil fuels.

j) Access to funding

Senex's ability to fund operations and future growth is supported by cashflow from operating activities and bank borrowings.

Volatility or uncertainty in capital markets could restrict the willingness of debt and equity investors to provide additional capital, for example, for growth opportunities. In addition, recently certain financial institutions, institutional investors and other sources of capital have begun to limit or eliminate their investment in oil and gas activities citing climate change concerns.

If sufficient funds are not available from either debt or equity markets to satisfy Senex's short, medium or long-term capital requirements, when required, this may adversely impact Senex's operations, financial performance and financial position.

k) Climate change

Climate change and management of carbon emissions may lead to increasing regulation and costs.

There continues to be focus from governments, regulators, lenders and investors in relation to how companies are managing the impacts of climate change policy and expectations. Senex's growth may be impacted by increasing regulation and costs associated with climate change and the management of carbon emissions, including the supply and demand balance for natural gas.

Risks associated with climate change and the transition to a low-carbon economy may impact elements of Senex's strategy and investment decisions.

l) Significant regulatory change

A change of government policy and changes to relevant legislation or regulations may impact Senex's finances or operations.

Changes in legislation, regulation or policy may result from the election of new governments, political forces or external community pressure. These changes may impact on development, production and east coast gas prices which, in turn, may impact Senex's ability to provide sustainable returns for investors through profit erosion and loss of company value. Retrospective or unexpected regulatory changes may also potentially impact the longer-term viability of projects.

10.4. Risks in relation to the Scheme

a) The Scheme may not be implemented or may be delayed

As set out in Section 7, the Scheme is subject to a number of Conditions, including Court and regulatory approvals (FIRB Approval). There is a risk that these approvals may not be obtained, or that the receipt of such approval is delayed to such an extent that it impacts the overall timing of the Scheme. This may result in the Scheme being delayed, or the Scheme not being implemented. If the necessary approvals are obtained, there remains a risk that these approvals will be subject to conditions that are unacceptable to Senex, PIC or K-A Energy 1, acting reasonably.

Each of Senex and PIC has the right to terminate the Scheme Implementation Agreement and not proceed with the Scheme, in certain circumstances. For further information about the termination rights under the Scheme Implementation Agreement (including with respect to the Conditions) see Sections 7.1a) and 7.1i).

b) Risks if the Scheme is implemented

If the Scheme is implemented, Senex Shareholders will no longer hold Senex Shares. This means that Senex Shareholders will not participate in the future performance of Senex, will not retain any exposure to Senex's business or assets, and will not be entitled to share in value that could be generated by Senex in the future. However, there is no guarantee as to Senex's future operating performance, financial performance or share price performance.

If the Scheme is implemented, Senex Shareholders may not be able to find a similar investment opportunity with characteristics that replace their exposure to Senex's business, assets and operations. Furthermore, Senex Shareholders may incur transaction costs when identifying and undertaking any new investment.

If the Scheme is implemented, it may have unfavourable taxation consequences for some Senex Shareholders. The taxation implications of the Scheme will depend on your individual situation. A general guide to the taxation implications of the Scheme is set out in Section 11. Senex Shareholders should consider the information in Section 11 to be general in nature and should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

c) Risks if the Scheme is not implemented

If the Scheme is not implemented, Senex Shareholders will not receive the Scheme Consideration. In the absence of a Superior Proposal, Senex will continue to be quoted on the ASX and operate as a standalone entity. Senex Shareholders that continue to hold their Senex Shares in these circumstances will continue to be exposed to the general and specific risks outlined in Section 10.2 and Section 10.3.

If the Scheme is not implemented, Senex will still incur fees and expenses associated with the Scheme and the preparation of this Scheme Booklet. Approximately $2.5 million (exclusive of GST) is expected to be payable by Senex if the Scheme does not become Effective. In addition, Senex is required to pay PIC the Target Payment in certain circumstances, if the Scheme does not proceed. However, Senex is not required to pay the Target Payment if the Scheme Resolution does not achieve the requisite majorities at the Scheme Meeting. For further information about the circumstances in which the Target Payment is payable, see Section 7.1e).

If the Scheme is not implemented, the Senex share price will remain subject to market volatility and may fall in the absence of a Superior Proposal.

11. Taxation implications for Scheme Shareholders

11.1. Introduction

The information contained within this Section 11 is a general summary of the Australian income tax, Goods and Services Tax (**GST**) and stamp duty implications for Scheme Shareholders on implementation of the Scheme. This Section does not consider the tax consequences of the payment of the Interim Dividend as it is not part of the Scheme.

The categories of Scheme Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Scheme Shareholders on capital account for Australian income tax purposes.

The tax comments as outlined below are not applicable to all Scheme Shareholders and are not intended to cover Scheme Shareholders who:

- hold their Scheme Shares as a revenue asset (i.e. trading entities or entities who acquired their Scheme Shares for the purposes of resale at a profit) or as trading stock;
- acquired their Scheme Shares pursuant to an employee share plan;
- are under a legal disability;
- unless stated otherwise, are not Australian income tax residents as determined under Australian income tax law;
- are exempt from Australian income tax;
- are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their Scheme Shares; or
- are subject to the Investment Manager Regime under Subdivision 842-I of the Income Tax Assessment Act 1997 (Cth) in respect of their Scheme Shares.

This summary is based on the Australian tax law, and the practice of the tax authorities, at the time of issue of this Scheme Booklet. The laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. The Australian income tax, stamp duty and GST implications outlined in this summary may alter if there is a change in the taxation law after the date of this Scheme Booklet.

This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not take into account the tax law of countries other than Australia.

This taxation summary does not take into account any financial objectives, tax positions or investment needs of any Senex Shareholder and should not be construed as being investment, legal or tax advice to any particular Senex Shareholder. The precise implications of ownership or disposal will depend upon each Senex Shareholder's specific circumstances.

These comments should not be a substitute for advice from an appropriate professional adviser having regard to each Senex Shareholder's individual circumstances. All Senex Shareholders are strongly advised to obtain and rely only on their own professional advice on the tax implications based on their own specific circumstances.

11.2. Australian Resident Scheme Shareholders

The comments in this Section 11.2 apply to Scheme Shareholders who are residents of Australia for income tax purposes.

a) Australian income tax treatment of the disposal of Scheme Shares

If the Scheme is implemented, K-A Energy 1 will acquire 100% of the Scheme Shares. As consideration, Scheme Shareholders will receive the cash consideration equal to $4.60 per Scheme Share.

A disposal of a Scheme Share under the terms of the Scheme should result in a disposal of that Scheme Share for capital gains tax (**CGT**) purposes on the Scheme Implementation Date.

A capital gain will arise to Scheme Shareholders where the capital proceeds received from the disposal of a Scheme Share is greater than the cost base of that Scheme Share for CGT purposes. A capital loss will arise if the capital proceeds from the disposal of a Scheme Share is less than the reduced cost base of that Scheme Share for CGT purposes.

Generally, the CGT cost base of a Scheme Share should include the amount paid to acquire the Scheme Share and the market value of any property given to acquire the Scheme Share, plus any incidental capital costs of acquisition and disposal (such as brokerage fees and legal costs). The cost base of each Scheme Share will depend on the individual circumstances of each Scheme Shareholder.

Scheme Shares acquired in different transactions may have different cost bases and reduced cost bases and therefore capital gains may arise in respect of some Scheme Shares, while capital losses may arise in respect of other Scheme Shares.

Any capital gain or capital loss realised by a Scheme Shareholder must be included in the calculation of their net capital gain or net capital loss for the relevant income year. A Scheme Shareholder's net capital gain or net capital loss is calculated under a method statement which takes into account any other capital gains or capital losses that the Scheme Shareholder may have realised in that income year, any available net capital losses from prior income years and any relevant adjustments for discount capital gains or other reductions.

A net capital gain (if any) will be included in the Scheme Shareholder's assessable income. Capital losses may be carried forward and offset against future taxable capital gains, although the utilisation of capital losses by certain entities is subject to the satisfaction of loss utilisation rules. A capital loss can only be offset against capital gains.

b) Capital Gains Tax (CGT) Discount

A CGT discount may be available to reduce any capital gain realised by a Scheme Shareholder on the disposal of Scheme Shares. If the Scheme Share has been held for at least 12 months (not including the day of acquisition or the day of disposal), a Scheme Shareholder may, after offsetting capital losses, be able to discount the resulting capital gain by one half (1/2) in the case of an individual or trust, or one-third (1/3) in the case of a complying superannuation entity.

Scheme Shareholders who are either a company or who dispose of Scheme Shares within 12 months of acquiring them for CGT purposes, or dispose of them under an agreement entered into within 12 months of acquiring the Scheme Shares, will not be eligible for the CGT discount.

11.3. Non-resident Scheme Shareholders

The comments in this Section 11.3 apply to Scheme Shareholders who are not residents of Australia for income tax purposes.

a) Australian income tax treatment of the disposal of Scheme Shares

Scheme Shareholders who are not residents of Australia for income tax purposes and who do not hold their Scheme Shares through a permanent establishment in Australia should be able to disregard any capital gain or capital loss that would otherwise arise from the disposal of their Scheme Shares, unless their Scheme Shares constitute 'Taxable Australian Property', as defined for Australian income tax purposes at the Scheme Implementation Date.

Scheme Shares of a Scheme Shareholder will represent "taxable Australian property" where that shareholding satisfies both of the following two tests (**Indirect Australian Real Property Interest**):

- **Non-portfolio interest test:** where the Scheme Shareholder, on an associate inclusive basis, owns at least 10% of Scheme Shares at the time of disposal (or throughout a 12 month period within the period commencing 24 months before the time of disposal) (**Non-Portfolio Interest Test**); and
- **Principal asset test:** where more than 50% of the market value of Senex's underlying assets is referrable to direct or indirect interests in Australian real property (**Principal Asset Test**).

Any non-resident Scheme Shareholder who owns, or has owned, 10% or more of the shares in Senex (on an associate inclusive basis) should seek independent professional advice in relation to their own particular circumstances, including whether any protection will be available under a relevant double tax treaty.

Any non-resident individual Scheme Shareholder who was previously a resident of Australia and chose to disregard a capital gain or capital loss on ceasing to be an Australian resident will be subject to Australian CGT consequences on disposal of their Scheme Shares as set out in this Section 11.3.

Non-resident shareholders should seek independent professional advice in relation to their own particular circumstances, including in respect of taxation in the jurisdiction where they are resident.

11.4. Foreign Resident Capital Gains Withholding Tax

The Foreign Resident Capital Gains Withholding Tax (**FRCGWT**) regime applies to transactions involving the acquisition of certain direct and indirect interests in Australian real property from relevant foreign residents.

A 'relevant foreign resident' for these purposes is any Scheme Shareholder, at the time of the transaction, that PIC or K-A Energy 1:

- knows is a foreign resident;
- reasonably believes is a foreign resident;
- does not reasonably believe is an Australian resident, and either has an address outside Australia or PIC or K-A Energy 1 is authorised to provide a financial benefit relating to the transaction to a place outside Australia; or
- has a connection outside Australia of a kind specified in the regulations

If Scheme Shares held by a Scheme Shareholder represent an Indirect Australian Real Property Interest held by a relevant foreign resident at the time of the transaction, K-A Energy 1 may withhold and pay to the Commissioner of Taxation a withholding amount of 12.5% from the Scheme Consideration.

Scheme Shareholders who are a relevant foreign resident at the time of the transaction and whose Scheme Shares represent an Indirect Australian Real Property Interest may apply to the Commissioner of Taxation to vary the rate of withholding.

If K-A Energy 1 (as the purchaser of Scheme Shares under the Scheme) considers or reasonably believes a Scheme Shareholder to be a 'relevant foreign resident' whose Scheme Shares represent an Indirect Australian Real Property Interest, that Scheme Shareholder will be provided (either together with this Scheme Booklet or separately) a Relevant Foreign Declaration Form. If, for whatever reason, a Scheme Shareholder believes that it is a relevant foreign resident but does not receive a Relevant Foreign Declaration Form, the Scheme Shareholder should contact the Senex Share Registry to request a Relevant Foreign Declaration Form.

In the Relevant Foreign Declaration Form, a Scheme Shareholder may provide K-A Energy 1 with a declaration that:

- the registered holder of the relevant Scheme Shares is an Australian tax resident ("Residency Declaration"); or
- the registered holder of the relevant Scheme Shares, together with its associates has not held an interest of 10% or more in Senex at the Implementation Date or for a 12-month period during the last 24 months preceding the Implementation Date ("Interest Declaration").

If a Scheme Shareholder receives a Relevant Foreign Declaration Form it should read it in full and follow the instructions provided on the form. Unless a signed Relevant Foreign Resident Declaration Form regarding residency or interest, or Variation Notice granted by the Commissioner of Taxation, is provided to K-A Energy 1 for these Scheme Shareholders, K-A Energy 1 may withhold and pay to the Commissioner of Taxation a withholding amount of 12.5% from the Scheme Consideration.

Scheme Shareholders who have an amount withheld should generally be entitled to a credit for the amount withheld upon lodging an Australian income tax return.

Scheme Shareholders should seek their own independent tax advice as to the tax implications of the foreign resident capital gains withholding tax.

11.5. Stamp duty

There should be no stamp duty (including landholder duty) payable by Scheme Shareholders on the disposal of their Scheme Shares under the Scheme.

11.6. GST

No GST should be payable by Scheme Shareholders on the disposal of Scheme Shares under the Scheme. The acquisition and disposal of shares in a company is a financial supply which is an input taxed supply and therefore not subject to GST. The acquisition of shares in a company is also not a creditable acquisition for GST purposes.

GST may be imposed on taxable supplies (if any) obtained by Scheme Shareholders from third party supplies (such as legal advisors) in connection with the Scheme and those suppliers may 'gross up' their invoice for GST. The entitlement of a Scheme Shareholder to claim input tax credits for the GST gross up on these acquisitions (if any) may be restricted. GST registered Scheme Shareholders should seek their own professional tax advice in this regard.

11.7. Disclaimer

To persons receiving this document in Australia: The information contained in this Section does not constitute "financial product advice" within the meaning of the Corporations Act. PwC which is providing this advice is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

12. Additional information about Senex

12.1. Introduction

This Section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the Corporations Regulations to be included in this Scheme Booklet, but only to the extent that this information is not otherwise disclosed in other Sections. This Section also includes additional information that the Senex Directors consider material to a decision on how to vote on the resolution in respect of the Scheme.

12.2. Suspension of trading of Senex Shares

If the Court approves the Scheme, Senex will immediately notify the ASX. It is expected that suspension of trading on the ASX in Senex Shares will occur at the close of trading on the ASX on the Effective Date.

12.3. Removal of Senex from the official list

If the Court approves the Scheme, if directed by PIC in writing, Senex must take all necessary steps for Senex to be removed from the official list of ASX on a date after the Implementation Date determined by PIC, including by lodging a request for removal with ASX prior to the Implementation Date.

12.4. No relevant restrictions in the Constitution of Senex

There are no relevant restrictions on the right to transfer Senex Shares in Senex's constitution.

12.5. Payment instructions

To update direct credit instructions online with the Senex Registry please visit www.computershare.com.au/easyupdate/SXY.

12.6. Senex Directors' interests in Senex securities

As at the date of this Scheme Booklet, the Senex Directors have the following interests in securities of Senex:[21]

Director	Position	Senex Shares held by or on behalf of the Senex Director	Senex Performance Rights held by or on behalf of the Senex Director	Senex Share Appreciation Rights
Ian Davies	Managing Director and Chief Executive Officer	809,659	1,857,665	325,921
Trevor Bourne	Chairman and Independent Non-Executive Director	279,851	-	-
Ralph Craven	Independent Non–Executive Director	107,995	-	-
Timothy Crommelin	Independent Non–Executive Director	546,805	-	-
Margaret Kennedy	Independent Non–Executive Director	-	-	-
Glenda McLoughlin	Independent Non–Executive Director	28,234	-	-
John Warburton	Independent Non–Executive Director	107,996	-	-
Total		**1,880,540**	**1,857,665**	**325,921**

21. This table includes the Senex Performance Rights and Senex Share Appreciation Rights referred to in Section 7.2.

12.7. Retirement benefits

a) Retirement benefits of Non-Executive Directors

Except as set out below or as otherwise disclosed in this Scheme Booklet no payment or other benefit is proposed to be made or given in connection with the Scheme to any Senex Non-Executive Director as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Senex or any Related Bodies Corporate of Senex.

The appointment letters which specify the terms upon which each of the Senex Non-Executive Directors are appointed to hold office specify that upon a material change in duties event and provided the payment is not prohibited by law or by ASX Listing Rules, the Senex Non-Executive Director will be entitled to a payment of an amount that is up to the equivalent, for each Senex Non-Executive Director, of 12 months of their base salary (as that term is used in section 200F of the Corporations Act), less pay as you go **(PAYG)** withholding or other deductions as required by law. A "material change in duties event" is defined to be an event which results in a change of control in the shareholding (being in excess of 50%) of Senex. The amount to be paid to Senex Non-Executive Directors under these provisions must not, together with other fees paid to the Senex Non-Executive Directors in each financial year, exceed the amount of the total fees approved by Senex Shareholders for payment to Senex Non-Executive Directors.

A material change in duties event will occur if the Scheme is approved by Senex Shareholders and the Court and thus becomes Effective. Upon such an event occurring, an amount of no more than $269,000 in aggregate will be paid to the Senex Non-Executive Directors collectively, divided amongst the Senex Non-Executive Directors noting that such aggregate amount, together with the Senex Non-Executive Directors' remuneration otherwise payable in this financial year, will be within the maximum aggregate amount for Senex Non-Executive Directors' remuneration approved by Senex Shareholders.[22]

b) Retirement benefits of other director, secretary or executive officers of Senex or any of its Related Bodies Corporate

No payment or other benefit is proposed to be made or given in connection with the Scheme to any other director, secretary or executive officers of Senex or any of its Related Bodies Corporate as compensation for loss of, or as consideration for, or in connection with, his or her retirement from office in Senex or any Related Bodies Corporate of Senex, other than any payments or benefits arising from any applicable redundancy entitlements. Redundancy entitlements may arise under the terms of the relevant officer's contract of employment, applicable statutory entitlements, Senex policies or a combination of these.

12.8. Agreements and arrangements entered into by Senex Directors in connection with or conditional upon the Scheme

Except as set out below or as otherwise disclosed in this Scheme Booklet none of the Senex Directors, nor any of their Associates, have entered into, or otherwise have any interest in, any agreement, arrangement or contract with any other person, including any one or more of PIC or any of their respective Related Bodies Corporate, in connection with, or conditional upon, the outcome of the Scheme.

Mr Crommelin is a Senex Non-Executive Director and is also the Non-Executive Chairman of Morgans Holdings (Australia) Limited (**Morgans Holdings**). Morgans (a subsidiary of Morgans Holdings) is one of two proxy solicitation firms engaged by Senex in respect of the Transaction. Senex appointed Morgans as it has in depth experience in engagement and communication with Senex's broad shareholder base including retail shareholders. Mr Crommelin has declared his conflict regarding Morgans to the Senex Board. He also excused himself from deliberations in relation to the appointment of Morgans, so that it was only the non-conflicted Senex Board Members that resolved to enter into a mandate with Morgans. Mr Crommelin did not participate in settling the terms of that mandate, including the fees that may be payable. As Non-Executive Chairman of Morgans, Mr Crommelin's remuneration is not tied to any fees that Morgans may receive as part of the mandate. Mr Crommelin has a non-material shareholding in Morgans.

None of the Senex Directors have agreed to receive, or is entitled to receive, any benefit from K-A Energy 1 which is conditional on, or is related to, the Scheme.

12.9. Interests of Senex Directors in K-A Energy 1, PIC Group or HPPL Group

None of the Senex Directors, nor any of their Associates, have:

- any Relevant Interest in any marketable securities in K-A Energy 1, any PIC Group Member or any HPPL Group Member; or
- entered into, or otherwise have any interest in any agreement, arrangement or contract with any one or more of K-A Energy 1, PIC or HPPL or any of their respective Related Bodies Corporate.

22. At Senex's 2017 annual general meeting, Senex Shareholders approved a maximum aggregate amount of $1,200,000 per annum that Senex can pay to Senex Non-Executive Directors. After deducting forecast directors' fees and other remuneration for services performed in this financial year the maximum remaining amount available to meet the payment for the material change in duties event is $269,000.

12.10. Disclosure of fees and other benefits

Each of the persons named in this Section as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees in accordance with their normal basis of charging.

The aggregate amount of the fees and expenses associated with the Scheme and the preparation of this Scheme Booklet incurred (or to be incurred) by Senex are expected to be approximately $16 million (exclusive of GST) which includes:

- fees and expenses for professional services paid or payable to:
  - Macquarie Capital, joint financial adviser to Senex;
  - Rothschild & Co, joint financial adviser to Senex;
  - Clayton Utz, legal adviser to Senex;
  - Lonergan Edwards & Associates, Independent Expert and for providing the Independent Expert's Report;
  - RISC Advisory, Independent Technical Expert and for providing the Independent Technical Expert's Report;
  - PwC, tax adviser to Senex;
  - Computershare Investor Services, the Senex Registry and providing various other services;
  - Morrow Sodali for providing shareholder engagement support for the Scheme;
  - Morgans for providing shareholder engagement support for the Scheme; and
- other fees and expenses associated with Court proceedings, Scheme Booklet design, printing and distribution, convening and holding the Scheme Meeting, communications with shareholders and other general and administrative expenses.

Of this amount approximately $2.5 million (exclusive of GST) is expected to be payable by Senex irrespective of whether or not the Scheme becomes Effective. These amounts do not include the transaction costs that may be incurred by PIC or K-A Energy 1 in relation to the Scheme.

12.11. Senex Directors' intentions regarding the business, assets and employees of Senex

If the Scheme is approved and implemented, the existing Senex Board will be reconstituted in accordance with the instructions of K-A Energy 1 as the only shareholder in Senex. Accordingly, it is not possible for your Senex Directors to provide a statement of their intentions regarding:

- the continuation of the business of Senex or how Senex's existing business will be conducted after the Scheme is implemented;
- any major changes to be made to the business of Senex, including any redeployment of the fixed assets of Senex; or
- the future employment of the present employees of Senex, in each case, after the Scheme is implemented.

If the Scheme is approved and implemented, K-A Energy 1 will have 100% ownership of Senex issued shares and will control Senex.

Please refer to Section 9.6 for a statement of K-A Energy 1, PIC and Hancock Energy Corporation's intentions for Senex if the Scheme becomes Effective.

12.12. Consents

- The following parties have given, and have not withdrawn before the date of this Scheme Booklet, their consent to be named in this Scheme Booklet in the form and context in which they are named:
  - Macquarie Capital as joint financial adviser to Senex;
  - Rothschild & Co as joint financial adviser to Senex;
  - Clayton Utz as legal adviser to Senex;
  - Computershare Investor Services as the Senex Registry;
  - Morrow Sodali as providing shareholder engagement support; and
  - Morgans as providing shareholder engagement support.
- The Independent Expert and Independent Technical Expert have given and have not withdrawn their consent to be named in this Scheme Booklet and to the inclusion of the Independent Expert's Report (including the Independent Technical Expert's Report) in Appendix B to this Scheme Booklet and to the references to the Independent Expert's Report (including the Independent Technical Expert's Report) in this Scheme Booklet being made in the form and context in which each such reference is included.
- PwC has given, and has not withdrawn, its consent to be named in the Scheme Booklet in relation to the inclusion of Section 11 of this Scheme Booklet titled "Taxation implications for Scheme Shareholders" in the form and context in which that section is included.
- Each person named in this Section 12.12:
  - has not authorised or caused the issue of this Scheme Booklet;
  - does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than as specified in this Section 12.12; and
  - to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet, other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of the party as specified in this Section 12.12.

- PIC and K-A Energy 1 have given, and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn its consent, to the inclusion of the PIC Information in this Scheme Booklet and the references to the PIC Information in the form and context in which they are included in the Scheme Booklet.
- Hancock Energy Corporation has given, and has not, before the time of registration of this Scheme Booklet with ASIC, withdrawn its consent, to the inclusion of the Hancock Information in this Scheme Booklet and the references to the Hancock Information in the form and context in which they are included in the Scheme Booklet.

12.13. Supplementary information

Senex will issue a supplementary document if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration with ASIC and the Second Court Date:

- a material statement in this Scheme Booklet that is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a significant new matter that has arisen and it would have been required to be included in this Scheme Booklet if known at the date of lodgment with ASIC.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Senex may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently placed newspaper which is circulated throughout Australia;
- posting the supplementary document to Senex Shareholders at their address shown in the Senex Share Register; and/or
- posting a statement on Senex's website at http://www.senexenergy.com.au,

as Senex, in its absolute discretion, considers appropriate.

12.14. ASX relief

ASX has granted Senex a waiver of ASX Listing Rule 6.23.3 to the extent necessary to permit the treatment of Performance Rights as set out in Section 7.2.

12.15. Other material information

Otherwise than as contained or referred to in this Scheme Booklet, including in the Independent Expert's Report and the information that is contained in the attachments and appendices to this Scheme Booklet, there is no other information that is material to the making of a decision by a Senex Shareholder whether or not to vote in favour of the Scheme, being information that is known to any Senex Director and which has not been previously disclosed to Senex Shareholders.

Senex is not aware of any material information about Senex that is material to a decision of a Senex Shareholder on how to vote in relation to the Scheme Resolution and which:

- has not been made available to the Independent Expert for the purpose of preparing the Independent Expert's Report;
- is not set out in this Scheme Booklet; or
- has not otherwise been made publicly available by Senex.

13. Glossary

1P in relation to a reserve, means proven.

2P in relation to a reserve, has the meaning given to it in Section 8.1.

3P in relation to a reserve, means proven, probable, and possible.

ACCC means the Australian Competition and Consumer Commission.

Aggregate Scheme Consideration means the aggregate of the Scheme Consideration payable to Scheme Shareholders under the Scheme.

APLNG means Australia Pacific LNG Pty Limited ACN 001 646 331.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to it in the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

ASX Listing Rules means the official listing rules of ASX from time to time as modified by any express written waiver or exemption given by ASX.

ATO means the Australian Tax Office.

ATP means an authority to prospect granted under the Petroleum Gas (Production and Safety) Act 2004 (Qld).

Business Day means a day which is a "Business Day" within the meaning given to it in the ASX Listing Rules.

CGT has the meaning given to it in Section 11.2a).

CHESS means the "Clearing House Electronic Subregister System" operated by ASX.

Competing Proposal means any offer, proposal, agreement, arrangement or transaction, (whether or not such proposal is stated to be subject to any pre-conditions) which, if entered into or completed, would mean that a Third Party (either alone or with any Associates) would:

(a) directly or indirectly acquire a Relevant Interest in, or acquire, or have a right to acquire, a legal, beneficial or economic interest in or control of, 20% or more of the securities in any member of the Senex Group or Voting Power of 20% or more of any member of the Senex Group;

(b) acquire Control of any member of the Senex Group;

(c) directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, all or substantially all or a material part of the business or assets of any member of the Senex Group; or

(d) otherwise directly or indirectly acquire, be stapled with or merge with Senex.

Conditions means the conditions specified in clause 3.1 of the Scheme Implementation Agreement.

Control has the meaning given to it in section 50AA of the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Counter Proposal has the meaning given to it in Section 7.1d).

Court means the Sydney Registry of the Federal Court of Australia or such other court of competent jurisdiction as Senex and PIC agree in writing.

COVID-19 Event means an event, matter or circumstance arising from the Coronavirus or Covid-19 pandemic (or any mutation, variation or derivative), including:

(a) any governmental, regulatory, statutory, policy or administrative direction, ordinance, instruction, advice or guidance issued in connection with COVID-19, whether precautionary, preventative or remedial;

(b) physical transborder restrictions imposed in respect of travel to or from Australia or any other country or jurisdiction (or to or from any areas or localities within any country or jurisdiction);

(c) quarantine or isolation requirements or practices, office closures or re-locations, remote working activities or other social distancing practices implemented in relation to any part of any workforce(s) or population, whether temporary or extended; and

(d) the withdrawal, cancellation, delayed issuance or rejection of travel visas or other entry or departure permits or authorisations.

DAWE means the Commonwealth Department of Agriculture, Water and the Environment.

Deed Poll means a deed poll executed by PIC and K-A Energy 1 in favour of the Scheme Shareholders, a copy of which is attached at Appendix D.

DES means the Queensland Department of Environment and Science.

DOR means the Queensland Department of Resources.

EBITDA means the consolidated earnings of the Senex Group, before interest, abnormals, taxes, depreciation and amortisation, calculated in accordance with the accounting policies and practices the Senex Group applied by Senex as at the date of the Scheme Implementation Agreement.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Employee Performance Rights Plan means the employee performance rights plan of Senex relating to the grant of Senex Performance Rights in existence as at the date of the Scheme Implementation Agreement.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means 30 June 2022 or such other date agreed in writing between Senex and PIC.

EV means enterprise value.

Exclusivity Period means the period commencing on 11 December 2021 and ending on the earliest of:

(a) the End Date;

(b) the date on which the Scheme Implementation Agreement is terminated in accordance with its terms; and

(c) the Implementation Date.

Expense Reimbursement Fee means $8,520,000.

Fairly Disclosed has the meaning given to it in the Scheme Implementation Agreement.

FID means final investment decision.

Financial Year means the financial year in respect of either Senex or the Senex Group, being the 12 month period ending on 30 June and **FY** has a corresponding meaning.

FIRB means the Foreign Investment Review Board.

FIRB Approval has the meaning given to it in Section 7.1a).

First Court Date means the first day of the hearing of an application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Foreign Resident Capital Gains Withholding Tax has the meaning given to it in Section 11.4.

Gas Inquiry means the ACCC Gas Inquiry 2017-2025.

GHG means greenhouse gas.

GLNG means the Santos GLNG joint venture comprising Santos, PETRONAS, Total and KOGAS.

GST has the meaning given to it in Section 11.

Hancock Energy Corporation means Hancock Energy Corporation Pty Ltd ACN 629 679 063.

Hancock Information means

(a) the bios for Tadeusz Jozef Watroba, Stuart Richard Johnston and Ian Rutherford Plimer in Section 9.1c);

(b) all of the information contained in Sections 9.3, 9.4d) and 9.5b);

(c) all of the information contained in Sections 9.6 to 9.10 (inclusive) to the extent it relates to Hancock Energy Corporation;

(d) the answer to the Question "Who is Hancock Energy Corporation" in part 2 of Section 4,

and includes any updates to that information.

HPPL means Hancock Prospecting Pty Limited ACN 008 676 417.

HPPL Group means HPPL and each of its Subsidiaries.

HPPL Group Member means HPPL or any of its Subsidiaries (as the context requires).

Interim Dividend means an unfranked dividend of not more than $0.05 per Senex Share declared and paid by Senex for the period ending 31 December 2021.

Implementation Date means the date which is 5 Business Days after the Record Date or such other date as Senex and PIC agree in writing.

Independent Expert means Lonergan Edwards & Associates Limited ABN 53 095 445 560.

Independent Technical Expert means RISC Advisory Pty Ltd ACN 150 789 030.

Independent Expert's Report means the report prepared by and from the Independent Expert dated 4 February 2022 and set out at Appendix B (including the initial report and any update, revision, amendment, addendum or supplementary reports to it).

Independent Technical Expert's Report means the report prepared by and from the Independent Technical Expert dated February 2022 and set out in the Independent Expert's Report (including the initial report and any update, revision, amendment, addendum or supplementary reports to it).

Indirect Australian Real Property Interest has the meaning given to it in Section 11.3a).

Insolvency Event means in relation to an entity:

(a) the entity resolving that it be wound up or the making of an application or order for the winding up or dissolution of the entity, other than where the application or order (as the case may be) is set aside within 14 days;

(b) the entity entering into an arrangement, compromise or composition with, or assignment for the benefit of, its creditors or a class of them;

(c) a liquidator or provisional liquidator of the entity being appointed;

(d) a court making an order for the winding up of the entity;

(e) an administrator, controller or similar officer of the entity being appointed;

(f) the entity ceasing, or threatening to cease, to carry on a substantial part of the business which is material to it and its Related Body Corporates, taken as a whole, as at the date of the Scheme Implementation Agreement;

(g) the entity being or becoming unable to pay its debts when they fall due, or otherwise being, or being presumed or taken to be, insolvent;

(h) the entity executing a deed of company arrangement; or

(i) a receiver, or a receiver and manager, being appointed in relation to the entity, or a substantial part, of the property of the entity.

Jemena means Jemena Gas Pipelines Holdings Pty Ltd and its Subsidiaries.

K-A Energy 1 means K-A Energy 1 Pty Ltd ACN 656 318 759.

Key Permits means each of the following tenements or potential commercial area declarations (as applicable):

(a) (Atlas): ATP 2059, PPL 2038 and PL 1037;

(b) (Roma North): ATP 771 (including PCAs 125, 126 and 127), ATP 593 (including PCA 249), ATP 767 (including PCA 184), PL 1022, PL 1023 and PL 1024; and

(c) (upon completion of the acquisition of these permits): PL 445 and PL 209.

KMP means key management personnel as defined in the Corporations Act, which for Financial Year 2021 are as set out in Senex's 2021 Annual Report.

Korean Foreign Exchange Condition means the Condition under clause 3.1(b) of the Scheme Implementation Agreement.

Last Date for Proxy Forms is currently expected to be 10.00am AEDT (Sydney, Melbourne) on Sunday, 13 March 2022, or such other date as may be agreed in writing between Senex and PIC or as may be required by ASIC or ASX.

Letter of Notice and Access means the letter sent to Senex Shareholders who have not made an election to receive communications electronically containing details of where they can view and download the Scheme Booklet.

LNG means liquefied natural gas.

Macquarie Capital means Macquarie Capital (Australia) Limited

ACN 123 199 548.

Material Adverse Change means an event, matter or circumstance that occurs on or after the date of the Scheme Implementation Agreement, or which occurs before the date of the Scheme Implementation Agreement but is only announced or becomes known (in each case whether or not it becomes public) to PIC or Senex on or after the date of the Scheme Implementation Agreement, which has or could reasonably be expected to have, individually or when aggregated with all such events, matters or circumstances, the effect of:

(a) diminishing the consolidated net assets of the Senex Group by 5% or more (as compared to the Senex Group's consolidated net assets set out in its consolidated balance sheet as at 30 June 2021) to the extent such diminution is not caused by the costs of the Transaction;

(b) reducing the EBITDA of the Senex Group for the financial year ending 30 June 2022 by 10% or more as compared against the EBITDA of the Senex Group for the financial year ended 30 June 2021;

(c) a downgrade of 10% or more of the 2P gas reserves of the Senex Group as set out in Senex's 2021 Annual Report as adjusted to include the 2P gas reserves attributable to PL 445 and PL 209 set out in the NSAI Report and adjusted so as not to include in the calculation of any reduction in reserves due to the production of gas; or

(d) the suspension, cancellation, revocation, or termination, other than due to the effluxion of time, of, or a material adverse change to the terms of, any of the Key Permits,

in each case other than an event, matter or circumstance:

(e) contemplated, permitted or required by the Scheme Implementation Agreement;

(f) Fairly Disclosed in:

  (i) the Senex Due Diligence Materials;

  (ii) in an announcement made by Senex to ASX in the 3 years prior to the date of the Scheme Implementation Agreement; or

  (iii) a publicly available document lodged by a Senex Group Member with ASIC prior to the date of the Scheme Implementation Agreement;

(g) agreed to in writing by PIC;

(h) that is within the actual knowledge of Senior Vice President, Head of E&P Business Division, Jhoon Soo Jho, Head, New venture department, Nam Dae Jo, Leader, Upstream Asset Team, Won Jae Lee or Leader, Asset/Corp Acquisition Team, Dong Kyoon Kim prior to date of the Scheme Implementation Agreement;

(i) arising out of, or in connection with the introduction of any new law, regulation, applicable government policy, emissions/carbon/greenhouse gases reporting, reduction or abatement scheme or the imposition of any limit or restriction on the emission of carbon or other greenhouse gases;

(j) arising out of, or in connection with:

  (i) The Gas Inquiry; or

  (ii) The ACCC's "Review of upstream competition and the timeliness of supply";

(k) (in respect of a reduction in EBITDA or net assets) that is reasonably expected, in due course, to be off-set by business interruption or other insurance payments;

(l) arising out of, or in connection with, a COVID-19 Event;

(m) resulting from changes:

  (i) in industry, regulatory, political, market or economic conditions;

  (ii) in oil, gas or LNG prices, foreign exchange rates, interest rates or commodity prices, or any act of terrorism, war or natural disaster or the like;

  (iii) in any law, regulation or applicable government policy, including to the National Gas Law, the National Energy Retail Law, the regulations made for the purposes of the NGL in the National Gas (South Australia) Regulations 2008 (SA), and the National Gas Rules;

  (iv) in the judicial or administrative interpretation of any law, regulation or applicable government policy;

  (v) in any emissions/carbon/greenhouse gases reporting, reduction or abatement scheme; or

  (vi) generally accepted accounting principles or their interpretation.

Meeting Record Date is currently expected to be 7.00pm AEDT (Sydney, Melbourne) on Sunday, 13 March 2022, or such other date as may be agreed in writing between Senex, PIC and K-A Energy 1 or as may be required by ASIC or ASX.

Morgans means Morgans Corporate Limited ACN 010 539 607.

Morrow Sodali means Morrow Sodali Pty Limited ACN 122 943 131.

Notice of Scheme Meeting means the notice in relation to the Scheme Meeting, as set out at Appendix A.

NSAI means Netherland, Sewell & Associates, Inc.

NSAI Report means the letter report to Senex from NSAI dated 17 August 2021 for certain properties located in PL 445 and PL 209.

PCA means potential commercial area under the Petroleum and Gas (Production and Safety) Act 2004 (Qld).

PIC means POSCO INTERNATIONAL Corporation.

PIC Group means PIC and each of its Subsidiaries and **PIC Group Member** means PIC or one of its Subsidiaries.

PIC Information means:

(a) all of the information contained in Section 9;

(b) the answers to questions in part 2 of Section 4,

and includes any updates to that information.

PIC Warranties means the warranties made by PIC set out in clause 12.1 of the Scheme Implementation Agreement.

PJ means petajoule.

PJe means petajoule equivalent.

PL means a petroleum lease issued under the Petroleum and Gas (Production and Safety) Act 2004 (Qld).

PPL means petroleum pipeline licence under the Petroleum and Gas (Production and Safety) Act 2004 (Qld).

Proxy Form means the proxy form for the Scheme Meeting, a sample of which is enclosed with this Scheme Booklet.

PwC means PricewaterhouseCoopers ABN 52 780 433 757.

Record Date means 7.00pm AEDT (Sydney, Melbourne) on the date which is 5 Business Days after the Effective Date or such other time and date agreed in writing between Senex and PIC.

Registered Addresses means in relation to a Scheme Shareholder, the address of the Scheme Shareholder as recorded in the Senex Share Register.

Regulatory Authority means:

(a) any government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;

(b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;

(c) any regulatory organisation established under statute; and

(d) in particular, FIRB, ASX, ASIC, ACCC, ATO, DAWE, DES, DOR or WHSQ.

Related Body Corporate has the meaning given to it in section 50 of the Corporations Act.

Relevant Interest has the meaning given to it in sections 608 and 609 in the Corporations Act.

Representatives means in relation to a party, all directors, officers, employees, professional advisers (including financiers, financial advisers, corporate advisers, legal advisers or technical or other expert advisers or consultants) and agents of the party or of its Related Bodies Corporate.

Revolving Facilities has the meaning given to it in Section 9.4c).

Rothschild & Co means Rothschild & Co Australia Limited ACN 008 591 768.

Scheme means a scheme of arrangement under Part 5.1 of the Corporations Act between Senex and the Scheme Shareholders, substantially in the form set out in Appendix C or in such other form as Senex and
PIC agree in writing.

Scheme Booklet means this document, including each appendix.

Scheme Consideration means an amount of $4.60 for each Scheme Share.

Scheme Implementation Agreement means the Scheme Implementation Agreement between Senex and PIC, dated 11 December 2021 . A summary is set out in Section 7.1, and a copy is attached in full to Senex's ASX announcement on 13 December 2021, which is available on ASX's website at www.asx.com.au or Senex's website at www.senexenergy.com.au.

Scheme Meeting means the meeting of Senex Shareholders to be convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act.

Scheme Resolution means the resolution in relation to the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.

Scheme Share means a Senex Share on issue as at the Record Date.

Scheme Shareholder means each person registered in the Senex Share Register as the holder of the Scheme Shares as at the Record Date.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Security Interest has the meaning given to it in section 12 of the *Personal Property Securities Act 2009* (Cth).

Senex means Senex Energy Limited ACN 008 942 827.

Senex Board means the board of directors of Senex.

Senex Director means a director of Senex.

Senex Disclosure Letter means the letter executed by Senex and given to PIC on 11 December 2021, immediately before execution of the Scheme Implementation Agreement.

Senex Due Diligence Material means:

(a) all information and documents provided to PIC by or on behalf of Senex in the online data room established by Senex prior to 8.00 pm on 7 November 2021;

(b) all information and documents provided to PIC by or on behalf of Senex via remote access to the physical data room established by the Senex prior to 8.00 pm on 7 November 2021;

(c) the questions raised by PIC during the due diligence process and the responses given to those questions given by or on behalf of Senex prior to 8.00 pm on 7 November 2021 (as included in the online data room established by Senex); and

(d) the Senex Disclosure Letter.

Senex Group means Senex and each of its Subsidiaries and **Senex Group Member** means Senex or one of its Subsidiaries.

Senex Information means all information included in this Scheme Booklet and any updates to that information, other than the information in Section 11, the PIC Information and the Hancock Information (and any information solely derived from, or prepared solely in reliance on, any such information), the Independent Expert's Report (or any information solely derived from, or prepared solely in reliance on, information in the Independent Expert's Report), the Independent Technical Expert's Report (or any information solely derived from, or prepared solely in reliance on, information in the Independent Technical Expert's Report), and any other report or letter issued by a Third Party.

Senex Non-Executive Director means a non-executive director of Senex.

Senex Performance Rights means the performance rights granted, or proposed to be granted, under the Employee Performance Rights Plan.

Senex Prescribed Occurrences means the occurrence of any of the following events:

(a) Senex converts all or any of the Senex Shares into a larger or smaller number of shares;

(b) any member of the Senex Group resolves to reduce its capital in any way;

(c) any member of the Senex Group:

  (i) enters into a buy-back agreement; or

  (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;

(d) any member of the Senex Group issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option (other than to any other member of the Senex Group);

(e) any member of the Senex Group issues, or agrees to issue, convertible notes;

(f) any member of the Senex Group Member disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(g) any member of the Senex Group Member grants, or agrees to grant, a security interest (as defined in section 51A of the Corporations Act) in the whole, or a substantial part, of its business or property other than a Permitted Encumbrance;

(h) any member of the Senex Group resolves to be wound up;

(i) a liquidator or provisional liquidator of a member of the Senex Group is appointed;

(j) a court makes an order for the winding up of a member of the Senex Group;

(k) an administrator of a member of the Senex Group, is appointed under section 436A, 436B or 436C of the Corporations Act,

(l) a member of the Senex Group executes a deed of company arrangement; or

(m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of a member of the Senex Group,provided that a Senex Prescribed Occurrence will not include:

(n) any matter contemplated, permitted or required to be done by Senex pursuant to the Scheme Implementation Agreement or the Scheme (including clause 6.4);

(o) in the case of (g) above, as Fairly Disclosed in Item 12 of the Senex Disclosure Letter; or

(p) any matter approved by PIC in writing.

Senex Registry means Computershare Investor Services Pty Limited of Level 1, 200 Mary Street, Brisbane, Queensland 4000.

Senex Share means a fully paid ordinary share in the capital of Senex.

Senex Share Appreciation Rights means a share appreciation right issued by Senex to an eligible employee under Senex's Share Appreciation Rights Plan.

Senex Share Register means the register of members of Senex maintained by or on behalf of Senex in accordance with section 168(1) of the Corporations Act.

Senex Shareholder means a person who is registered in the Senex Share Register as the holder of Senex Shares.

Senex Shareholder Information Line means the Senex shareholder information line on 1300 527 403 (within Australia) or +61 2 9066 6158 (outside Australia), which is available between 8.30am and 5.30pm AEDT (Sydney, Melbourne), Monday to Friday.

Senex Warranties means the warranties made by Senex set out in clause 12.3 of the Scheme Implementation Agreement.

Share Appreciation Rights Plan means the employee share appreciation rights plan of Senex relating to the grant of Senex Share Appreciation Rights in existence as at the date of the Scheme Implementation Agreement.

Subscription and Scheme Process Deed means the deed of that name entered into between PIC and Hancock Energy Corporation on 11 December 2021, and acceded to by K-A Energy 1 on 18 January 2022.

Subsidiary has the meaning given to it in the Corporations Act.

Superior Proposal means a bona fide Competing Proposal, which the Senex Board, acting in good faith and in the interests of Senex and its shareholders and after taking advice from its legal and financial advisers, determines:

(a) is reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal; and

(b) would be more favourable to Senex Shareholders than the Transaction, taking into account all aspects of the Competing Proposal, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters, certainty and any other matters affecting the probability of the relevant proposal being completed in accordance with its terms.

Target Payment means $8,520,000.

Taxation Condition means a condition imposed by the Treasurer under section 74(2) of the *Foreign Acquisitions and Takeovers Act* 1975 (Cth) in the form of any one or more the conditions in the list of tax conditions set out in items 1 to 6 (inclusive) in Section D of FIRB Guidance Note 12 – Tax Conditions (as last updated on 9 July 2021).

Third Party means a person other than PIC, K-A Energy 1, Senex, or their respective Related Bodies Corporate.

TJ means terajoule.

Total Uncommitted Facility Amount has the meaning given to it in Section 9.4c).

Transaction means the acquisition by K-A Energy 1 of the Scheme Shares for the Scheme Consideration pursuant to the Scheme.

Transaction Documents means

(a) the Scheme Implementation Agreement;

(b) the Scheme; and

(c) the Deed Poll.

Treasurer means the Treasurer of the Commonwealth of Australia.

Voting Power has the meaning given in the Corporations Act.

VWAP means the volume weighted average price.

WHSQ means Workplace Health and Safety Queensland.

Appendix A – Notice of Scheme Meeting

Notice of Scheme Meeting

Notice is hereby given that, by an order of the Federal Court of Australia (**Court**) made on 7 February 2022 pursuant to section 411(1) of the Corporations Act, a meeting of the holders of ordinary shares in Senex Energy Limited (**Senex**) will be held on Tuesday, 15 March 2022 at 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and virtually through the online meeting platform at https://meetnow.global/MJZX2TC (**Scheme Meeting**).

The Court has directed that Trevor Bourne acts as Chairman of the Scheme Meeting, or failing him, Ralph Craven, and has directed the Chairman to report
the result of the Scheme Meeting to the Court.

Further details on how to participate in the Scheme Meeting virtually via the online meeting platform are set out in the notes that accompany, and form part of, this Notice of Scheme Meeting and in the Scheme Meeting online meeting guide.

Item of Business – Scheme Resolution

To consider and, if thought fit, to pass the following resolution (**Scheme Resolution**):

"That, pursuant to and in accordance with section 411 of the Corporations Act, the proposed scheme of arrangement between Senex and the holders of its fully paid ordinary shares, the terms of which are contained and more particularly described in the Scheme Booklet of which this Notice of Scheme Meeting forms part, is approved (with or without modification as approved by the Federal Court of Australia)."

David Pegg
Company Secretary
7 February 2022

Notes

These Notes form part of the Notice of Scheme Meeting. Information on the Scheme is set out in the scheme booklet of which this notice forms part (**Scheme Booklet**). These notes should be read in conjunction with the Notice of Scheme Meeting. Unless the context requires otherwise, terms used in the Notice of Scheme Meeting and in these notes have the same meaning as set out in the glossary in the Scheme Booklet.

1. **Required majorities**

   In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be approved by:

   - a majority in number (i.e. more than 50%) of Senex Shareholders present and voting at the Scheme Meeting (whether in person or by proxy, attorney or, in the case of a body corporate, corporate representative); and
   - at least 75% of the votes cast on the Scheme Resolution (whether in person or by proxy, attorney or, in the case of a body corporate, corporate representative).

2. **Entitlement to vote**

   For the purposes of the Scheme Meeting, the time for determining eligibility to vote at the meeting is 7.00pm (Sydney, Melbourne) on Sunday, 13 March 2022. This means that any Senex Shareholders entered on the Senex Share Register at that time will be entitled to attend and vote at the Scheme Meeting. Voting will be conducted by poll.

3. **Voting**

   You may vote in person or virtually online at the Scheme Meeting or appoint a proxy, attorney or, if you are a body corporate, a corporate representative to attend and vote on your behalf.

   Voting in person

   To vote in person, attend the Scheme Meeting on the date and place as set out above.

   While shareholders are entitled to physically attend the Scheme Meeting, in light of the evolving COVID-19 circumstances, we would encourage all shareholders to consider whether they should attend the meeting in person or instead attend the meeting online as outlined below, or vote by proxy by following the instructions set out in this Notice of Scheme Meeting and the Proxy Form.

   In relation to the physical meeting, Senex may be required to take extraordinary measures, including to limit or prohibit attendance after taking into account government advice and requirements and health concerns. Senex will be observing social distancing rules, other government requirements that may apply and any restrictions imposed by the venue (Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD), based on the COVID-19 situation at the time of the Scheme Meeting.

Participating in the Scheme Meeting online

The Senex Directors encourage shareholders to participate in the meeting via the online meeting platform. To participate in the meeting online, you can log in by entering the following URL https://meetnow.global/MJZX2TC into a web browser on your computer, tablet or smartphone. Online registration will open 1 hour before the meeting. Please have your SRN/HIN and registered postcode or country code ready and ensure your browser is compatible. Proxyholders will need to contact Computershare prior to the meeting to obtain their login details.

While shareholders will be able to vote on the resolutions online during the meeting in real time, shareholders are encouraged to lodge a proxy ahead of the meeting, even if they are participating online. If you are unable to attend, please lodge your vote online at www.investorvote.com.au.

Shareholders participating in the meeting using the online meeting platform will be able to vote between the commencement of the meeting and the closure of voting as announced by the Chair during the meeting.

By participating in the meeting online you will be able to:

- hear and view meeting slides;
- submit questions at the appropriate time while the meeting is in progress; and
- vote during the meeting.

If you choose to participate in the meeting online, registration will open at 8.00am AEST (Brisbane) / 9.00am AEDT (Sydney, Melbourne) on Tuesday, 15 March 2022. To participate in the meeting online, you can log in to the meeting by entering the following URL https://meetnow.global/MJZX2TC into a web browser on your computer, tablet or smartphone.

Once on the URL, shareholders will need the following information and to follow the instructions below to participate in the Scheme Meeting in real-time:

1. Click on 'Join Meeting Now'.
2. For Senex Shareholders enter your SRN/HIN. For Proxyholders please contact Computershare on +61 3 9415 4024 no later than one hour prior to the meeting to obtain login details.
3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop down list.
4. Accept the Terms and Conditions and 'Click Continue'.

Instructions on how to log on to ask questions during the meeting are outlined below and available at https://www.edocumentview.com.au/SXY2022. Please note, only Senex Shareholders may ask questions online and only once they have been verified. It may not be possible to respond to all questions raised during the meeting. Shareholders are therefore encouraged to lodge questions prior to the Scheme Meeting at companysecretary@senexenergy.com.au by 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne), Sunday, 13 March 2022.

Further information regarding participating in the Scheme Meeting online, including browser requirements, is detailed in the online meeting guide available at https://www.edocumentview.com.au/SXY2022. **Senex Shareholders should review the online meeting guide in advance and ensure they take note of any steps required to access the Scheme Meeting.**

Voting by Proxy

A Senex Shareholder entitled to participate and vote at the Scheme Meeting can vote by proxy. The Proxy Form is enclosed with the Scheme Booklet. A proxy need not be a Senex Shareholder.

Instructions on how to complete and lodge the Proxy Form are included on the form. Please note that the Proxy Form must be received by the Senex Registry, whose details are listed below, by no later than 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Sunday, 13 March 2022. If you have an attorney sign a Proxy Form on your behalf, the original or a certified copy of the power of attorney must be received by the Senex Registry at the same time as the Proxy Form (unless previously provided to the Senex Registry).

A proxy will be admitted to the Scheme Meeting upon providing evidence of their name and address at the point of entry to the meeting.

A Senex Shareholder entitled to attend and cast 2 or more votes at the meeting is entitled to appoint no more than 2 proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the Senex Shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the Senex Shareholder's votes.

If you do not instruct your proxy on how to vote, you will be taken (for all relevant purposes) to have given your proxy discretion as to how to vote and your proxy may vote as he or she sees fit at the Scheme Meeting.

A Senex Shareholder may appoint the Chairman of the meeting as their proxy by nominating him in the Proxy Form. If a Senex Shareholder returns their Proxy Form but does not nominate the identity of their proxy, the Chairman of the meeting will automatically be their proxy. If a Senex Shareholder returns their Proxy Form but their nominated proxy does not attend the meeting, then their proxy will revert to the Chairman of the Scheme Meeting. As the Scheme Resolution will be conducted via a poll, if a Senex Shareholder's nominated proxy is either not recorded as attending the meeting or does not vote on the resolution in accordance with the Senex Shareholder's directions, the Chairman of the meeting is taken, before voting on the resolution closes, to have been appointed as the Senex Shareholder's proxy for the purposes of voting on the resolution.

The Chairman of the meeting intends to vote all available proxies in favour of the Scheme Resolution.

Voting by proxy through power of attorney

For persons voting by proxy through powers of attorney, the powers of attorney must be received by the Senex Registry by no later than 9.00am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) on Sunday, 13 March 2022.

Persons attending the Scheme Meeting as an attorney should bring to the Scheme Meeting the original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting.

Voting by corporate representative

A corporation may elect to appoint a representative in accordance with s250D of the Corporations Act, in which case Senex will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with Senex before the meeting or at the registration desk on the day of the meeting.

Jointly held securities

If Senex Shares are jointly held, either one of the joint Senex Shareholders is entitled to vote at the Scheme Meeting. If more than one joint Senex Shareholder votes in respect of jointly held Senex Shares, only the vote of the Senex Shareholder whose name appears first in the Senex Share Register will be counted.

Lodgement of proxies

If you appoint a proxy, Senex encourages you to direct your proxy how to vote on each item by marking the appropriate boxes on the Proxy Form.

Shareholders are encouraged to notify an appointed proxy of their appointment to enable them to participate in the meeting online and to exercise your voting instructions. Appointed proxies will need to contact the Senex Registry to obtain a username and password to vote online.

5. **Conditions**

If the Scheme Resolution is approved at the Scheme Meeting by the requisite majorities, the implementation of the Scheme (with or without modification) will be subject to:

- the subsequent approval of the Court under section 411(4)(b) of the Corporations Act; and
- the satisfaction or (if applicable) waiver of all other Conditions that the Scheme is subject to.

6. **Technical difficulties**

Technical difficulties may arise during the Scheme Meeting. The Chairman has discretion as to whether and how the Scheme Meeting should proceed if a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chair considers it appropriate, the Chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy by 10.00am (Sydney, Melbourne) on 13 March 2022 even if they plan to attend in person or online.

Appendix B – Independent Expert's Report

LONERGAN EDWARDS
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The Directors
Senex Energy Limited
Level 30
180 Ann Street
Brisbane QLD 4000

4 February 2022

Subject: Proposed acquisition by way of scheme of arrangement

Dear Directors

Introduction

1 On 13 December 2021, Senex Energy Limited (Senex) announced that it and POSCO INTERNATIONAL Corporation (PIC) had signed a Scheme Implementation Agreement (SIA) under which it is proposed that K-A Energy 1 Pty Ltd (K-A Energy 1) would acquire all of the issued shares in Senex for an offer consideration of A$4.60 cash per share.

2 The proposed acquisition of the shares is to be implemented via a scheme of arrangement under s411 of the *Corporations Act 2001* (Cth) between Senex and its shareholders (the Scheme) and is subject to a number of conditions precedent (as summarised in Section I of our report).

3 If the Scheme is approved and implemented, Senex shareholders will receive A$4.60 cash for each Senex share they hold on the Scheme Record Date[1] (Scheme Consideration).

4 In addition to the Scheme Consideration, Senex intends to pay an interim dividend of up to A$0.05 per Senex share for the half year ending 31 December 2021, subject to review by the Board. This interim dividend is in the ordinary course of business and is not conditional on the implementation of the Scheme.

Senex

5 Senex is an Australian listed company with principal activities comprising coal seam gas exploration, development and production, focused on the Surat Basin and Bowen Basin in southern Queensland.

K-A Energy 1

6 K-A Energy 1 is an Australian proprietary company owned 50.1% by PIC and 49.9% by Hancock Energy Corporation Pty Ltd (Hancock Energy Corporation) that was incorporated on 4 January 2022 for the purpose of acquiring (under the Scheme) and holding (following implementation of the Scheme) all the Senex shares.

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1 The Scheme Record Date is presently expected to be 7:00pm on the fifth business day after the Scheme becomes effective.

PIC

7 PIC is an integrated trading company listed on the Korea Stock Exchange. PIC serves a broad range of industries including steel, energy, agriculture, chemicals, mobility, materials and infrastructure. PIC has a global network of 100 overseas branches and subsidiaries in 45 countries.

Hancock Energy Corporation

8 Hancock Energy Corporation is an Australian proprietary company limited by shares and is a wholly-owned subsidiary of Hancock Prospecting Pty Ltd (HPPL). HPPL is a privately held Australian company that is majority owned by Mrs Georgina Rinehart. HPPL has a long association with the Pilbara region of Western Australia and the iron ore sector. HPPL also has a significant and diversified portfolio of Australian agricultural assets.

Purpose of report

9 The Scheme is subject to a number of conditions precedent, including an independent expert concluding and continuing to conclude that the Scheme is fair and reasonable and therefore in the best interests of Senex shareholders. In addition:

(a) the Senex Board recommendation of the Scheme is subject to an independent expert concluding and continuing to conclude that the Scheme is fair and reasonable and therefore in the best interests of Senex shareholders, in the absence of a superior proposal

(b) as the Scheme is considered a change of control transaction, Australian Securities & Investments Commission's (ASIC) Regulatory Guide 111 – *Content of expert reports* (RG 111) also requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable.

10 Accordingly, the Directors of Senex have requested Lonergan Edwards & Associates Limited (LEA) to prepare an independent expert's report (IER) stating whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Senex shareholders and the reasons for that opinion.

11 LEA is independent of Senex, K-A 1 Energy, PIC and Hancock Energy Corporation and has no other involvement or interest in the proposed Scheme.

Summary of opinion

12 In our opinion, the Scheme is fair and reasonable and in the best interests of Senex shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Assessment of the Scheme

Value of Senex

13 We have assessed the value of Senex shares on a 100% controlling interest basis at A$4.17 to A$4.92 per share, as shown below:

Senex – value of shares on a 100% controlling interest basis	Low A$m	High A$m
Atlas	520.0	560.0
Roma North 1 & 2	200.0	235.0
Roma North 3 & 4	80.0	110.0
PL 209 and PL 445	40.0	80.0
Development assets	-	-
Corporate overheads	(65.0)	(70.0)
Total	775.0	915.0
Net cash / (interest bearing debt) (1)	(12.2)	(12.2)
Hedge book liability(2)	(11.2)	(11.2)
Tax losses	60.0	65.0
Senex equity value	811.6	956.6
Number of shares on issue (m)(3)	192.4	192.4
Value per share	4.22	4.97
Less: Dividend to be paid(4)	(0.05)	(0.05)
Value per share – ex-dividend basis(4)	4.17	4.92

Note:
1 Source: Senex Quarterly report for the quarter ended 31 December 2021.
2 Source: Senex management.
3 Includes 7,168,788 performance rights and share appreciation rights.
4 Reflecting the circumstance that no adjustment for the proposed dividend has been made to the cash nor provision balances adopted and to enable a comparison to the Scheme consideration.

Value of Scheme Consideration

14 If the Scheme is approved and implemented, Senex shareholders will receive A$4.60 cash for each Senex share they hold on the Scheme Record Date.

15 In addition to the Scheme Consideration, Senex intends to pay an interim dividend of up to A$0.05 per Senex share for the half year ending 31 December 2021, subject to review by the Board. This interim dividend is in the ordinary course of business and is not conditional on the implementation of the Scheme.

16 A Senex shareholder present on the register at the record dates for both the dividend and the Scheme will therefore receive a total of A$4.65 cash per share if the Scheme is implemented. However, as the interim dividend is intended to be paid irrespective of the outcome of the Scheme, we have assessed the Scheme Consideration at A$4.60 cash per share.

Fairness

17 Pursuant to RG 111 a scheme is "fair" if the value of the scheme consideration is equal to or greater than the value of the securities the subject of the scheme. This comparison is shown below:

Position of Senex shareholders	Low A$ per share	High A$ per share	Mid-point A$ per share
Value of Scheme Consideration	4.60	4.60	4.60
Value of 100% of Senex	4.17	4.92	4.54
Extent to which the Scheme Consideration exceeds (or is less than) the value of Senex	0.43	(0.32)	0.06

18 As the Scheme Consideration lies within our assessed valuation range for Senex shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Senex shareholders when assessed based on the guidelines set out in RG 111.

Assessment of "reasonableness" and "in the best interests"

19 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion the Scheme is also "reasonable".

In the best interests

20 There is no legal definition of the expression "in the best interests". However, RG 111 notes that if an expert concludes that a scheme is "fair and reasonable", or "not fair but reasonable", then the expert will also be able to conclude that the scheme is "in the best interests" of members of the company.

21 In our experience, if a transaction is "fair" and "reasonable" under RG 111 it will also be "in the best interests" of shareholders. This is because if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares which is consistent with the full underlying value of those shares.

22 We therefore consider that the Scheme is also "in the best interests" of Senex shareholders in the absence of a superior proposal.

Other considerations

23 We summarise below the likely advantages and disadvantages of the Scheme for Senex shareholders if the Scheme proceeds.

Advantages

24 In our opinion, the Scheme has the following benefits for Senex shareholders:

(a) the Scheme Consideration of A$4.60 cash per share is consistent with our assessed value range for Senex shares on a 100% controlling interest basis

(b) the Scheme Consideration represents an appropriate premium to the recent market prices of Senex shares prior to the initial announcement by Senex on 18 October 2021 that discussions in respect of a proposed transaction were being held, and

(c) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Senex shares is likely to trade at a significant discount to our valuation and the Scheme Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

25 Senex shareholders should note that if the Scheme is implemented they will no longer hold an interest in Senex. Senex shareholders will therefore not participate in any future value created by the company over and above that reflected in the Scheme Consideration.

26 However, as our assessed value of Senex shares is consistent with the Scheme Consideration, in our opinion, the present value of Senex's future potential is reflected in the Scheme Consideration.

27 Shareholders should also note that the value of Senex shares is particularly sensitive to long-term domestic gas and Brent oil price assumptions in AUD terms. While our valuation reflects long-term Brent oil price assumptions that are consistent with the forward market and analyst forecasts, and long term gas prices consistent with long term (post 2015) trends, those shareholders having a more optimistic view on long-term domestic gas and Brent oil prices may consider the Scheme Consideration to be inadequate[2].

Conclusion

28 Given the above analysis, we consider the advantages of the Scheme to outweigh the disadvantages. Consequently, in our view, the acquisition of Senex shares under the Scheme is fair and reasonable and in the best interests of Senex shareholders in the absence of a superior proposal.

General

29 In preparing this report we have considered the interests of Senex shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

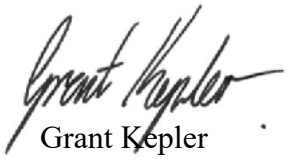
30 The impact of approving the Scheme on the tax position of Senex shareholders depends on the individual circumstances of each investor. Senex shareholders should read the Scheme Booklet and consult their own professional advisers if in doubt as to the taxation consequences of the Scheme.

31 The ultimate decision whether to approve the Scheme should be based on each Senex shareholder's assessment of their own circumstances. If Senex shareholders are in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

32 For our full opinion on the Scheme and the reasoning behind our opinion, we recommend that Senex shareholders read the remainder of our report.

Yours faithfully

Craig Edwards
Authorised Representative



Grant Kepler
Authorised Representative

2 We note however the impact of changes in the AUD/USD exchange rate and the importance of AUD Brent oil prices rather than just USD Brent oil prices and the (often significantly offsetting) increase in the value of the AUD at times of higher commodity prices.

Table of contents

I Key terms of the Scheme

Terms

33 An overview and key terms of the Scheme is set out at paragraphs 1 to 4.

Conditions

34 The Scheme is subject to the satisfaction or waiver of a number of conditions precedent, including the following which are outlined in the SIA between Senex and PIC dated 11 December 2021:

(a) respective regulatory approvals from ASIC, the Australian Securities Exchange (ASX), the Foreign Investment Review Board, and the Korean Ministry of Strategy and Finance

(b) approval of the Scheme by the Court in accordance with s411(4)(b) of the *Corporations Act 2001* (Cth) (Corporations Act)

(c) Senex shareholder approval by the requisite majorities at the Scheme meetings under the Corporations Act

(d) no temporary restraining order, preliminary or permanent injunction or other order or prohibition issued by any court of competent jurisdiction or Regulatory Authority (as defined in clause 1.1 of the SIA) or other legal restraint, prohibition, action or investigation preventing the transaction is in effect at 8.00am on the Second Court Date

(e) no "Target Prescribed Occurrence" (as defined in clause 1.1 of the SIA) occurs in respect of Senex on or before 8.00am on the Second Court Date

(f) no "Insolvency Event" (as defined in clause 1.1 of the SIA) occurs in respect of either Senex or PIC on or before 8.00am on the Second Court Date

(g) no "Material Adverse Change" (as defined in clause 1.1 of the SIA) occurs in respect of Senex on or before 8.00am on the Second Court Date

(h) all "Target Warranties" and "Bidder Warranties" (as defined in clause 1.1 of the SIA) remain true and correct in all material respects at all times on and before 8.00am on the Second Court Date

(i) the acquisition by Senex of Petroleum Leases PL 209 and PL 445 from Australia Pacific LNG Pty Ltd has completed before 8.00am on the Second Court Date

(j) an independent expert issues a report which concludes and continues to conclude that the Scheme is fair and reasonable and therefore in the best interests of Senex shareholders.

35 In addition Senex has agreed that during the Exclusivity Period (as defined in clause 1.1 of the SIA) it will not:

(a) solicit, invite, encourage or initiate any competing transaction

(b) continue or participate in any discussions or negotiations which may reasonably be expected to lead to a competing transaction

(c) enter into any agreement, arrangement or understanding in relation to a competing transaction or any agreement, arrangement or understanding which may reasonably be expected to lead to a competing transaction

(d) provide any non-public information to a third party for the purposes of enabling that party to table a competing transaction.

36 The exclusivity obligations do not apply if Senex has complied with the various obligations set out in the SIA and the Senex Board determines:

(a) the proposed competing transaction is a superior proposal or the steps which the Senex Board proposes to take may reasonably be expected to lead to a competing transaction which is a superior proposal[3]; and

(b) based on written advice from its legal advisers, that compliance with exclusivity obligations would be reasonably likely to constitute a breach of fiduciary or statutory obligations of any member of the Senex Board.

37 A reimbursement fee of A$8.52 million is payable by Senex to PIC or by PIC to Senex in certain circumstances as specified in the SIA.

Resolution

38 Senex shareholders will be asked to vote on the Scheme in accordance with the resolution contained in the notice of meeting accompanying the Scheme Booklet.

39 If the resolution is passed by the requisite majorities, Senex must apply to the Court for orders approving the Scheme, and if that approval is given, lodge the orders with ASIC and do all things necessary to give effect to the Scheme. Once the Court approves the Scheme it will become binding on all Senex shareholders who hold Senex shares as at the Scheme Record Date, whether or not they voted for the Scheme (and even if they voted against the Scheme).

3 Subject to any potential breach of fiduciary duties, Senex must notify PIC if it receives a superior competing proposal and give PIC five business days to match that competing proposal.

II Scope of our report

Purpose

40 The Scheme is to be effected pursuant to Part 5.1 of the Corporations Act, which governs schemes of arrangement. Part 3 of Schedule 8 of the Corporations Regulations 2001 (Corporations Regulations) prescribes information to be sent to shareholders in relation to a member's scheme of arrangement pursuant to s411 of the Corporations Act.

41 Paragraph 8303 of Schedule 8 of the Corporations Regulations provides that, where the other party to the transaction holds not less than 30% of the voting shares in the company the subject of the scheme, or where a director of the other party to the transaction is also a director of the company the subject of the scheme, the explanatory statement must be accompanied by an IER assessing whether the proposed scheme is in the best interests of shareholders and state reasons for that opinion.

42 Neither PIC, K-A Energy 1 nor Hancock Energy Corporation have any current shareholding in Senex and have no representation on the Senex Board. Accordingly, there is no regulatory requirement for an IER to be prepared for Senex shareholders pursuant to the Corporations Act or the ASX Listing Rules.

43 However, the Scheme is subject to a number of conditions precedent, including an independent expert concluding and continuing to conclude that the Scheme is fair and reasonable and therefore in the best interests of Senex shareholders. In addition:

(a) the Senex Board recommendation of the Scheme is subject to an independent expert concluding and continuing to conclude that the Scheme is fair and reasonable and therefore in the best interests of Senex shareholders, in the absence of a superior proposal

(b) as the Scheme is considered a change of control transaction, RG 111 also requires any appointed independent expert to provide an opinion on whether the Scheme is fair and reasonable.

44 The Directors of Senex have therefore requested LEA to prepare an IER stating whether the proposed acquisition of the shares in Senex by K-A Energy 1 under the Scheme is fair and reasonable and in the best interests of Senex shareholders and the reasons for that opinion.

45 This report has been prepared by LEA for the benefit of Senex shareholders to assist them in considering the resolution to approve the Scheme. Our report will accompany the Notice of Meeting and Scheme Booklet to be sent to Senex shareholders. The sole purpose of our report is to determine whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Senex shareholders.

46 The ultimate decision whether to approve the Scheme should be based on each Senex shareholder's assessment of their own circumstances. If in doubt about the action they should take in relation to the Scheme or matters dealt with in this report, shareholders should seek independent professional advice.

Basis of assessment

47 In preparing our report we have given due consideration to the Regulatory Guides issued by ASIC including, in particular, RG 111, which, inter alia, provides guidance as to how an expert should assess the merits of a transaction.

48 When an IER is prepared for a scheme that involves a change of control (like the proposed Scheme concerning Senex)[4], ASIC expects the form of the analysis undertaken by the expert to be substantially the same as for a takeover bid. That is, the expert is required to assess and provide an opinion on whether the scheme is "fair" and "reasonable" to the shareholders of the company which is the subject of the scheme (in addition to the inclusion of a statement as to whether the scheme is "in the best interests" of shareholders, being the opinion required under Part 3 of Schedule 8 of the Corporations Regulations).

49 Fairness involves the application of a strict quantitative test that compares the value of the consideration offered against the value of the shares that are the subject of the scheme (assuming 100% ownership of the target company and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length, noting that any special value that may be derived by a particular "bidder" should not be taken into account[5]). A scheme is "fair" if the value of the scheme consideration is equal to, or greater than the value of the shares that are the subject of the scheme. Fairness effectively measures whether shareholders (in the company the subject of the scheme) are being compensated for the actual (or deemed) change of "control" in ownership.

50 Reasonableness involves the consideration of other significant quantitative and qualitative factors that shareholders might consider prior to accepting a proposal (e.g. the bidder's existing shareholding in the company, the likely market price of the company's shares if the scheme is unsuccessful, the likelihood of a superior alternative offer emerging etc). A scheme is considered "reasonable" if it is "fair". A scheme may also be considered "reasonable" if, despite being "not fair", the expert believes there are sufficient reasons for shareholders to vote in favour of the scheme, in the absence of a superior proposal.

51 There is no legal definition of the expression "in the best interests". However, RG 111 notes that if an expert concludes that a scheme is "fair and reasonable", or "not fair but reasonable", then the expert will also be able to conclude that the scheme is "in the best interests" of members of the company.

52 Similarly, RG 111 notes that if an expert concludes that a scheme is "not fair and not reasonable", then the expert would need to conclude that the scheme is "not in the best interests" of members of the company.

53 Having regard to the above, our report therefore considers:

Fairness

(a) the market value of 100% of the shares in Senex

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4 A transaction where a person's voting power increases from below 20% to more than 20%, or from a starting point that is above 20% and below 90%.

5 e.g. synergies that are not available to other bidders.

(b) the value of the consideration offered by PIC, being A$4.60 cash per share

(c) the extent to which (a) and (b) differ (in order to assess whether the Scheme is fair under RG 111)

Reasonableness

(d) the extent to which a control premium is being paid to Senex shareholders

(e) the extent to which Senex shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction

(f) the listed market price of Senex shares, both prior to and subsequent to the announcement of the proposed Scheme

(g) the likely market price of Senex shares if the Scheme is not approved

(h) the value of Senex to an alternative offeror and the likelihood of a higher alternative offer being made for Senex prior to the date of the Scheme meeting

(i) the advantages and disadvantages of the Scheme from the perspective of Senex shareholders

(j) other qualitative and strategic issues associated with the Scheme.

Limitations and reliance on information

54 Our opinions are based on the economic, share market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

55 Our report is also based upon financial and other information provided by Senex and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

56 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Scheme from the perspective of Senex shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

57 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters. Further, this report and the opinions therein, must be considered as a whole. Selecting specific sections or opinions without context or considering all factors together, could create a misleading or incorrect view or opinion. This report is a result of a complex valuation process that does not lend itself to a partial analysis or summary.

58 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

59 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.

60 In forming our opinion, we have also assumed that:

(a) the information set out in the Scheme Booklet is complete, accurate and fairly presented in all material respects

(b) if the Scheme becomes legally effective, it will be implemented in accordance with the terms set out in the SIA and the terms of the Scheme itself.

Reliance on technical experts

61 To assist us to assess the value of gas producing assets we appointed RISC Advisory Pty Ltd (RISC). RISC was requested to provide gas production, operating and capital cost forecasts for the assets under development and provide an indicative value for the exploration assets. RISC provides a range of technical advisory services to the mineral resources industry and has significant experience in the coal seam gas sector and has a long involvement with Senex's Roma North project.

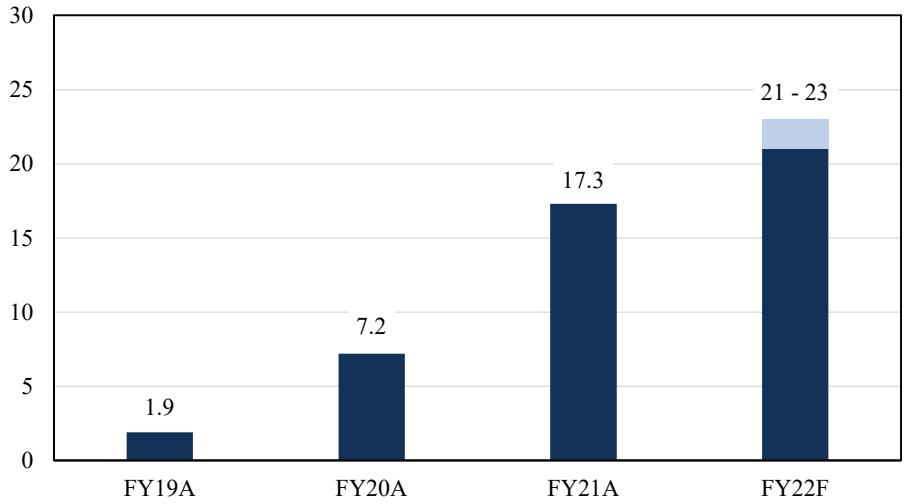
62 LEA has relied on the work undertaken by RISC when forming our opinion on the value of Senex's coal seam gas (CSG) assets. A copy of the RISC report is annexed to this IER at Annexure A. In making references to Senex's reserves and resources in this report we have relied on the report prepared by RISC and statement of reserves and resources issued by Senex. LEA does not certify these reserves and resources estimates.

III Profile of Senex

Overview

63 Senex is a natural[6] gas producer on the east coast of Australia with current production operations in the Surat Basin in Queensland, producing 17.3 petajoules (PJ) in FY21.

Senex – Production (PJ)(1)



Note:
1 FY22F reflects Senex guidance of 21 to 23 PJ.
Source: Senex investor presentation *FY21 full year results and outlook*, dated 19 August 2021, Senex Quarterly report for the quarter ended 31 December 2021, LEA analysis.

64 Senex also has exploration projects in both the Surat Basin and Bowen Basin. The Surat-Bowen basin is the largest hydrocarbon basin in eastern Australia, with over 85% of all gas reserves[7]. Senex's Surat Basin operations have the capacity to supply the equivalent of more than 10% of Queensland's annual domestic gas demand.

65 In March 2021, Senex completed the sale of its Cooper Basin oil business to Beach Energy Ltd for $87.5 million[8].

Current operations

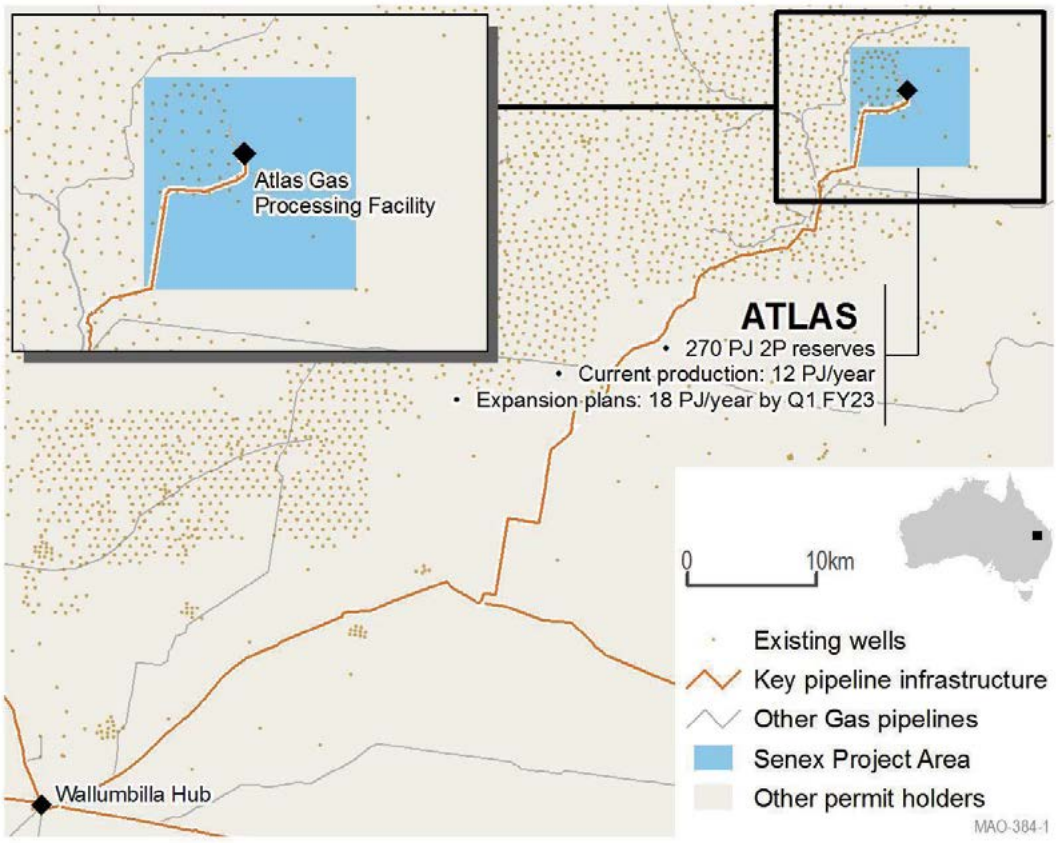
66 Senex has two current production operations, comprising Atlas (100% Senex) near Wandoan, and Roma North (100% Senex), near Roma, both in the Surat Basin. Senex also has an exploration project "Artemis" near Miles in the Surat Basin, and an exploration project "Rockybar" near Eidsvold in the Bowen Basin[9].

6 Unconventional (coal seam gas).
7 Source: Australian Energy Regulator (AER) – *State of the energy market 2021*.
8 Source: Senex Financial Report for the year ended 30 June 2021 – Operating and Financial Review.
9 Source: Senex website senexenergy.com.au accessed 27 October 2021.

Atlas

67 The Atlas project comprises a 58 square kilometre (sq km) initial project area with an additional 18 sq km natural gas project. Current "Stage 1" production approximates 12 PJ/year (producing at nameplate capacity of 32 terajoules (TJ)/day) comprising ca. 45 natural gas wells, pipelines and a processing facility[10] [11]:

Senex - Atlas



Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021.

68 Atlas "Stage 2" is expected to increase production by a further 6 PJ/year to 18PJ/year. An agreement is in place with Jemena for Jemena to construct and fund the expansion of the Atlas gas processing facility to process the increased production from "Stage 2"[12]. The final investment decision (FID) to undertake Stage 2 was taken in August 2021, with commissioning expected in Q1 FY23. Capital expenditure requirements are expected to be

10 Owned and operated by SGSP Assets Pty Ltd trading as Jemena (Jemena).

11 Source: Senex investor presentation *FY21 full year results and outlook*, dated 19 August 2021.

12 Source: Senex website senexenergy,com.au accessed 27 October 2021, Senex investor presentation *FY21 full year results and outlook*, dated 19 August 2021.

$40 million and will be funded from existing cash reserves[13]. Drilling commenced at the end of Q1 FY22 to support Atlas' growth in production toward 18 PJ/year[14].

Roma North

69 Located to the west of Atlas, Senex's Roma North project is a 370 sq km project currently comprising 70 natural gas wells, a processing facility[15] and a 5 km pipeline to GLNG's[16] (Senex's customer for Roma North production) existing infrastructure[17]. Current production approximates 8 PJ/year[18] (producing at some 21 TJ/day in comparison to nameplate capacity of 24 TJ/day), with further expansion capacity expected to increase site capacity (ultimately) to ca. 36 PJ/year in the following stages:

Senex – Roma expansion

Stage	Production increment
1b (in progress)	3 PJ/yr(1)
2	9 PJ/yr
3	9 PJ/yr
4	9 PJ/yr

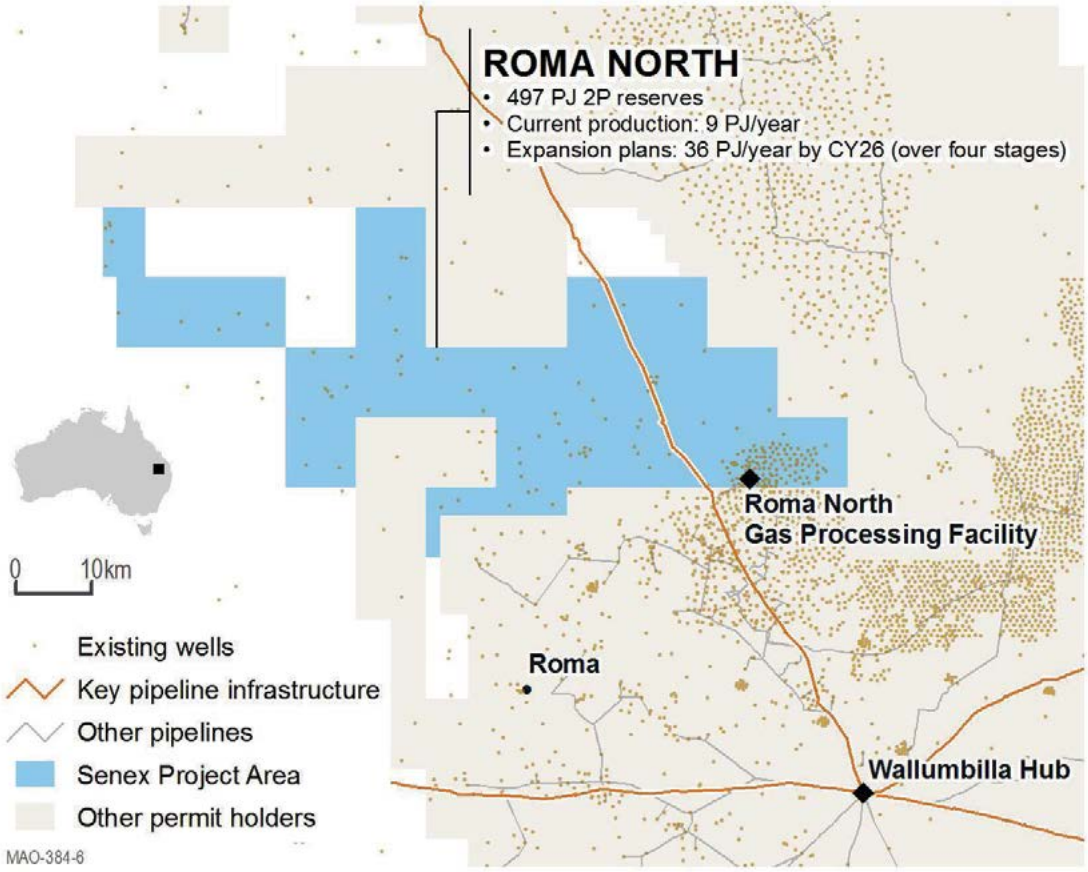
Note:
1 Investment decision announced in October 2020.
Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021, Senex Financial Report Year ended 30 June 2021 – *Operating and financial review*, LEA analysis.

70 The Investment Decision to expand to 18 PJ/year (Stage 2) was expected in the first half of FY22. The acquisition by Senex of PL 209 and PL 445 (see paragraphs 73 and 74 below) has introduced additional optionality to Senex's development pathway to achieve a production run rate of 60 PJ/year by the end of FY25, such that Senex has deferred FID on Roma North Stage 2 in order to allow time for appropriate analysis of development options. Senex is continuing critical path activities such as Long Lead Item ordering as it is considered that such items are not location specific, and can be utilised in any Senex designed compression[19]. Notwithstanding this, front end engineering design (FEED) has been completed, incorporating a new 9 PJ/year gas compression facility to the west of the existing facility, and electrification of the compression infrastructure to reduce emissions and increase operational efficiency[20]. Planning for Stage 3 has commenced, and appraisal for Stage 4 is expected to commence in FY23[21].

13 Source: Senex investor presentation *FY21 full year results and outlook*, dated 19 August 2021.
14 Source: Senex quarterly report for the quarter ended 30 September 2021.
15 Owned and operated by Jemena.
16 Gladstone Liquefied Natural Gas (GLNG).
17 Source: Senex website senexenergy,com.au accessed 27 October 2021.
18 Source: Senex investor presentation *FY21 full year results and outlook*, dated 19 August 2021.
19 Source: Senex Quarterly report for the quarter ended 31 December 2021.
20 Source: Senex ASX announcement *Senex delivers Surat Basin natural gas reserves upgrade* dated 9 August 2021, Senex quarterly report for the quarter ended 30 September 2021.
21 Source: Senex investor presentation *FY21 full year results and outlook*, dated 19 August 2021.

71 For Roma North production, Senex has a 20 year gas sales agreement with GLNG for up to 50 TJ/day.

Senex – Roma North



Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021.

Exploration

72 Senex has exploration areas in both the Surat Basin (Artemis block) and Bowen Basin (Rockybar) in Queensland. Key elements of these two exploration areas include:

(a) Artemis:

(i) Senex awarded preferred tender status in May 2019 as part of the Queensland Government's domestic gas acreage tender process

(ii) 153 sq km block (100% Senex)

(iii) located close to infrastructure and producing blocks

(iv) subject to exploration tenure grant for an initial six-year term

(v) a four-year committed work program includes geological studies and three wells drilled by FY24 / FY25

(vi) > 600 PJ of volumes of gas in place[22]

(vii) low permeability –Senex has formed a partnership with The University of Queensland's Centre for Natural Gas to undertake applied research aimed at enabling commercial production

(b) Rockybar:

(i) Senex awarded preferred tender status in September 2020 as part of the Queensland Government's domestic gas acreage tender process

(ii) 486 sq km block (100% Senex)

(iii) structurally on trend with the high-permeability, high gas-content Scotia and Peat fields

(iv) close to existing infrastructure

(v) Senex has an initial four-year work program, pending Authority to Prospect approval (which is expected in 2022 following a Native Title Agreement) comprising geological studies, 2D seismic acquisition and an exploration well[23].

PL 209 and PL 445

73 On 8 November 2021, Senex announced that it had entered into a binding agreement with Australia Pacific LNG (APLNG)[24] to acquire undeveloped gas fields PL 209 and PL 445. The consideration comprises an upfront payment of A$50 million to be paid following expected completion in early CY22, plus a further A$30 million payable on Senex either receiving, or not requiring, federal environmental approvals. Funding for the acquisition is from an acquisition bridge facility. The acquisition was completed on 17 January 2022[25].

74 Petroleum Leases PL 209 and PL 445 are located adjacent and to the east of Atlas. Senex considers that PL 445 and the northern area of PL 209 is on trend with Atlas, with current estimated ultimate recoverable volume of 184 PJ. Estimated gas in place is ca. 600 PJ in the southern area, subject to further appraisal. It is expected that the PL 209 and PL 445 acreage can be developed leveraging the existing Atlas infrastructure, with processing options including a new facility on either the Atlas acreage or the PL 209 / PL 445 acreage, or an expansion of the existing gas Atlas processing facility. The location is proximal to pipelines to domestic and LNG markets[26].

Reserves

75 Senex's reserves as at 30 June 2021 is summarised below:

22 A P50 gas in place estimate of 680 bcf for the Walloon subgroup Artemis block. Source: RISC Report, Section 3.5.

23 Source: Senex website (senexenergy.com.au) accessed 27 October 2021, Senex Financial Report for the year ended 30 June 2021.

24 Australia Pacific LNG (APLNG), a joint venture between Origin Energy, ConocoPhillips and Sinopec.

25 Source: Senex announcement *Senex completes acquisition of APLNG gas fields*, 17 January 2022.

26 Source: Senex announcement *Senex to acquire APLNG natural gas fields*, 8 November 2021, and Senex management.

Senex – reserves summary (as at 30 June 2021)	Oil PJ	Gas PJ	Total PJ	Developed PJ	Undeveloped PJ	Total PJ
Proved reserves (1P)						
Roma North	-	120	120	47	73	120
Atlas	-	141	141	82	59	141
Total 1P reserves	-	261	261	129	132	261
Proved and Probable reserves (2P)						
Roma North	-	497	497	47	450	497
Atlas	-	270	270	82	188	270
Total 2P reserves	-	7,67	767	129	638	767
Proved, Probable and Possible reserves (3P)						
Roma North	-	746	746	47	699	746
Atlas	-	270	270	82	188	270
Total 3P reserves	-	1,016	1,016	129	887	1,016

Note:
1 Independently assessed by Netherland Sewell & Associates. Reserves as assessed by Netherland Sewell & Associates and as reported by Senex are stated after (net of) ca. 9% expected use for fuel.
2 Prior to acquisition of PL209 and PL445 from APLNG, which is expected to add 2P and 3P reserves of 75 PJ and 130 PJ respectively.
Source: Senex ASX announcement *Senex delivers Surat Basin natural gas reserves upgrade* dated 9 August 2021, LEA analysis, Senex Quarterly report for the quarter ended 31 December 2021.

76 The movement in reported reserves from June 2020 to June 2021 is summarised below:

Senex – net reserves and contingent resources	FY20 PJ	Gas sales PJ	Acq. & divestment PJ	Revisions PJ	FY21 PJ	Change %
1P Reserves	210	(15)	15	51	261	24
2P Reserves	739	(15)	47	(2)	767	4
3P Reserves	995	(15)	47	(10)	1,016	2

Note:
1 Note that figures are prior to the acquisition of PL 209 and PL 445.
Source: Senex ASX announcement *Senex delivers Surat Basin natural gas reserves upgrade* dated 9 August 2021.

77 2P reserves of 767 PJ represent over 35 years of production at a target annual production rate of around 20 PJ/year (56 TJ/day). Prior to the acquisition of PL209 and PL445, Senex anticipated an expanded portfolio production of up to 54 PJ/year by FY25 with a remaining reserve life of 14 years[27]. The addition of PL 209 and PL 445 to the Senex portfolio (with estimates of 75 PJ of 2P reserves and 130 PJ of 3P reserves) has added options to potentially develop to a production rate greater than 60 PJ/year by the end of FY25.

27 Source: Senex Financial Report for the year ended 30 June 2021 – *Operating and Financial Review*.

78 In Q1 FY22, Senex commenced a 30-well natural gas drilling program across the Atlas and Roma North developments[28], which has been subsequently expanded to a 54-well program, by bringing forward planned FY23 drilling activity[29].

Contracted production

79 Senex has substantially contracted its existing gas supply for calendar years 2021 and 2022, with:

(a) around 85% of FY22 production to be sold at fixed prices

(b) more than 300 PJ of gas under firm gas contracts to domestic customers and GLNG, and

(c) material uncontracted supply from calendar year 2023[30].

80 During the six months to December 2021, Senex signed gas sales agreements with the following:

(a) Adbri – announced in July 2021, a long-term domestic gas sales agreement with Adbri Limited (Adbri) to supply up to 11 PJ of natural gas to support Adbri's South Australian manufacturing operations to 2030. Senex will supply natural gas to Adbri at the Moomba Gas Hub at a fixed price

(b) Opal[31] – announced in September 2021, a gas sales agreement with Australian packaging and paper manufacturer Opal for up to six years and up to 12 PJ of natural gas. Under the initial four-year agreement starting 1 January 2023, Senex will provide around 8 PJ of natural gas at a fixed price, with Opal and Senex also agreeing terms for a contract extension of up to two years and up to a further 4 PJ of sales

(c) New Century Resources – announced in September 2021, a gas sales agreement with Australian resources company New Century Resources Limited for the sale of around 7 PJ of natural gas at a fixed price over a three-year term commencing 1 January 2022. Senex will further supply around 1 PJ of additional natural gas at the customer's election by mid-2022 in support of material increases in production levels associated with the potential development of existing in-situ deposits at the Century Mine

(d) 29Metals – announced in September 2021, a gas sales agreement to supply the Capricorn Copper mine, owned by Australian resources company 29Metals Limited, with around 2.5 PJ of natural gas at a fixed price over three years commencing 1 January 2022. Terms have also been agreed that can extend gas supply a further two years, increasing sales to some 4 PJ[32]

(e) Shell – announced 13 December 2021, a gas sales agreement to supply 8 PJ of natural gas over four years at a fixed price to Shell Energy Australia[33].

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28 Source: Senex Quarterly report for the quarter ended 30 September 2021.

29 Source: Senex Quarterly report for the quarter ended 31 December 2021.

30 Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021.

31 Paper Australia Pty Ltd, now part of Nippon Paper Group.

32 Source: Senex Quarterly report for the quarter ended 30 September 2021.

33 Source: Senex announcement *Senex and Shell Energy sign new gas sales Agreement*, 13 December 2021.

Financial performance

81 The financial performance of Senex for the two years ended 30 June 2021 (FY20 and FY21), and the half year to December 2021 (1H FY22) is summarised below:

Senex - statement of financial performance[1]	FY20[2] $m	FY21 $m	1H FY22 $m
Revenue from continuing operations			
Gas sales	54.1	109.6	74.1
Hedge settlements	7.6	6.2	(6.4)
Other income	0.5	0.0	0.5
Expenses excluding net finance expenses[3]	(43.9)	(60.1)	na[4]
EBITDA[5] from continuing operations	**18.3**	**55.7**	
Depreciation			
Oil and gas properties	(9.6)	(17.1)	na[4]
Property, plant and equipment and intangibles	(7.6)	(13.5)	na[4]
EBIT[5] from continuing operations	**1.1**	**25.1**	**9.6**
Net finance expenses	(8.7)	(18.1)	(9.0)
Profit / (loss) before tax from continuing operations	**(7.6)**	**7.0**	**0.6**
Income tax benefit / (expense)	-	59.7[6]	-
Profit / (loss) after tax from continuing operations	**(7.6)**	**66.7**	**0.6**
Profit / (loss) after tax for the period from discontinued operations	(43.8)	(1.0)	-
Reported net profit / (loss) attributable to owners of the parent entity	**(51.4)**	**65.7**	**0.6**
Other comprehensive income			
Change in fair value of cash flow hedges	3.7	(16.0)	2.7
Total comprehensive income / (loss) for the period attributable to owners of parent entity	**(47.7)**	**49.7**	**3.3**

Note:
1 Rounding differences may exist.
2 At 31 December 2020, the Cooper Basin operations were classified as a discontinued operation. The FY20 result has been restated to exclude the Cooper Basin operations from continuing operations.
3 Includes non recurring items principally relating to COVID-19 relief measures.
4 1H FY22 *Expenses excluding net finance expenses* also includes depreciation expenses, which are not separately disclosed in the Senex Quarterly report for the quarter ended 31 December 2021.
5 Earnings before interest, tax, depreciation and amortisation (EBITDA); earnings before interest and tax (EBIT).
6 The (net) income tax benefit principally relates to the recognition of carry-forward tax losses, resulting in a net deferred tax asset position of $64 million (FY20: $nil).
na – not available.
Source: Senex Financial Report for the year ended 30 June 2021, Senex investor presentation FY21 full year results and outlook – *Operating and financial results*, dated 19 August 2021, Senex Quarterly report for the quarter ended 31 December 2021, LEA analysis.

82 Underlying earnings increased from FY20 to FY21 principally due to increased production of 140% but partially offset by lower realised pricing (A$6.5/gigajoule (GJ) in FY21 in comparison to A$7.6/GJ in FY20), due to lagged exposure to oil prices and adverse foreign

exchange movements[34]. Roma North experienced a sharp decline in average realised price in FY21 compared to the prior year due to the oil-linked pricing structure, whereas Atlas sourced revenue was largely driven by long-term fixed price contracts and is therefore less impacted by commodity price volatility.

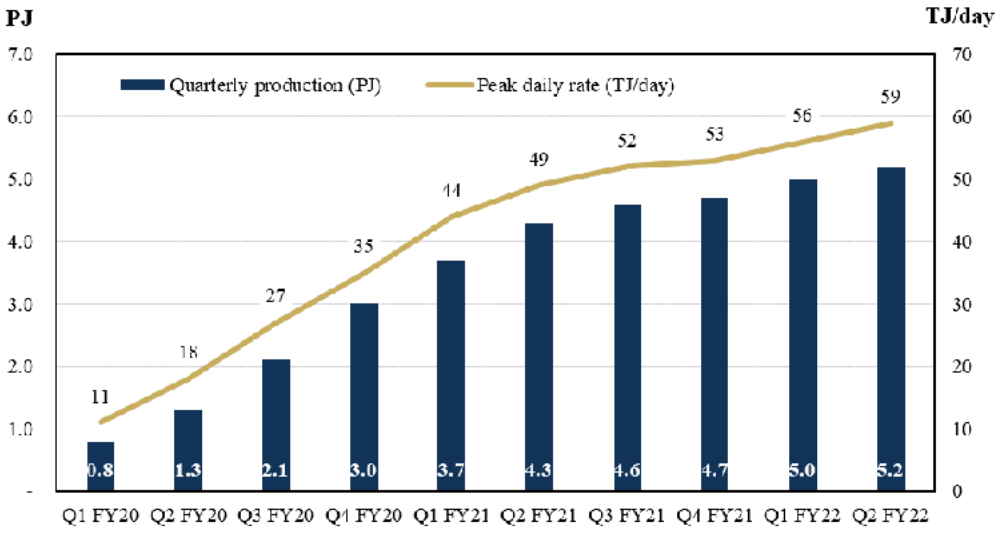
83 Gas unit operating costs reduced in FY21 ($2.3/GJ) in comparison to FY20 ($2.9/GJ) due largely to economies of scale with the significant increase in production[35].

84 The (net) income tax benefit principally relates to tax losses not previously recognised being brought to account[36].

FY22 – 1H earnings and guidance

85 Production for the quarter to December 2021 (2Q FY22) increased to 5.2 PJ, resulting in production of 10.2 PJ for the half year to December 2021 (1H FY22), driven by increased production rates at Roma North and Atlas. Senex's average realised price for Q2 FY22 increased to $7.8/GJ[37], driven partly by the lagged response to exposure to movements in Brent oil prices:

Senex – quarterly production



Source: Senex Quarterly report for the quarter ended 31 December 2021.

34 Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021.

35 Source: Senex Financial Report for the year ended 30 June 2021.

36 These losses were not previously brought to account as they did not meet the recognition criteria.

37 $6.2/GJ for the quarter ended 31 December 2020, and $7.4/GJ for the quarter ended 30 September 2021.

Senex - sales volumes and revenue from continuing operations – Q4 FY21 to Q2 FY22				
		Jun Q4 FY21	Sep Q1 FY22	Dec Q2 FY22
Total sales volume	PJ	4.7	4.8	4.9
Average realised gas price	$/GJ	6.9	7.4	7.8
Total sales revenue	$m	32.4	35.4	38.7
Impact of hedging on revenue	$m	0.1	(2.4)	(4.0)
Net sales revenue	$m	32.5	33.0	34.7

Source: Senex Quarterly report for the quarter ended 30 September 2021, and Quarterly report for the quarter ended December 2021.

86 Senex has provided FY22 guidance of $75 million to $85 million in underlying EBITDA based on estimated production of 21 PJ to 23 PJ, and adopting the following assumptions:

(a) US$68/bbl Brent oil price

(b) A$:US$ exchange rate of 0.74

(c) Atlas contracted gas price per existing gas sales agreements

(d) Roma North oil-linked gas price per existing gas sales agreement

(e) FY22 expected average gas price of approximately $7.50/GJ[38].

Financial position

87 The financial position of Senex as at 30 June 2020 and 2021, and unaudited figures as at 31 December 2021, are summarised below:

Senex – statement of financial position			
	30 Jun 20 $m	30 Jun 21 $m	31 Dec 21 $m
Debtors and prepayments	20.6	18.4	25.2
Inventories	6.7	8.3	13.0
Creditors, accruals and provisions	(40.6)	(35.8)	(34.8)
Net working capital	**(13.3)**	**(9.1)**	**3.4**
Property, plant and equipment	81.2	47.9	230.3(1)
Right of use assets (property, plant and equipment)	168.0	170.9	na
Oil and gas properties	292.5	228.7	255.4
Exploration assets	46.7	21.8	22.9
Intangible assets	4.1	8.7	6.0
Prepayments (non-current)	0.0	-	-
Deferred tax assets (net)	-	64.0	65.7
Provisions (non-current)	(66.3)	(19.2)	(21.6)
Total funds employed	**513.0**	**513.8**	**562.0**
Cash and cash equivalents	79.9	101.0	62.8
Interest bearing liabilities	(116.3)	(68.8)	(69.9)
Net cash / (borrowings)	**(36.4)**	**32.3**	**(7.1)**
Lease liabilities	(173.5)	(182.5)	(198.7)
Derivative financial instruments (net)	7.3	(12.8)	(11.2)
Net assets attributable to Senex shareholders	**310.4**	**350.8**	**345.0**

38 Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021, confirmed in the Senex Quarterly report for the quarter ended 31 December 2021.

Note:
1 31 December 2021 Balance Sheet asset *Property, plant and equipment* also includes Right of use assets, which are not separately disclosed in the Senex Quarterly report for the quarter ended 31 December 2021.
na – not available.
Source: Senex Financial Report for the year ended 30 June 2021, Senex Quarterly report for the quarter ended 31 December 2021, LEA analysis.

Cash / net debt

88 Interest bearing debt at 30 June 2021 comprises a $125 million facility (drawn to $75 million, less transaction costs – net $68.8 million). This debt facility matures in October 2025 and carries an effective interest rate of AUD BBSY[39] plus a margin[40]. Net cash increased during FY21 principally due to cash inflows from continuing operations of some $35 million and proceeds from the sale of the Cooper Basin operations ($85 million), offset by capital expenditures ($33 million), the repayment of debt ($50 million) and dividends ($15 million)[41]. Cash balances decreased by approximately $38 million in H1 FY22, principally due to capital expenditures of some $50 million, dividend payments of some $7 million and net cash inflows from operations of $22 million[42]. As at 31 December 2021, Senex had cash balances of approximately $63 million and debt drawn of $75 million.

89 Payment of the first $50 million in respect of the purchase of PL 209 and PL 445 was made by mid-January 2022.

Provisions

90 Provisions at 30 June 2021 include rehabilitation provisions of some $20 million, comprising:

Senex – Rehabilitation provisions – June 2021

	$m
Current rehabilitation provision	2.4
Non-current rehabilitation provision	18.0
Total	20.4

Source: Senex Financial Report for the year ended 30 June 2021, LEA analysis.

Hedge positions

91 Hedge positions at December 2021 relate to some 364 kbbl[43] of production at an average of US$55/bbl[44], principally relating to FY22 production:

39 Bank Bill Swap Bid Rate.

40 Senex also has other facilities totalling $35 million that are used to back performance guarantees issued by the Senex group.

41 Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021.

42 Source: Senex Quarterly report for the quarter ended 31 December 2021.

43 Thousand barrels (kbbl).

44 Oilfield barrel, i.e. approximately 159 litres (bbl).

Senex - sales hedge position as at 30 September 2021			
Period	**Kbbl**	**GJ equivalent**	**US$/bbl**
FY22			
Q3	102.2	1,604,400	56
Q4	102.2	1,604,400	55
FY23			
Q1	53.4	838,300	54
Q2	53.4	838,300	54
Q3	26.3	412,900	53
Q4	26.3	412,900	53

Source: Senex Quarterly report for the quarter ended 31 December 2021, LEA analysis.

92 At as 31 December 2021, the hedge position was a net liability of approximately $11 million[45].

Capital expenditures

93 Senex incurred some $33 million in capital expenditures for continuing operations during FY21, including work towards the expansion of Roma North to 9 PJ/year (24 TJ/day) and FEED activity for expansion of production to 18 PJ/year (48 TJ/day), plus completion of water management facilities, and FEED for the expansion to 18 PJ/year (48 TJ/day) for Atlas. Total capital expenditure in 1H22 was some $48 million, and is expected to be in the range of $120 million to $140 million in FY22[46].

Decarbonisation action plan

94 Senex has released a *Decarbonisation Action Plan*, adopting ambitions to reduce greenhouse gas (GHG) emissions across its operational footprint to net zero by 2040, with near-term emissions intensity reduction targets.

95 Senex has adopted the following targets and ambition to reduce Scope 1, Scope 2 and Scope 3 Processing[47] GHG emissions that are within its direct influence:

Senex – Decarbonisation Action Plan targes		
30% FY25 target	**75% FY30 target**	**Net zero 2040 ambition**
30% reduction in GHG emissions intensity vs FY21 baseline	75% reduction in GHG emissions intensity vs FY21 baseline	Net zero operational GHG emissions using mitigation hierarchy

Source: Senex Quarterly report for the quarter ended 30 September 2021, LEA analysis.

45 Source: Senex management.

46 Source: Senex investor presentation *FY21 full year results and outlook – Operating and financial results*, dated 19 August 2021, Senex Quarterly report for the quarter ended 31 December 2021.

47 Scope 1 GHG emissions are the emissions released to the atmosphere as a direct result of an activity, or series of activities at a facility. Scope 2 GHG emissions are the emissions released to the atmosphere from the indirect consumption of an energy commodity. Scope 3 emissions are indirect GHG emissions other than Scope 2 emissions that are generated in the wider economy, occurring as a consequence of the activities of a facility, but from sources not owned or controlled by that facility's business. Senex's Scope 3 targets and ambitions are in relation to GHG emissions resulting from the processing and compression of Senex's natural gas in third-party-owned gas processing facilities upstream of the gas sales point.

Share capital and performance

96 As at 31 December 2021, Senex had just over 185 million fully paid ordinary shares on issue, as well as 7.2 million unquoted performance rights and share appreciation rights[48].

97 On 24 March 2021, Senex undertook a share consolidation that resulted in every 8 shares on issue being consolidated into 1 share. As a result, Senex's fully paid ordinary share capital reduced from 1,467,997,478 shares to 183,502,929 shares.

Significant shareholders

98 As at the last practicable date before the date of the Scheme Booklet, shareholders with greater than a 5% interest in Senex were as follows:

Senex – substantial shareholders

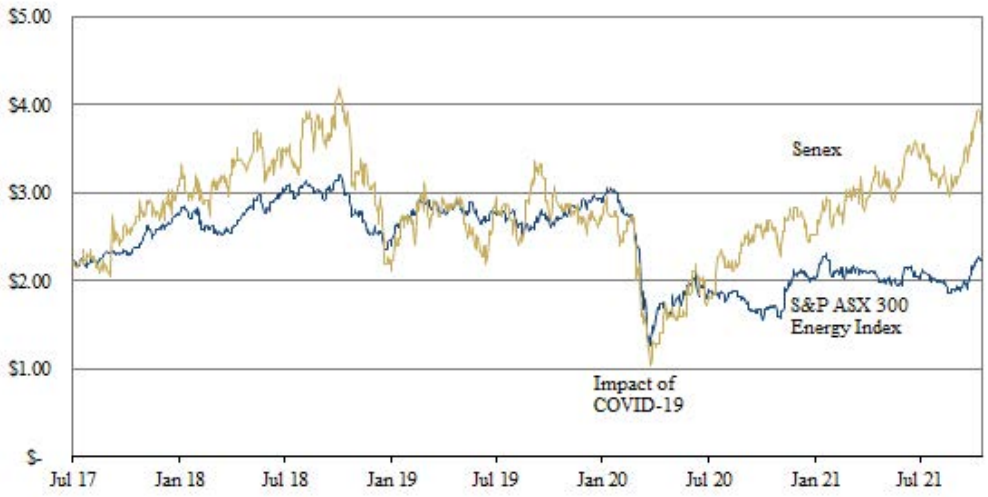
Name	Equities	%
Paradice Investment Management Pty Ltd.	17,535,858	9.47
Mitsubishi UFJ Financial Group Inc	9,929,295	5.36
First Sentier Investors (Australia) IM Ltd.	9,777,663	5.28

Source: Section 8.9 of the Scheme Booklet.

Share price performance

99 The following chart illustrates the movement in the share price of Senex from 1 July 2017 to 15 October 2021 (the last trading day prior to the announcement that Senex and PIC were in discussions relating to a potential change of control transaction:

Senex – share price history[1,2]
1 July 2017 to 15 Oct 2021



48 Share Appreciation Rights and Performance Rights are subject to service and performance conditions. Source: Senex Appendix 2A dated 9 December 2021, Senex Financial report for the year ended 30 June 2021.

Note:
1 Based on daily closing prices. Senex prices prior to 22 March 2021 have been adjusted for a 1 for 8 share consolidation.
2 On 14 July 2020, Senex announced a 108% increase in Surat Basin 1P reserves and a 21% increase in Surat Basin 2P reserves, and on 9 August 2021, announced a 24% increase in Surat Basin 1P gas reserves and a 4% increase in 2P gas reserves.
3 The S&P ASX 300 Energy Index has been rebased to Senex's last traded price on 1 July 2017.
Source: Bloomberg, Senex announcements *Senex delivers major Surat Basin gas reserves upgrade following delivery of transformational gas developments,* 14 July 2021, and *Senex delivers Surat Basin natural gas reserves upgrade*, 9 August 2021.

Liquidity in Senex shares

100 The liquidity in Senex shares based on trading on the ASX over the 12-month period prior to 15 October 2021 is set out below:

Senex – liquidity in shares

Period	Start date	End date	No of shares traded 000	WANOS[1] outstanding 000	Implied level of liquidity Period[2] %	Implied level of liquidity Annual[3] %
1 month	18 Sep 21	15 Oct 21	15,778	184,958	8.5	102.4
3 months	18 Jul 21	15 Oct 21	37,940	184,347	20.6	82.3
6 months	18 Apr 21	15 Oct 21	64,861	184,017	35.2	70.5
1 year[4]	18 Oct 20	15 Oct 21	129,144	183,521	70.4	70.4

Note:
1 Weighted average number of shares outstanding (WANOS) during relevant period.
2 Number of shares traded during the period divided by WANOS.
3 Implied annualised figure based upon implied level of liquidity for the period.
4 Liquidity measures for the 1 year prior period have been adjusted for a share consolidation on 24 March 2021 that consolidated 1,467,997,478 shares into 183,502,929 shares.
Source: Bloomberg, accessed 1 November 2021.

IV Gas market overview

Overview

101 Senex operates as part of the "East Coast Gas Market", an interconnected gas grid that connects all of Australia's eastern and southern states and territories. Traditionally focused on selling into the domestic market, structural change in this market has occurred as the Queensland gas export industry has developed[49].

Production and demand

102 There are three main domestic end uses for natural gas:

(a) industrial uses

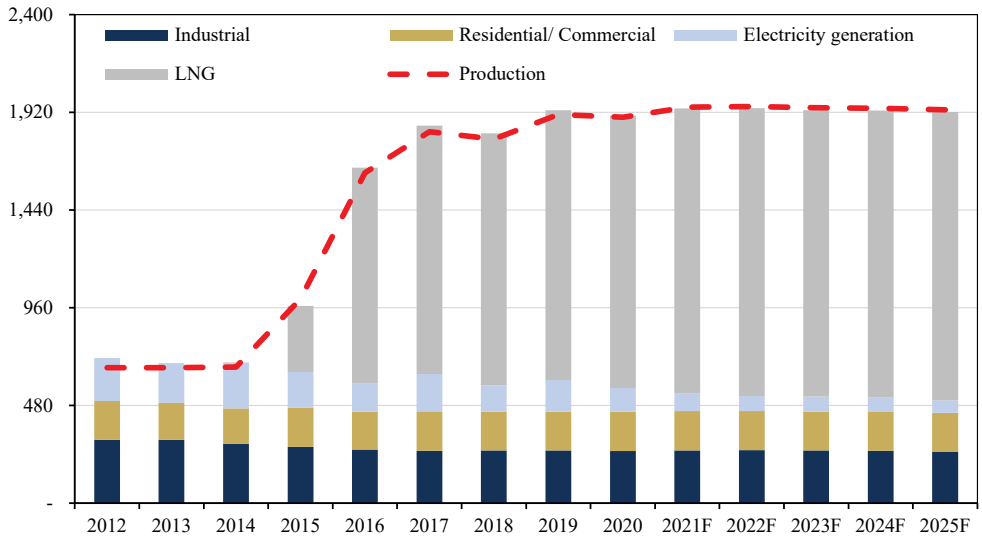
(b) residential and commercial uses, and

(c) electricity generation via gas fired power plants[50].

103 From early 2015, Queensland began exporting CSG as liquefied natural gas (LNG) to Asian markets[51], thereby adding a fourth category of demand for local production. Prior to 2015, gas demand on the east coast of Australia was roughly split 40/30/30 across domestic industrial, residential and commercial, and electricity generation. The subsequent development of Queensland's LNG export capacity led to a significant increase in total gas demand, with these export projects currently accounting for almost three-quarters of total demand for gas produced on the east coast[52].

East coast gas demand and production

PJ



Source: AEMO, AER, LEA analysis.

49 The Australian Energy Market Operator (AEMO) website aemo.gov.au, accessed 8 November 2021.

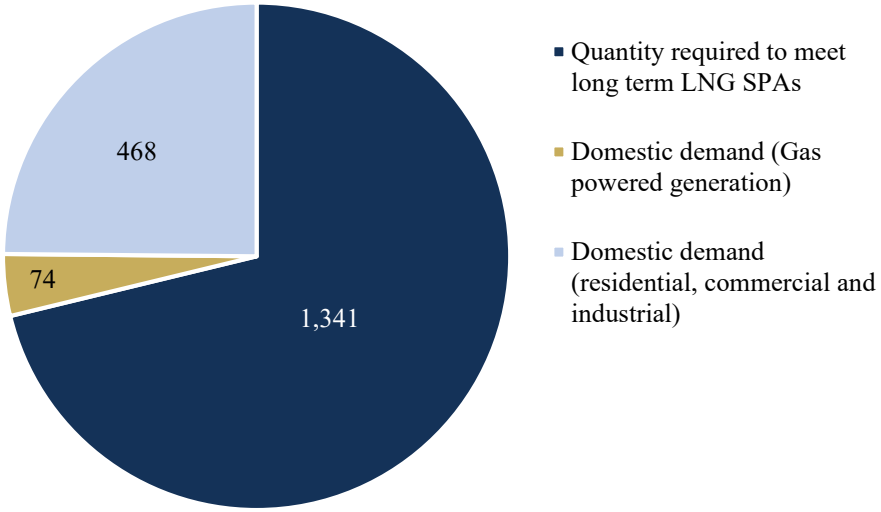
50 Source: Reserve Bank of Australia (RBA) March 2021 Bulletin *Understanding the East Coast Gas Market*, 18 March 2021.

51 Source: *An overview of the coal seam gas developments in Queensland*, Towler et al Journal of Natural Gas Science and Engineering, November 2015.

52 Source: RBA March 2021 Bulletin *Understanding the East Coast Gas Market*, 18 March 2021.

104 The Australian Competition and Consumer Commission (ACCC) forecasts 2022 LNG demand to broadly comprise 70% of total 2022 production:

Forecast east coast production / demand in 2022
PJ



Note:
1 Excludes an estimated 101 PJ of uncontracted (excess) gas of LNG producers. Under the January 2021 Heads of Agreement (refer paragraph 116 below), this volume is required to be offered on the Australian domestic gas market.
Source: ACCC *Gas inquiry 2017–2025 Interim report* July 2021.

105 CSG deposits account for 90% of the east coast's known remaining gas reserves. The shift towards CSG production (resulting from the depletion of conventional east coast gas reserves) has increased the marginal cost of production of gas on the east coast[53]. Analysis conducted for the ACCC indicates that the median cost of production from CSG deposits is around 35% higher than remaining conventional deposits. Further, new potential sources of east coast supply have also been constrained by state government restrictions on onshore exploration and development in New South Wales, Victoria[54] and Tasmania.

106 Queensland's LNG projects were originally planned to source their gas requirements from their own (newly developed) reserves in the Surat-Bowen Basin. However, development of gas wells by Santos' GLNG project was slower than expected and in order to meet its LNG supply contracts, Santos sourced substantial volumes of gas from other producers, diverting gas from the domestic market[55].

53 In comparison to traditional "conventional" gas projects in which gas was produced as a by-product of oil (or condensate) production. As CSG typically does not contain any by products, the production costs are higher than those of traditional conventional gas projects.

54 Victoria had imposed, and then lifted, a moratorium on conventional onshore gas exploration, but a ban on CSG and fracking has been enshrined in the state's constitution. Source: Premier of Victoria, The Hon Daniel Andrews, media release *Enshrining Victoria's ban on fracking forever*, 5 March 2021.

55 Source: AER *State of the energy market 2021*, 2 July 2021.

107 The increase in total demand for gas from 2015, the greater reliance on CSG to address that increased demand, the constrained supply within some states and the higher costs of CSG production in comparison to conventional gas are factors that have led to sustained increases in wholesale gas prices in the subsequent period to 2021, with estimated prices of around $7/GJ to $8/GJ (ACCC 2020), significantly higher than the $3/GJ to $5/GJ range observed prior to 2015[56].

Contract, spot and LNG markets

108 The bulk of gas produced on the east coast gas market is sold under confidential contract, with a small proportion of production traded on the wholesale (spot) market[57]. Based on RBA analysis and research, domestic gas contracts range from 1 to 10 years in length, with terms at the shorter end of this range becoming more prevalent recently as prices have risen. Contracted gas prices usually incorporate a premium over wholesale (spot) prices due to the certainty and longevity of supply being provided, as well as the flexibility typically provided to gas buyers in these contracts. LNG export contracts are considerably longer, at ca. 20 years, reflecting the requirement for greater certainty given the large capital costs involved in LNG processing and export facilities.

109 Separate spot markets exist for gas supply hubs at Wallumbilla, Queensland, and Moomba, South Australia; the short term trading markets in Sydney, Brisbane and Adelaide; and Victoria's declared wholesale gas market. As the spot markets reflect short term shifts in market conditions price outcomes in these markets do not align with contract prices, although they often move in similar directions[58].

110 Around 70% of the LNG traded in Asia is sold via long-term contracts that link the price of LNG to the price of oil (commonly the Japanese customs-cleared crude price) – typically lagged by around three to six months, depending on contractual arrangements[59]. Brent crude oil spot prices averaged US$84/bbl in October 2021, an increase of US$9/bbl from September 2021, and up over US$40/bbl from October 2020. The United States of America (US) Energy Information Administration (EIA) noted that in addition to inventory drawdowns, OPEC+[60] announced in early October 2021 – and reaffirmed on 4 November 2021 – that the group would keep production targets unchanged. The EIA expects that growth in production will outpace slowing growth in consumption contributing to an average Brent price of US$72/bbl in 2022[61]. The Brent oil forward curve as at 4 November 2021 is set out below, showing a decline from a November 2021 spot price of some US$81/bbl, to some US$74/bbl for 12-month (November 2022) delivery, US$69/bbl for 2-year (November 2023) delivery, before stabilising at ca. US$64/bbl to US$66/bbl for subsequent periods[62]:

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56 Source: RBA 2021 Bulletin *Understanding the East Coast Gas Market*, 18 March 2021.

57 Wholesale prices reflect any excess demand and supply of gas in the domestic market at a particular point in time. Because these volumes are small, wholesale prices can be volatile.

58 Source: AER State of the energy market 2021, 2 July 2021.

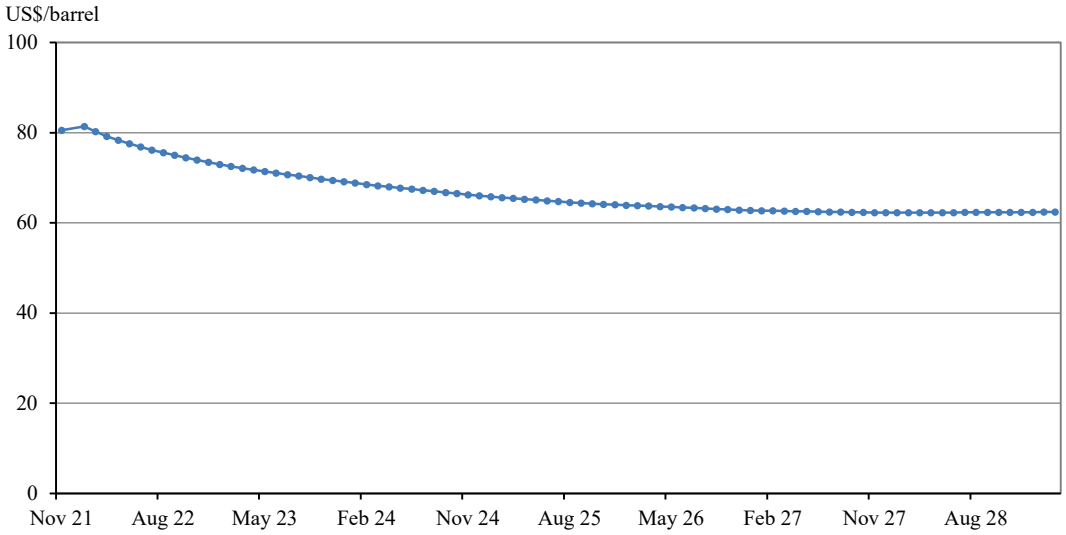
59 Source: Australian Government Office of the Chief Economist – *Resources and energy quarterly*, September 2021.

60 Organization of the Petroleum Exporting Countries.

61 Source: EIA *Short-term energy outlook*, 9 November 2021.

62 We note that the World Bank had forecast crude oil prices (an average of Brent, Dubai and WTI) to average US$74 in 2022 and $65/bbl in 2023. Source: World Bank – *Commodity market outlook*, October 2021.

Brent oil forward curve



Source: Bloomberg.

111 In the view of the RBA, price developments in the wholesale market since 2015 are primarily a function of the development of the three Queensland LNG projects (and the related impact on demand), with increases in domestic gas production costs the primary factor behind structurally higher prices in the domestic contract market. In particular, the RBA notes:

(a) the development of the three Queensland LNG export projects has created a correlation[63] between domestic east coast gas prices and international gas prices, due to spare export capacity at the LNG projects[64], which provides local gas producers with the option to sell into international markets[65]. Prior to 2015, domestic gas contract prices averaged around $3/GJ to $4/GJ.

However, subsequent to 2015, demand for gas for the LNG export market, which resulted in gas being sourced from South Australia and Victoria drove contract prices higher, and by early 2017 domestic prices of $22/GJ were being quoted for a one or two-year contract. At their peak in March 2017, domestic prices offered by retailers nearly doubled LNG netback prices[66].

Subsequent government intervention, with the objective of more gas being available for supply to the domestic market, resulted in prices reducing to a range of $8/GJ to $11/GJ

63 Rather than a direct link.

64 The RBA estimates in aggregate the three export projects had around 15% spare capacity available in 2018/19 and 2019/20, which was equivalent to around two-fifths of domestic demand in 2019.

65 LEA notes that as part of the Heads of Agreement – *The Australian east coast domestic gas supply commitment* (refer paragraph 116), the signatories noted that LNG netback prices based on Asian LNG spot prices play a role in influencing domestic gas prices in the east coast gas market.

66 Source: AER *State of the energy market 2021*, 2 July 2021. Netback prices reflect "*... a measure of the opportunity cost to LNG producers of supplying uncontracted gas to the domestic market, rather than to Asian LNG markets. It is calculated by taking the price that could be received for LNG and subtracting or 'netting back' the costs incurred by the supplier to convert the gas to LNG and ship it to the destination port.*"

in 2018, aligning more closely with the LNG netback price[67]. Prices offered by both producers and retailers for 2021 supply were generally in the range of $6/GJ to $8/GJ in 2020[68]

(b) longer-run production costs and contract terms, particularly around length and reliability requirements, are key determinants of contracted prices. Increases in production costs have lifted the estimated cost of new domestic gas supply to around $7/GJ to $8/GJ (including transportation costs). The RBA does note, however, that LNG export prices might also affect contract prices to a small extent, and that in recent years there had been an increase in the number of domestic gas contracts linked to oil prices (on which contracted LNG export prices are based). The RBA notes that this could potentially arise when LNG producers can sell their undeveloped "gas in the ground" via contract into either the export or domestic market[69].

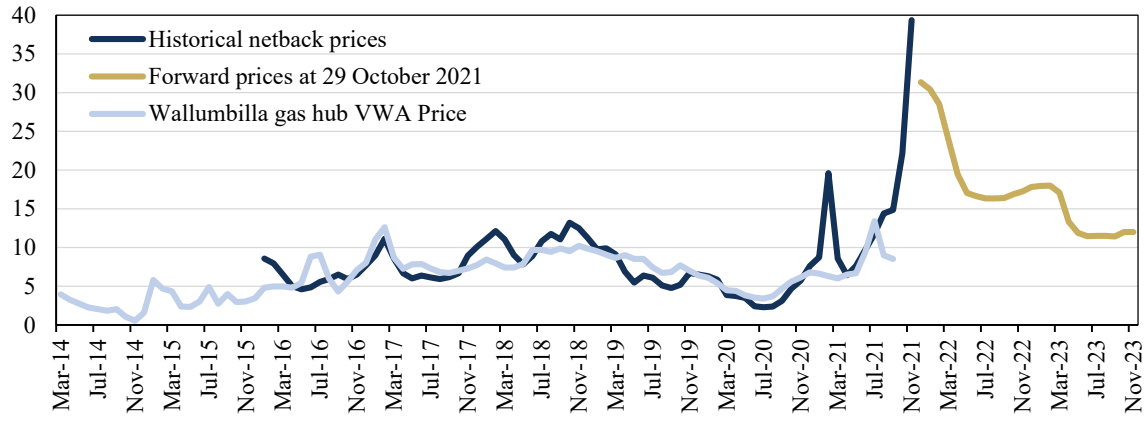
Current position and outlook

112 Average prices under producer agreements entered into between September 2020 and February 2021 for delivery into the southern states increased to $8.19/GJ, up from $7.46/GJ for similar contracts entered into between January 2020 and August 2020. However, these contracts include a number of oil linked contracts entered into towards the end of 2020 – a period of recovery in the Brent oil price. The ACCC notes that if oil-linked contracts were excluded, average prices payable under producer GSAs executed between September 2020 and February 2021 were $6.36/GJ[70].

113 At the time of writing, current LNG spot prices are at or near record highs, resulting from low inventories and significant demand from Asia and Europe, driven by economies rebounding from the COVID-19 pandemic and the approaching winter[71]:

Gas prices – Wallumbilla gas supply hub, LNG netback price and forward prices

A$/GJ



67 Source: AER *State of the energy market 2021*, 2 July 2021.

68 Source: AER *State of the energy market 2021*, 2 July 2021.

69 Source: RBA March 2021 Bulletin *Understanding the East Coast Gas Market*, 18 March 2021.

70 Source: ACCC *Gas inquiry 2017–2025 Interim report* July 2021.

71 Source: Reuters *Asian prices surge to record high this week as winter starts*, reuters.com, 1 October 2021, the World Bank *Soaring energy prices pose inflation risks as supply constraints persist*, worldbank.org, 21 October 2021.

Note:
1 Forward prices are as at 29 October 2021.
Source: ACCC *Gas inquiry 2017-2025*, LNG netback price series, 1 November 2021, AER.

114 Ultimately, the future gas prices will reflect the combined effect of demand and supply responses going forward. In relation to these, the RBA notes the following:

(a) supply – increased supply can come from developing new deposits (however, increasing supply from developing new deposits will be hampered by the current (if not permanent) moratoria in Victoria and New South Wales, new pipelines, and LNG import terminals[72] (with the Port Kembla Gas Terminal in New South Wales being one of five import terminals currently proposed for Australia's south-east[73]).

(b) demand – demand is likely to be impacted by the structural high prices post 2015 impacting industrial demand[74], uncertain demand for gas fired electricity[75], and potentially longer-term external demand from major LNG customers that have pledged to reduce greenhouse gas emissions.

115 LEA notes that the AEMO[76] projects that increasing supply to a level sufficient to address near-term shortfall forecasts (shortfalls were forecast for the winter of 2023 under certain conditions) can be deferred until at least 2026 provided the Port Kembla Gas Terminal is delivered ahead of that time and other committed field developments and pipeline expansions proceed as planned.

116 LEA also notes that in January 2021, referencing the supply shortages post-2023 documented in the AEMO, the Australian Government and East Coast LNG exporters (APLNG, QCLNG[77] and GLNG) extended a Heads of Agreement[78] under which the exporters agreed to (inter alia) not offer uncontracted gas to the international market unless equivalent volumes of gas have first been offered, with reasonable notice on competitive market terms, to the Australian domestic gas market. This represents one of a series of government interventions in the gas market that also includes:

(a) the "Gas Fired Recovery" plan announced in September 2020 as part of a broader COVID-19 recovery plan, which included:

(i) setting new gas supply targets with states and territories, and enforcing "use it or lose it" requirements on gas licences

72 Which involves purchasing LNG from the international market and converting it to gas in Australia for domestic use.

73 Source: Australian Financial Review article *NSW set to import LNG by end 2022*, 10 December 2020.

74 AEMO notes that industrial demand for natural gas is not forecast to grow in the next 20 years, and could potentially reduce significantly as industrial users in the gas sector start to decarbonise, and by 2040, if economic production of hydrogen is strong, gas consumption for direct use could decline as much as 20%.

75 Due to investment in renewable energy and storage, and shifts in investor preferences towards low or no emissions technologies.

76 AEMO *Gas statement of opportunities, March 2021 For eastern and south-eastern Australia.*

77 Queensland Curtis LNG.

78 Source: Heads of Agreement – *The Australian east coast domestic gas supply commitment*, dated 5 January 2021.

(ii) funding plans for further development of key gas basins and exploring options for a gas reservation scheme

(iii) extending the heads of agreement with Queensland producers

(iv) identifying, through a National Gas Infrastructure Plan, priority pipelines and critical infrastructure

(v) an outline of the circumstances under which the government will step in if private sector investment is not forthcoming

(b) in May 2021, the Australian Government released the *National Gas Infrastructure Plan: interim report*. This identified a range of priority projects with the objective of alleviating expected gas supply shortfalls from 2024, including storage facilities, the South West Queensland pipeline and the development of an LNG import facility

(c) the 2017 Australian domestic gas security mechanism, which empowered the Resources Minister to require LNG projects to limit exports, or find offsetting sources of gas, if a supply shortfall is likely.[79]

117 In the view of the RBA, contracted gas prices on the east coast are likely to remain structurally higher than their pre-2015 levels over the coming decade, primarily reflecting higher marginal costs of domestic production.

Forecast prices adopted

118 Reflecting the above, LEA has adopted the following (base case) pricing assumptions:

(a) Brent – LEA has adopted the forward curve to December 2024, and adopted long term prices of US$60/bbb and US$70/bbl (2021 real) for periods thereafter. LEA notes that these longer-term prices are broadly consistent with:

(i) the Brent forward price for December 2024 delivery

(ii) long-term (2026-2030) economist and broker estimates compiled by Consensus Economics of between US$55.3/bbl and US$73.0/bbl, and

(iii) the long-term price adopted by Santos for its impairment review in 2021[80] of US$62.50/bbl

(b) uncontracted gas – LEA has adopted a long-term range of $8/GJ to $9/GJ (2021 real). In adopting this assumption, LEA notes the following:

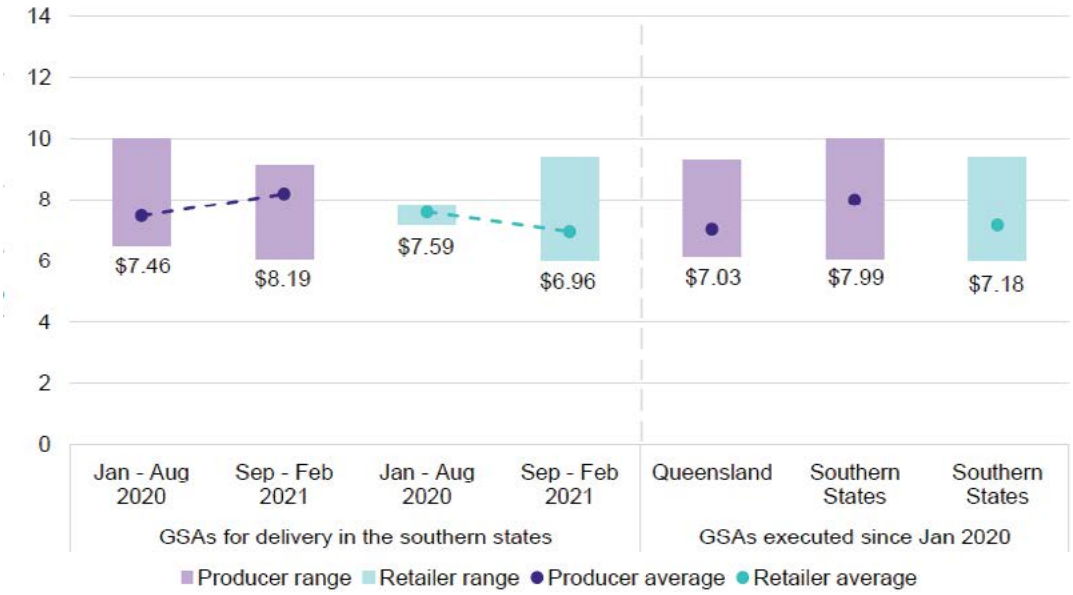
(i) ACCC data suggests a minimum price of $6/GJ and a maximum price in the order of $10/GJ has been achieved since January 2020 for gas for delivery by producers into both Queensland and the southern states

79 Source: AER *State of the energy market* 2021.

80 Source: Santos Limited *Half year report incorporating Appendix 4D for the period ended 30 June 2021*.

ACCC – expected gas commodity prices (2022 $/GJ) payable under GSAs entered into in the east coast gas market for 2022 supply

Commodity gas price (2022$/GJ)



Note:
1 Expected prices payable under GSAs executed by retailers in Queensland were excluded from chart 2.5 because an insufficient number of GSAs were executed between retailers and C&I users for supply in Queensland.

Source: ACCC Gas inquiry 2017-2025 Interim report, July 2021.

(ii) sustained periods of high gas prices are, in LEA's view, likely to prompt one or more of the following responses:

- an acceleration of investment in LNG import infrastructure
- government intervention
- development of alternative fuels (particularly in light of the commitments made by State and Territory governments within the east coast gas market to greenhouse gas reductions)

(iii) LEA has also considered the ASX energy derivatives market[81] but considers that insufficient data is presently available in this market to form a reliable basis of estimation.

81 www.asx.com.au/markets/trade-our-derivatives-market/derivatives-market-prices/energy-derivatives.

V Valuation methodology

Valuation approaches

119 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

(a) the discounted cash flow (DCF) methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Methodology selected

120 Given the finite life of the projects and the availability of detailed long term cash flow forecasts, LEA has used the DCF methodology for Senex's Atlas Stages 1&2 and Roma North Stage 1&2 operations. For Senex's projects that are not yet producing (Roma North Stages 3&4 and PL 209 and PL 445), we have considered both the outcome of DCF analyses and other available valuation reference points (including the recent transaction involving PL 209 and PL 445). For Senex's development projects, we have relied on the expert opinion of RISC (refer paragraph 126(b) below).

121 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

122 The market value of Senex has been assessed by aggregating the market value of the business operations, together with the realisable value of any surplus assets and deducting net borrowings.

123 The valuation of the core businesses has been made on the basis of market value as a going concern.

124 Surplus assets have been valued at their net realisable value.

Cross-checks

125 The following methods have been used to cross-check our valuation:

Methods used to cross-check valuation range	
Method	**Reason**
Implied multiple of 2P reserves in comparison to listed gas producers	Reserve and resource information is readily available for listed CSG producers
Listed market price adjusted for a premium for control	Consideration given to whether the pre-bid share price is an appropriate reference point upon which to derive the value of Senex shares on a 100% controlling interest basis

VI Valuation of Senex

Methodology

126 As noted in the previous section, given the finite life of the projects and the availability of detailed long term cash flow forecasts, LEA has used the DCF methodology to value Senex's Atlas Stages 1 & 2 and Roma North 1 & 2 operations, and have considered the outcome of the DCF analyses in opining on a value of the Roma North 3 & 4 and PL 209 and PL 445 projects. We have assessed the value of the equity in Senex on a going concern basis by:

(a) undertaking NPV analyses to calculate the value of Senex's main CSG operations

(b) appointing RISC to assess the value of Senex's development areas

(c) deducting the net borrowings / adding net cash and other liabilities / assets of Senex.

127 The value of Senex's interests in the Atlas, Roma North and PL 209 and PL 445 projects are equal to the NPV of the estimated future free cash flows (after tax). In order to arrive at the NPV, the expected future cash flows are discounted using a discount rate that reflects the risks associated with the cash flow stream.

128 Our DCF analyses are based on the free cash flow projections derived by LEA with input from RISC on technical matters including gas production profiles and the appropriate operating and capital cost estimates. RISC's report on these matters is set out in Annexure A. The DCF analyses therefore reflect RISC's views on technical matters and our opinion on future oil and gas prices, exchange rates, discount rates and other economic and valuation parameters.

129 It should be noted that in respect of these projections:

(a) the major assumptions underlying the projections were formulated in the context of contemporaneous economic, financial and other conditions

(b) future production, revenues, profits and cash flows are inherently uncertain

(c) the achievability of these projections is not warranted or guaranteed by Senex, RISC or LEA, as they are projections based fundamentally on predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management; and

(d) actual results may be significantly more or less favourable than projected.

130 Free cash flow represents the operating cash flows on an un-geared basis (i.e. before interest) less taxation payments[82], capital expenditure and working capital requirements. The free cash flow on an un-geared basis is adopted to enable the value of the assets to be determined irrespective of the level of debt funding employed. Our NPV analyses have been undertaken in nominal (inflation adjusted) terms using nominal cash flows and discount rates.

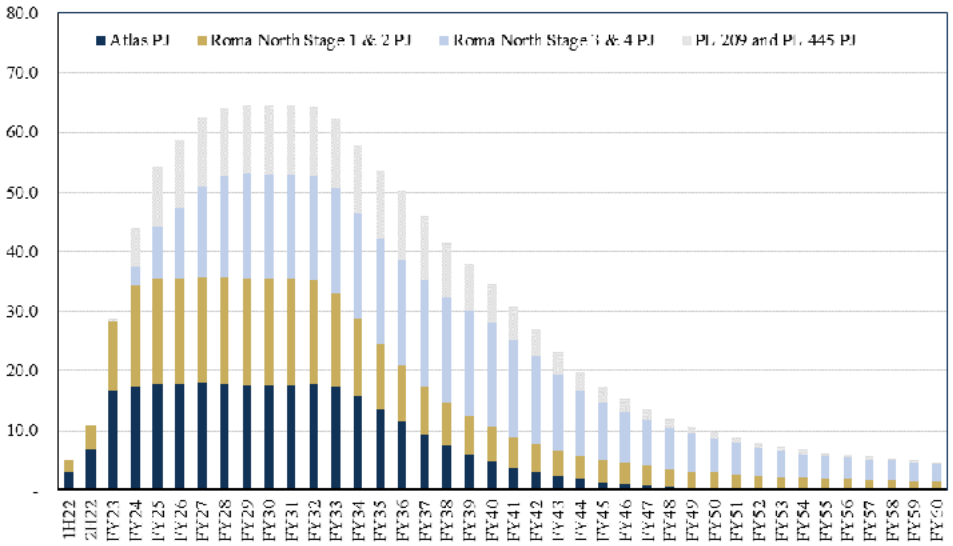
82 Also calculated on an un-geared basis.

Assumptions

Production

131 Our DCF analyses are based principally upon the gas production estimates prepared by RISC[83], based on assumed drilling programmes and well production curves. LEA notes that RISC reviewed the technical data underpinning Senex's existing and planned developments and gas production forecasts, undertook investigations and studies considered necessary and modified the Senex gas production forecasts as considered necessary, the product of which are summarised below. We have also set out the 2P and 3P estimates for comparative purposes:

RISC – mid case production profile (mid case) (PJ)



Note:
1 Reflects production after well availability adjustment and after fuel and flare losses.
Source: RISC.

Senex – assumed production profile – to Q4 FY60[(1)]

	RISC			Reserves[(2)]	
	Low case	Mid case	High case	2P	3P
Production	PJ	PJ	PJ	PJ	PJ
Atlas	240	290	312	270	270
Roma North 1 & 2	250	310	337	284	335
Roma North 3 & 4	285	406	498	213	411
PL 209 and PL 445	138	210	253	75	202
Total	913	1,216	1,401	842	1,218

83 Refer Section 8 of the RISC report set out at Annexure A.

Note:
1 From 1 July 2021 to 30 June 2060. LEA's analysis incorporates estimated production from 31 December 2021.
2 LEA notes that RISC consider that the 3P reserve is the appropriate resource for asset valuation purposes based on their estimate that 1P and 2P reserves will grow towards the 3P estimate as drilling progresses. Reserves as estimated by Netherland Sewell & Associates and as reported by Senex are after removal of fuel used to power Senex's operations.
3 It should be noted that the reserve estimates reflect a single-point "best estimate" rather than a range of potential reserves. The low and high range of production estimates adopted therefore differ materially from the single-point reserve estimates.

Source: RISC report Table 1-4.

132 In relation to RISC's production estimates and Senex's reserve estimates, we note the following from RISC:

"Overall, RISC's mid case gas production forecast (1,216 PJ) is similar to NSAI's 3P gross reserve estimate (1,229 PJ) although there are some difference within the assets:

For Atlas, RISC's mid case forecast is approximately 7% higher than NSAI's 3P reserve and Senex' forecast. This is a result of RISC's more optimistic view of well performance based on the observed production in the neighbouring permit, …[84]

For the adjacent PL445/PL209 permit, RISC's mid case is also slightly (4%) higher than NSAI's 3P reserve as RISC uses a similar performance based type curve

For Roma North Stages 1&2 3P NSAI's reserve is close to RISC's high case, although with the development to date and limited area, RISC's range is relatively low. RISC's mid case forecast is very similar to Senex' forecast; and

For the Roma North Stage 3&4 development RISC's mid case is similar to NSAI's 3P reserve and Senex' forecast with a large range between the low and high forecasts reflecting the limited data in these areas."[85]

Other assumptions

133 As the detailed cash flow projections are commercially sensitive they have not been set out in our report. The other key assumptions (other than production) adopted in our base case DCF valuation are set out below.

84 Based on RISC's review of production type curves matched to the production from neighbouring permits, being QCLNG's PL277, which lies at a similar depth and is adjacent to Atlas but with a longer production history than Senex' developments. RISC found the gas production could be matched with a type curve that had a lower and later peak and slower decline than Senex Atlas type curve for new wells (TC3). The forecast gas production from RISC's type curve is 2.44 PJ per well, 9% greater than the forecast recovery from Senex's TC3 (2.25 PJ). Source: RISC Report, Section 5.2.1.2.

85 Source: RISC Report, Section 8 *Reserves and resources*.

Other DCF assumptions – Atlas and Roma North		
Variable	**Base assumption**	**Comment**
Fuel and flare		Expected future use of production as fuel for operations and losses due to flaring are based on RISC estimates and consistent with historical experience.
Sales volumes	Atlas – contracted production	Based on Senex's contracted position, which extends to FY30
	Atlas – uncontracted production	Based on RISC's low, high and mid case scenario estimated production profiles for Atlas, less allowances for fuel and flare(1) and less Senex's contracted sales obligations
	Roma North 1&2 – contracted production	Based on Senex's contracted position, which extends to FY36
	Roma North 1&2 and 3&4 – uncontracted production(2)	Based on RISC's low, high and mid case scenario estimated production profiles for Roma North 1&2 and 3&4, less allowances for fuel and flare(1) and less Senex's contracted sales obligations
Gas prices		
Gas – domestic (contracted)		Adopted Senex's contracted pricing
Gas – domestic (uncontracted)	A$8/GJ to A$9/GJ (real) for uncontracted gas sales	Based on LEA analysis of the East Coast Gas Market as set out at paragraph 118(2)
Gas – LNG	Based on the US$ Brent Oil forward curve average through November 2021 and a long term price of US$60/bbl to US$70/bbl (nominal).	Refer paragraph 118
AUD:USD exchange rate	Spot rate of A$1.00:US$0.73 reducing to A$1.00:US$0.71 in the long term	Based on the spot rate, average AUD:USD forward rates through November 2021, and analyst long term forecasts
Operating costs and capital expenditures		We have adopted estimates of the appropriate operating and capital costs as estimated by RISC. Operating costs include processing costs paid to Jemena under contract and royalties payable to the Queensland State Government. Expected capital expenditures principally comprise wells and gathering plant, development capital expenditures for Roma North Stages 2 and 3&4, and plugging and abandonment costs.

Other DCF assumptions – Atlas and Roma North		
Variable	**Base assumption**	**Comment**
Inflation	2% p.a.	Broadly consistent with analyst long term forecasts
Working capital		Allowances have been made for working capital requirements for each project based on Senex's historical experience and future expectations (assuming payment terms of 30 days for both receivables and payables)
Discount rate	10% p.a.	Discount rate calculated based on the capital asset pricing model (CAPM) assuming a risk free rate of 3% p.a., market risk premium of 6.5% and a beta of 1.2 to 1.3, a long term cost of debt of 5% p.a. and a 15% gearing ratio (debt to debt plus equity). Refer Appendix C
Tax rate(3)	30%	

Note:
1 Broadly in the range of 6% to 10% of production.
2 None of the expected production from Roma North Stages 3 & 4 is contracted.
3 Income tax only. Petroleum resource rent tax does not apply to CSG.

Sensitivity analysis and DCF value (Atlas and Roma North)

134 The assumptions documented above reflect the base case assumptions adopted in the financial model developed by LEA, with inputs from RISC and based on the cash flow models prepared by Senex management. As stated above, there are inherent qualifications that apply to cash flow projections on which DCF valuations are based. In addition, the cost of capital can vary between industry participants based on factors such as differing perceptions / acceptance of risk and willingness to assume debt funding obligations.

135 It is important therefore not to credit the output of DCF models with a precision it does not warrant. It follows that any DCF valuation process should consider a range of scenarios, having regard to the respective key valuation drivers of the business being valued.

136 In assessing our valuation range we have therefore considered the sensitivity of value to changes in the key assumptions (being production and uncontracted pricing), as shown below:

Atlas – NPV outcomes					
		Production scenarios			
		RISC Low $m	**RISC Mid $m**	**RISC High $m**	**Risk weighted(1) $m**
Pricing scenarios(2)	**LEA $8/GJ real long-term**	414	515	559	501
	LEA $9/GJ real long-term	486	599	647	583
	Average	**450**	**557**	**603**	**542**

Note:
1 Comprising 25% of the low case, 50% of the mid case and 25% of the high case.
2 Pricing scenarios applied to uncontracted sales only.

Roma North Stages 1&2 – NPV outcomes

		Production scenarios			
		RISC Low $m	RISC Mid $m	RISC High $m	Risk weighted[1] $m
Pricing scenarios[2]	LEA US$60/bbl long-term	152	194	229	192
	LEA US$70/bbl long-term	196	237	272	235
	Flat US65/bbl	192	233	269	232
	Average	**180**	**221**	**257**	**220**

Note:
1 Comprising 25% of the low case, 50% of the mid case and 25% of the high case.
2 Pricing scenarios applied to Brent oil linked contracted gas sales (the price of which is linked to movements in the Brent price), which represent the bulk of sales in present value terms.
3 Pricing on uncontracted sales have been based on $8 - $9/GJ. This assumption has been adopted as, in LEA's view, this approach involves the consideration of fewer pricing variables relative to contracted LNG export prices, and the likelihood that domestic gas prices and oil linked LNG prices on a net basis will be broadly consistent over the medium to longer term.

Roma North Stages 3&4 – NPV outcomes

		Production scenarios			
		RISC Low $m	RISC Mid $m	RISC High $m	Risk weighted[1] $m
Pricing scenarios[2]	LEA $8/GJ real long-term	(62)	63	156	55
	LEA $9/GJ real long-term	7	151	255	141
	Average	**(27)**	**107**	**206**	**98**

Note:
1 Comprising 25% of the low case, 50% of the mid case and 25% of the high case.
2 Pricing scenarios applied to all sales (no contracted sales as at the time of writing).

137 In considering the scenarios above (and the value attributed to PL 209 and PL 445 (refer paragraphs 141 to 145 below)), we note the following statement by RISC in relation to the concurrent development of Senex's projects:

"Whilst Senex has successfully undertaken two coincident projects of a similar size and complexity (Roma North Stage 1 and Atlas Stage 1) we caution that Senex' timetable for the development represents a step-change in activity with multiple developments being undertaken coincidently which may stretch resources or lead to some inefficiencies"[86]

Value of current operations and projects

138 Based on the various scenarios and assumptions considered, LEA has adopted the following values for Senex's Atlas, Roma North 1 & 2 and Roma North 3 & 4 operations:

86 Source: RISC Report, Section 1.

Senex – values attributed to current operations and projects		
Production	**Low $m**	**High $m**
Atlas	520	560
Roma North 1 & 2	200	235
Roma North 3 & 4	80	110

Source: LEA analysis.

139 In arriving at these value ranges, we have considered (inter-alia) the NPV outcomes under each of the low, mid and high production scenarios, and the sensitivity of the NPV to changes in the pricing assumptions. Whilst we have placed greater weight on the mid production scenarios (which reflect RISC's preferred production scenarios), we have also considered the downside and upside value outcomes under the low and high production scenarios (which are reflected in our "risk weighted" NPVs above).

140 In this regard we note that our valuation ranges for each of Atlas, Roma North Stage 1 & 2 and Roma North 3 & 4 are broadly consistent with the average "risk weighted" NPVs set out above.

PL 209 and PL 445

141 We have also conducted a DCF analysis of the PL 209 and PL 445 undeveloped gas fields adopting RISC's low, high and mid case scenario estimated production profiles. The key assumptions adopted in our DCF analysis is set out below:

DCF assumptions – PL 209 and PL 445		
Variable	**Base assumption**	**Comment**
Sales volumes	Refer paragraph 131	Production assumed to commence in the March 2023 quarter based on RISC's low, high and mid case scenario estimated production profiles, less allowances for fuel and flare(1)
Fuel and flare		Expected future use of production as fuel for operations and losses due to flaring are based on RISC estimates and consistent with historical experience.
Gas prices (all uncontracted)	A$8/GJ to A$9/GJ (real) for uncontracted gas sales(2)	Refer paragraph 118
AUD:USD exchange rate	Spot rate of A$1.00:US$0.73 reducing to A$1.00:US$0.71 in the long term	Based on the spot rate, average AUD:USD forward rates through November 2021, and analyst long term forecasts

DCF assumptions – PL 209 and PL 445		
Variable	**Base assumption**	**Comment**
Operating costs and capital expenditures		We have adopted estimates of the appropriate operating and capital costs as estimated by RISC. Operating costs include processing costs paid to Jemena and royalties payable to the Queensland State Government. Expected capital expenditures principally comprise wells and gathering plant, development capital expenditures and plugging and abandonment costs.
PL 209 and PL 445 acquisition costs	$80 million	Assumed to be incurred in 2H22 ($50 million in January 2022) and FY23 ($30 million)
Inflation	2% p.a.	Broadly consistent with analyst long term forecasts
Working capital		Allowances have been made for working capital requirements for each project based on Senex's historical experience and future expectations (assuming payment terms of 30 days for both receivables and payables)
Discount rate	13% p.a.	Reflects an additional development risk premium of 3% due to the undeveloped state of this project and the high variation in the RISC production estimates for these gas fields
Tax rate[3]	30%	

Note:
1 Broadly in the region of 6% to 10% of production.
2 We have applied the domestic gas price forecasts to the estimated production from the PL 209 and PL 445 leases, notwithstanding that we understand these leases have no obligation for production to be first offered for sale on the domestic market. This assumption has been adopted as, in LEA's view, this approach involves the consideration of fewer pricing variables relative to contracted LNG export prices, and the likelihood that such prices on a net basis will be materially consistent over the medium to longer term.
3 Income tax only. Petroleum resource rent tax does not apply to CSG.

142 Due to the significant variance in RISC's production estimates (the low, mid and high production estimates are 138 PJ (low), 210 PJ (mid) and 253 PJ (high)) the DCF value range under each production scenario is wide, as shown below:

PL 209 and PL 445 – NPV outcomes					
		Production scenarios			
		RISC Low $m	RISC Mid $m	RISC High $m	Risk weighted(1) $m
Pricing scenarios	LEA $8/GJ real long-term	(28)	48	88	39
	LEA $9/GJ real long-term	7	93	137	83
	Average	**(11)**	**71**	**113**	**61**

Note:
1 Comprising 25% of the low case, 50% of the mid case and 25% of the high case.
2 NPV outcomes are net of the payment of the $80 million acquisition.

143 Importantly, Senex has only recently agreed to acquire these fields for $80 million (which as at 31 December 2021 had not been paid).

144 In LEA's view, the most appropriate reference point from which to ascertain the value of the PL 209 and PL 445 fields is this recent arm's length transaction. However, LEA also notes that PL 209 and PL 445 are located adjacent Senex's Atlas operations and that there may be synergies or advantages available to Senex that were not available to APLNG as vendor[87], resulting in some value enhancement to Senex.

145 Reflecting this (and having regard to the DCF values above), LEA has adopted a value range of $40 million to $80 million (net of the acquisition cost of $80 million) reflecting a potential 50% to 100% value uplift, which, based on LEA's DCF analysis, is supported by the expected net cash flows from developing these assets. LEA does not consider that higher values are appropriate given the recent arm's length transaction and the relatively higher risks associated with the undeveloped state of this project.

Cross checks

146 The values ascribed to the Atlas and Roma North assets above represent the following value per PJ of reserves metrics:

Senex – values attributed per PJ of reserves		
	$/reserves	
	2P	3P
Atlas	2.0	2.0
Roma North 1 & 2	0.8	0.6
Roma North 3 & 4	0.4	0.2

Source: Senex, LEA analysis.

147 We have cross checked the valuation outcomes against recent transactions for Australian east coast gas fields and operations for which public information is available, and against the implied multiples of Australian listed companies with east coast gas operations.

87 We also understand that APLNG was unlikely to develop PL 209 and PL 445 in the short to medium term.

Listed companies

148 The implied multiples of enterprise value (EV) to reserves for Australian listed oil and gas producers is set out below:

EV/reserve multiples - Australian listed oil and gas producers[1]

	EV$b/PJ 2P	EV$b/PJ 3P
Woodside Petroleum	3.1	-[3]
Santos	2.3	-[3]
Beach Energy	1.4	0.9
Cooper Energy	2.0	1.5
Strike Energy	0.9	0.7
Comet Ridge	1.2	0.7
Central Petroleum	0.6	-[3]

Note:
1 Australian listed oil and gas producers with predominantly Australian operations and market capitalisation greater than A$100 million with reported reserves. Market capitalisation and EV calculated as at 16 November 2021.
2 Reserves stated in million barrels of oil equivalent (mmboe) have been converted to PJ assuming 1 mmboe = 6.12 PJ.
3 3P reserves not stated.
4 Excludes Galilee Energy and Carnarvon Energy as no reserves are reported.
Source: Bloomberg, company annual reports and announcements, LEA analysis.

149 In relation to the above, we note that of Senex's projects, Atlas is the most advanced and has limited future growth capex required. Further, Senex's Roma North projects are less advanced (although Roma North stage 1, Eos and Glenora blocks, is producing). Reflecting this, and recognising the none of the listed companies are directly comparable to Senex in terms of types of projects, size and risk, in LEA's opinion, the EV / PJ metrics calculated for Senex's operations above are not unreasonable in light of the metrics for Australian listed oil and gas producers.

Transactions

150 We have also considered publicly available evidence of Queensland CSG companies and assets:

East coast gas asset transactions

Date	Bidder / acquirer	Vendor	Target / asset	Consid. $m	Interest acq. %	100% implied consid. $m	2P	3P	$m/PJ (2P)	$m/PJ (3P)
19 Feb 19	APLNG	Origin Energy	Ironbark[1]	231	100	231	129	192	1.79	1.20
3 Aug 21	Comet Ridge	APLNG	Mahalo Gas[2] Project	20	30	67	80	137	0.83	0.49
24 Oct 21	EIG Partners	Origin Energy	APLNG[3]	2,120	10	21,200	11,339	12,204	1.87	1.74

Note:
1 Surat basin, Origin will be responsible for the development of Ironbark as upstream operator for APLNG. Asset is undeveloped.
2 Asset is undeveloped.
3 Includes developed and undeveloped assets.
4 Excludes Denison Gas' February 2019 acquisition of Denison North (Rolleston) and South (Yellowbank) assets from APLNG, and April 2018 acquisition of Denison Trough from Santos, due to insufficient public information being available.

Source: Origin energy announcement *Origin to sell Ironbark to Australia Pacific LNG*, 19 Feb 2019, Origin Energy 2019 Annual Report, Comet Ridge ASX announcement *Funded acquisition of APLNG's 30% of Mahalo Gas Project*, 3 August 2021, Origin Energy announcement *Origin agrees to sale of 10 per cent interest in Australia Pacific LNG for $2.12 billion*, 24 October 2021, Origin Energy 2021 Annual Report, RISC Report.

151 Similar to the listed companies, in referencing these transactions, we note that none of the transacted companies or assets identified are directly comparable to Senex in terms of scale or stage of development, and that the sample of transactions for which public information is available is limited. In any event, notwithstanding the variation in observed metrics, in our opinion, the values LEA has attributed to Senex's existing assets are not unreasonable in light of the available transaction evidence.

Exploration areas

152 LEA notes that RISC has reviewed the underlying prospectivity of the Artemis and Rockybar permits, and has opined on an indicative valuation range for the permits between a low estimate of –A$12 million and a high estimate of +A$12 million[88]. RISC has attributed a $nil value to the mid case outcome reflecting RISC's low estimate of the prospectivity of the permits.

153 In relation to the Artemis block, RISC identifies a number of technical risks including the limited dataset, a permeability decline due to depth, the influence of basement structures on in situ stress, fracture density and fracture orientations which impact permeability and mineralisation of cleats. RISC also notes that no material subsurface data exists over ATP2058, the Rockybar permit[89]. LEA also notes that Senex has not made a gas-initially-in-place estimate for Rockybar.

154 Overall, from a technical point of view, RISC does not rank either of the exploration permits highly[90], Based on LEA discussions with Senex management, we understand that no material amounts have been incurred on Artemis and Rockybar.

155 Given the above, LEA has adopted a $nil value for these exploration assets.

Other assets and liabilities

Net cash and net financial liabilities

156 We have incorporated into our value of 100% of Senex's equity the net cash and net financial (hedge) liability position as at 31 December 2021.

88 Source: RISC Report Section 7.1.
89 Source: RISC Report, Section 7.2.1.
90 Source: RISC Report, Section 7.2.1.

Tax losses

157 As at 30 June 2021, Senex had approximately $280 million in carried-forward tax losses. In valuing 100% of Senex's equity, we have assumed that these will be available to Senex (under its current ownership structure) to be used to offset taxable income from producing assets. The benefits of the tax payments defrayed has been valued at some $60 million to $65 million.

158 In arriving at this value we have considered / had regard to the following:

(a) the extent to which these future tax benefits could be utilised, based on the forecast future cash flows adopted for valuation purposes

(b) the time period over which any utilisation could occur

(c) the possibility of company tax rate reductions over the period prior to recoupment

(d) the reluctance by purchasers generally to pay significant value for future tax benefits due to, inter-alia, the uncertainty associated with their ability to utilise the future tax benefits (including the risk of adverse tax legislation changes).

Corporate overheads

159 The present value of corporate overhead costs (some A$7.5 million per annum long term) has been estimated at some $65 to $70 million on a present value basis[91] and incorporated into our analysis. These overhead costs are excluded from the respective cash flow forecasts for each of the projects.

Value of Senex equity

160 Based on the above, the inferred value for Senex on a 100% basis is as follows:

Senex - DCF based valuation	Low $m	Mid $m	High $m
Atlas	520.0	540.0	560.0
Roma North 1 & 2	200.0	217.5	235.0
Roma North 3 & 4	80.0	95.0	110.0
PL 209 and PL 445	40.0	60.0	80.0
Development assets	-	-	-
Corporate overheads	(65.0)	(67.5)	(70.0)
Total	775.0	845.0	915.0
Net cash / (interest bearing debt) (1)	(12.2)	(12.2)	(12.2)
Hedge book liability(2)	(11.2)	(11.2)	(11.2)
Tax losses	60.0	62.5	65.0
Senex equity value	811.6	884.1	956.6
Number of shares on issue (m)(3)	192.4	192.4	192.4
Value per share	4.22	4.59	4.97
Less: Dividend to be paid(4)	(0.05)	(0.05)	(0.05)
Value per share – ex-dividend basis(4)	4.17	4.54	4.92

91 Adopting our discount rate of 10% per annum (after tax) and long term growth in corporate costs of 2% per annum.

Note:
1 Source: Senex Quarterly report for the quarter ended 31 December 2021.
2 Source: Senex management.
3 Includes 7,168,788 performance rights and share appreciation rights.
4 Reflecting the circumstance that no adjustment for the proposed dividend has been made to the cash nor provision balances adopted and to enable a comparison to the Scheme Consideration.

Cross check

161 We have cross checked our value attributed to the equity of Senex by comparing it to the pre-announcement share prices.

162 On 18 October 2021, Senex advised that it was in discussions with PIC in relation to a potential change of control transaction. We have set out below the volume weighted average prices (VWAP) of Senex shares in various periods to 15 October 2021 (being the last trading day prior to the announcement):

Senex –VWAP

Period	Start date	End date	High $	Low $	VWAP $	Value $m	Volume million	% of issued capital
1 month	18 Sep 21	15 Oct 21	4.04	3.30	3.717	58.6	15.8	8.53
3 months	18 Jul 21	15 Oct 21	4.04	2.91	3.422	129.8	37.9	20.58

163 We note also that on 8 November 2021 (subsequent to the above announcement), Senex announced it has entered into a binding agreement with APLNG to acquire undeveloped gas fields PL 209 and PL 445, adjacent to Senex's Atlas natural gas development, for $80 million[92]. Accordingly, it follows that our assessed value uplift arising from this transaction would not have been reflected within the VWAP of Senex in the period to 15 October 2021.

164 Adjusting our mid-point $4.59 per share value for the value we have attributed to PL 209 and PL 445[93] results in an adjusted value for Senex equity of some $4.28 per share. This value represents a premium of 25.1% above the three month VWAP of Senex shares to 15 October 2021.

165 Empirical research undertaken by LEA suggests that control premiums paid are generally in the order of 30% to 35% above the market price of minority shareholdings prior to the announcement of an offer, assuming the market price does not already reflect anticipation of an imminent offer[94]. The results of these studies, however, show a wide range of premiums paid dependent on factors including the specifics of the particular transaction and prevailing

92 Source: Senex announcement *Senex to acquire APLNG natural gas fields*, 8 November 2021.

93 Net of acquisition costs.

94 LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2020. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

market conditions[95]. Whilst a 25.1% premium is less than the "generally accepted" range of 30% to 35%, in LEA's opinion, it is within the bounds of implied premiums paid, and for this reason, is considered reasonable.

95 LEA notes that the share prices of Australian oil and gas companies generally increased in value in the month leading up to the 15 October 2021 announcement that Senex and had entered discussions with PIC in relation to a potential change of control transaction on the back of rising oil prices.

VII Evaluation of the Scheme

166 In our opinion, the Scheme is fair and reasonable and in the best interests of Senex shareholders in the absence of a superior proposal. We have formed this opinion for the following reasons.

Assessment of the Scheme

Value of Senex

167 As set out in Section VI we have assessed the value of Senex between $4.17.and $4.92 per share.

Value of Scheme Consideration

168 If the Scheme is approved and implemented, Senex shareholders will receive A$4.60 cash for each Senex share they hold on the Scheme Record Date.

169 In addition to the Scheme Consideration, Senex intends to pay an interim dividend of up to A$0.05 per Senex share for the half year ending 31 December 2021, subject to review by the Board. This interim dividend is in the ordinary course of business and is not conditional on the implementation of the Scheme.

170 A Senex shareholder present on the register at the record dates for both the dividend and the Scheme will therefore receive a total of A$4.65 cash per share if the Scheme is implemented. However, as the interim dividend is intended to be paid irrespective of the outcome of the Scheme, we have assessed the Scheme Consideration at A$4.60 cash per share.

Fairness

171 Pursuant to RG 111 the Scheme is "fair" if the value of the Scheme Consideration is equal to, or greater than the value of the securities the subject of the Scheme. This comparison is shown below:

Comparison of Scheme Consideration to value of Senex	Low A$ per share	High A$ per share	Mid-point A$ per share
Value of Scheme Consideration	4.60	4.60	4.60
Value of 100% of Senex	4.17	4.92	4.54
Extent to which the Scheme Consideration exceeds (or is less than) the value of Senex	0.43	(0.32)	0.06

172 As the Scheme Consideration lies within our assessed valuation range for Senex shares on a 100% controlling interest basis, in our opinion, the Scheme Consideration is fair to Senex shareholders when assessed based on the guidelines set out in RG 111.

Assessment of "reasonableness" and "in the best interests"

173 Pursuant to RG 111, a transaction is reasonable if it is fair. Consequently, in our opinion, the Scheme is also reasonable.

In the best interests

174 There is no legal definition of the expression "in the best interests". However, RG 111 notes that if an expert concludes that a scheme is "fair and reasonable", or "not fair but reasonable", then the expert will also be able to conclude that the scheme is "in the best interests" of members of the company.

175 In our experience, if a transaction is "fair" and "reasonable" under RG 111 it will also be "in the best interests" of shareholders. This is because, if the consideration payable pursuant to a scheme is fair, shareholders are implicitly receiving consideration for their shares that is consistent with the full underlying value of those shares.

176 We therefore consider that the Scheme is also "in the best interests" of Senex shareholders in the absence of a superior proposal.

Other considerations

177 In assessing whether the Scheme is "reasonable" and "in the best interests" of Senex shareholders LEA has also considered, in particular:

(a) the extent to which a control premium is being paid to Senex shareholders

(b) the extent to which Senex shareholders are being paid a share of any synergies likely to be generated pursuant to the potential transaction

(c) the listed market price of the shares in Senex, both prior to and subsequent to the announcement of the proposed Scheme

(d) the likely market price of Senex securities if the proposed Scheme is not approved

(e) the value of Senex to an alternative offeror and the likelihood of a higher alternative offer being made for Senex prior to the date of the Scheme meeting

(f) the advantages and disadvantages of the Scheme from the perspective of Senex shareholders

(g) other qualitative and strategic issues associated with the Scheme.

178 These issues are discussed in detail below.

Extent to which a control premium is being paid

179 Research undertaken by LEA indicates that average premiums paid in successful takeovers in Australia generally range between 30% and 35% above the listed market price of the target company's shares[96] three months prior to the announcement of the bid (assuming no

96 After adjusting the pre-bid market prices for the movement in share market indices between the date of the pre-bid market price and the announcement of the takeover.

speculation of the takeover is reflected in the pre-bid price)[97]. This premium range reflects the fact that:

(a) the owner of 100% of the shares in a company obtains access to all the free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder

(b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds

(c) a controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company

(d) a controlling shareholder is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

180 We have calculated the premium implied by the Scheme Consideration by reference to the market prices of Senex shares (as traded on the ASX) for periods up to and including 15 October 2021 (being the last trading day prior to the initial announcement by Senex that it was in discussion with PIC in relation to a potential change of control transaction).

181 We note that Senex shareholders received a final dividend in respect of FY21 of $0.05 per share on 24 September 2021 and that shares in Senex traded ex an entitlement to this dividend from 31 August 2021. Accordingly, the periods over which we have measured the premiums implied by the Scheme Consideration include a period during which Senex shares traded with an entitlement to this dividend.

182 The implied offer premiums relative to Senex share prices up to 15 October 2021 are shown below:

Implied offer premium relative to recent Senex share prices		
	Senex share price[(1)] A$	**Implied offer premium[(1)] %**
Scheme Consideration	4.60	-
Closing share price on		
15 October 2021 (the last trading day prior to the announcement)	3.82	20.4
15 September 2021 (1 month prior)	3.35	37.3
15 July 2021 (3 months prior)	3.43	34.1
VWAP		
1 month to 15 October 2021	3.72	23.8
3 months to 15 October 2021	3.42	34.4

97 LEA has analysed the control premiums paid in successful takeovers and other change in control transactions involving cash consideration in Australia over the period 2000 to 2020. LEA's study covered around 500 transactions in all sectors excluding real estate investment trusts, based on data sourced from Bloomberg, Connect4 and public company transaction documents and ASX announcements. Scrip transactions were excluded from the analysis because the value of the scrip consideration can vary materially depending on the date of measurement.

Note:
1 Senex share prices reflect prices paid prior to the announcement of the PL 209 and PL 445 acquisitions.

183 In our opinion, more regard should be had to the VWAPs rather than share prices on a particular day. Further, the three-month VWAP is generally considered more reliable than the one-month VWAP as it reflects a greater level of share trading.

184 Having regard to the above (and our valuation of Senex in Section VI), in our opinion, the Scheme Consideration provides Senex shareholders with an appropriate premium for control. Accordingly, in our opinion, Senex shareholders are being compensated for the fact that 100% control of Senex will pass to a majority-owned PIC subsidiary if the Scheme is approved.

Extent to which Senex shareholders are being paid a share of synergies

185 Neither K-A Energy 1, PIC nor Hancock Energy Corporation currently hold an interest in Senex. As a result of acquiring the interests held by other shareholders pursuant to the Scheme some cost savings will be achieved, including the elimination of listed company costs and lower shareholder communication costs. However, the value of these cost savings is minor relative to the value of Senex.

186 Neither PIC nor K-A Energy 1 has any existing Australian operations, and K-A Energy 1 has indicated an intention to retain the Senex head office following implementation, if the Scheme is approved[98]. Accordingly, any synergies associated with the Scheme are likely to be confined to cost savings resulting from the potential delisting of Senex from the ASX and related regulatory matters no longer required.

187 In the circumstances, based on our understanding of the likely nature and quantum of potential synergies, in our opinion, the potential synergies arising from the transaction are unlikely to be material in the overall context of our assessed value of Senex.

Recent share prices subsequent to the announcement of the Scheme

188 Shareholders should note that Senex shares have traded on the ASX in the range of $4.18 to $4.81 per share in the period subsequent to 15 October 2021[99] up to 19 January 2022, with a VWAP over this period of $4.49 per share. These share prices are generally lower than the Scheme Consideration and suggest that the market consensus view is that a superior offer or proposal is unlikely to emerge.

Likely price of Senex shares if the Scheme is not implemented

189 If the Scheme is not implemented we expect that, at least in the short term, Senex shares will trade at a significant discount to our valuation and the Scheme Consideration due to the difference between the value of Senex shares on a portfolio basis and their value on a 100% controlling interest basis. In this regard we note that Senex shares last traded at $3.82 per share on 15 October 2021 (being the last trading day prior to the announcement by Senex on

98 Scheme Booklet Section 9.6.

99 The last trading day prior to the announcement that Senex and PIC were in discussions relating to a potential change of control transaction.

18 October 2021 that it was in discussion with PIC in relation to a potential change of control transaction).

190 If the Scheme is not implemented those Senex shareholders who wish to sell their Senex shares are therefore likely, at least in the short term, to realise a significantly lower price for their shares than will be payable under the Scheme.

Likelihood of a superior proposal

191 We have been advised by the Directors of Senex that no formal alternative offers have been received subsequent to the announcement of the discussions between Senex and PIC on 18 October 2021.

192 In this regard Senex shareholders should note:

(a) Senex initially advised that it was in discussion with PIC in relation to a potential change of control transaction on 18 October 2021

(b) the Scheme Consideration of A$4.60 per share reflects three subsequent increases in consideration offered by PIC over the period of discussions / negotiation between the parties (PIC having initially indicated a proposed offer of A$4.00 per share on 30 July 2021).

Advantages and disadvantages of the Scheme

193 We summarise below the likely advantages and disadvantages for Senex shareholders if the Scheme proceeds.

Advantages

194 In our opinion, the Scheme has the following benefits for Senex shareholders:

(a) the Scheme Consideration of A$4.60 cash per share is consistent with our assessed value range for Senex shares on a 100% controlling interest basis

(b) the Scheme Consideration represents a significant premium to the recent market prices of Senex shares prior to the initial announcement by Senex on 18 October 2021 that discussions in relation to a control transaction were being held

(c) if the Scheme does not proceed, and in the absence of an alternative offer or proposal, the price of Senex shares is likely to trade at a significant discount to our valuation and the Scheme Consideration due to the portfolio nature of individual shareholdings.

Disadvantages

195 Senex shareholders should note that if the Scheme is implemented they will no longer hold an interest in Senex. Senex shareholders will therefore not participate in any future value created by the company over and above that reflected in the Scheme Consideration.

196 However, as our assessed value of Senex shares is consistent with the Scheme Consideration, in our opinion, the present value of Senex's future potential is reflected in the Scheme Consideration.

197 Shareholders should also note that the value of Senex shares is particularly sensitive to long-term domestic gas and Brent oil price assumptions in AUD terms. While our valuation reflects long-term Brent oil price assumptions that are consistent with the forward market and analyst forecasts, and long term gas prices consistent with long term (post 2015) trends, those shareholders having a more optimistic view on long-term domestic gas and Brent oil prices may consider the Scheme Consideration to be inadequate[100].

Conclusion

198 Given the above analysis, we consider the advantages of the Scheme to outweigh the disadvantages. Consequently, in our view, the acquisition of Senex shares under the Scheme is fair and reasonable and in the best interests of Senex shareholders in the absence of a superior proposal.

100 We note however the impact of changes in the AUD/USD exchange rate and the importance of AUD Brent oil prices rather than just USD Brent oil prices and the (often significantly offsetting) increase in the value of the AUD at times of higher commodity prices.

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The *Corporations Act 2001 (Cth)* (Corporations Act) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Scheme Booklet to be sent to Senex shareholders in connection with the Scheme.

4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $250,000 plus GST.

9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

Appendix A

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. You will not be charged for using the AFCA service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 7
64 Castlereagh Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared hundreds of IERs.

2 This report was prepared by Mr Craig Edwards and Mr Kepler, who are each authorised representatives of LEA. Mr Edwards and Mr Kepler both have over 25 years experience in the provision of valuation advice (and related advisory services).

Declarations

3 This report has been prepared at the request of the Directors of Senex to accompany the Scheme Booklet to be sent to Senex shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Scheme is fair and reasonable and in the best interests of Senex shareholders.

Interests

4 At the date of this report, neither LEA, Mr Edwards nor Mr Kepler have any interest in the outcome of the Scheme. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 We have considered the matters described in ASIC RG 112 – *Independence of experts*, and consider that there are no circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective independent assistance in this engagement.

Indemnification

6 As a condition of LEA's agreement to prepare this report, Senex agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Senex which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet.

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix C

Assessment of discount rate

Principles

1 The determination of the discount rate or cost of capital for an asset requires identification and consideration of the factors that affect the returns and risks of that asset, together with the application of widely accepted methodologies for determining the returns demanded by the debt and equity providers of the capital employed in the asset.

2 The discount rate applied to the projected cash flows from an asset or business represents the financial return that will be demanded before an investor would be prepared to acquire (or invest in) the asset or business. Discount rates for assets or businesses are frequently evaluated using the weighted average cost of capital (WACC) which is a function of the cost of equity and the cost of debt (and related debt to equity levels).

WACC

3 The generally accepted WACC formula is the post-tax WACC (without adjustment for dividend imputation), as shown below:

WACC formula

$$WACC = R_e \frac{E}{V} + R_d(1-t)\frac{D}{V}$$

where:

R_e	=	expected equity investment return or cost of equity in nominal terms
R_d	=	interest rate on debt (pre-tax)
t	=	corporate tax rate
E	=	market value of equity
D	=	market value of debt
V	=	market value of debt plus equity

4 We have used the capital asset pricing model to derive the cost of equity for Senex. The formula for deriving the cost of equity using the CAPM is as follows:

Cost of equity calculation

$$R_e = R_f + \beta_e\left[E(R_m) - R_f\right]$$

where:

R_e	=	expected equity investment return or cost of equity in nominal terms
R_f	=	risk-free rate of return
$E(R_m)$	=	expected market return
$E(R_m) - R_f$	=	market risk premium (MRP)
β_e	=	equity beta

5 The elements adopted in the calculation of the discount rate for Senex using the WACC are detailed as follows.

Appendix C

Risk-free rate

6 For the purpose of our valuation of Senex we have adopted a long-term risk-free rate of 3.0% per annum. Whilst this rate is slightly higher than the average yield on 30-year[101] Australian Commonwealth Government Bonds of approximately 2.3% per annum during December 2021[102], our adopted risk free rate is consistent with market practice, which is to apply a normalised risk free rate having regard to a mix of historical averages and current spot rates.

Market risk premium

7 The MRP represents the additional return above the risk-free rate that investors require in order to invest in a well-diversified portfolio of equity securities (i.e. the equity market as a whole). Having regard to academic studies and empirical evidence, as well as the average market risk premium calculated over the longer term, we have adopted a long-term MRP of 6.5%.

Equity beta

8 In determining the appropriate equity beta for Senex, we have considered (inter-alia):

(a) the risks associated with the business of, and an equity investment in, Senex

(b) historical beta estimates for Australian companies in the oil and gas sector

(c) historical beta estimates for Senex and relevant industry sectors.

Risk factors of Senex

9 We have considered the key business risks associated with Senex which are summarised below:

(a) long-term sales agreements are in place for all production from Roma North Stages 1 & 2 to 2035, and over 30 PJ of production from Atlas, with oil linked prices at Roma North Stages 1 & 2, and fixed contracted prices for Atlas for that production

(b) while a significant volume of expected production remains uncontracted, as noted in Section IV, the potential for gas supply shortages on the east coast of Australia is expected to underpin domestic gas prices for the foreseeable future

(c) both Atlas Stage 1 and Roma North Stage 1 are currently producing – with Atlas Stage 1 at nameplate capacity and Roma North Stage 1 still in ramp-up. However, annual gas production is expected to increase significantly over the Forecast Period as Atlas Stage 2, Roma North Stages 2, 3 & 4 and PL 209 and PL 445 are developed. These projects require significant upfront development costs, and are subject to greater development and production risks than the Atlas Stage 1 and 2, and Roma North Stage 1 projects (which are in production)

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101 Broadly consistent with the estimated remaining life of Senex's projects and the longest term for which yield data on Australian Commonwealth Government Bonds is available.

102 Source: Bloomberg.

(d) notwithstanding the potential gas supply shortages in the east coast market and the planned use of gas as a transitional fuel, the decarbonisation of the Australian and global economies is a risk for the oil and gas sector in the long term.

Betas of comparable companies

10 The equity betas of selected[103] Australian oil and gas companies are as follows:

Listed company betas[(1)]

Company	Market value[(2)] $m	Gearing[(2)(3)] %	Bloomberg Beta[(4)]	Bloomberg RSQ[(5)]	Rozetta Technology Beta[(6)]	Rozetta Technology RSQ[(5)]
Senex	706	15.4	1.70	0.35	1.80	0.21
Large diversified producers						
Woodside Petroleum	22,554	15.1	1.63	0.56	1.81	0.58
Santos	14,540	20.9	2.38	0.66	2.39	0.56
Smaller oil and gas producers						
Beach Energy	3,182	1.6	2.25	0.38	3.04	0.41
Carnarvon Energy	532	(24.9)	1.75	0.05	1.68	0.06
Cooper Energy	473	21.8	0.50	0.05	0.63	0.05
Strike Energy	344	(29.9)	0.82	0.01	0.95	0.02
Galilee Energy	137	(15.9)	0.74	0.02	nm	0.00
Comet Ridge	103	15.2	1.70	0.18	1.38	0.08
Central Petroleum	87	8.0	0.54	0.03	nm	0.00
		Average	1.40		1.71	
		Median	1.66		1.74	

Note:

1 It should be noted that as the equity beta is a function of both business risk and financial risk (being the level of financial leverage or gearing), the above equity betas are levered betas and could be adjusted to reflect the different levels of gearing. However, this adjustment is subject to considerable estimation error. For example, gearing ratios are normally calculated at a point in time and therefore may not reflect the target or optimal capital structures of comparable companies in the long run. In addition, gearing ratios typically change over time. Further, the practice of adjusting equity betas for the difference in financial leverage also gives a misleading impression that the process provides precise comparable beta estimates. In our view it is therefore more appropriate to apply unadjusted (levered) betas and gearing ratios which are broadly consistent with comparable companies. As noted in paragraph 17, the level of gearing adopted for valuation purposes is broadly consistent with the gearing ratio for Senex and the other listed companies.

2 Market capitalisation obtained from Bloomberg as at 31 October 2021 (excluding Senex which is as at 15 October 2021).

3 Gearing equals net debt divided by enterprise value. Negative levels indicate a net cash position.

4 Ordinary least squares, based on 48 monthly returns to 31 October 2021 (excluding Senex which is based on 48 monthly returns to 15 October 2021).

5 R-squared (RSQ) measures the reliability of the beta estimate and ranges between zero (unreliable) and one (very reliable). Industry sector betas generally have a higher RSQ value and are typically more reliable.

103 Based on Australian listed oil and gas producers, with market capitalisation of greater than $75 million, and with operations predominantly comprising onshore oil and gas production in Australia.

6 As at 30 June 2021 (being the most current data available) and based on 47 monthly returns. Rozetta Technology has excluded the monthly return for March 2020 given the additional volatility caused by the COVID-19 pandemic.
7 Origin Energy has been excluded from the above table because, in addition to its interest in the Australia Pacific Export LNG Project and other gas production assets, Origin has a substantial energy retail business.

nm – not meaningful.
Source: Bloomberg, Rozetta Technology.

11 The above betas vary widely which reflects differences in size, leverage and operational risks. In LEA's view, none of the other listed companies are directly comparable to Senex in terms of size and operations. Further, individual stock betas are also generally less reliable than industry betas.

Historical betas of Senex relative to sector beta

12 The table below shows the historical beta estimates of Senex, and the betas for the Australian energy sector[104]:

Senex and sector betas

Data period	Senex		Energy[1]	
Ended	Beta[2]	RSQ[2]	Beta[2]	RSQ[2]
30 June 2021[3][4]	1.80	0.21	1.85	0.71
30 June 2020[4]	1.79	0.20	1.57	0.64
30 June 2019	2.44	0.21	1.32	0.53
30 June 2018	2.38	0.18	1.13	0.42

Note:
1 Includes the constituents of the "Oil, Gas & Consumable Fuels" and "Energy Equipment & Services" industry sub-groups.
2 Beta based on 47 monthly returns.
3 Being the most current data available.
4 The monthly return for March 2020 has been excluded from the analysis by Rozetta Technology given the additional volatility caused by the COVID-19 pandemic.

Source: Rozetta Technology.

13 In addition, we have also considered the following sector betas derived from the US markets:

Sector beta[1]

	No. of companies in sector	Geared beta	Ungeared beta
Oil and gas producers and explorers	278	1.18	0.78

Note:
1 As at January 2021.
Source: pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/Betas.html.

104 The key constituents (based on their market capitalisations) are Woodside, Santos, Origin, Ampol, W.H. Soul Pattinson, and Oil Search.

Comment and conclusion on beta

14 In forming a view as to an appropriate beta for Senex, we have considered factors including:

(a) Senex has substantial 2P gas reserves (767 PJ as at 30 June 2021) relative to current and forecast production

(b) some 300 PJ of Senex's future production has already been sold under contract

(c) whilst a large proportion of future production (including contracted production) is linked to future market prices, the outlook for long term gas prices on the east coast of Australia is favourable due to the possibility of gas supply shortages in the domestic market

(d) Senex is currently cash flow positive and operating margins are high

(e) Senex expects to be able to internally fund, or obtain an appropriate level of external debt funding, to fund its expansion projects

(f) Senex has access to required infrastructure (such as pipeline capacity)

(g) the regulatory risks associated with Senex's current production projects appear low.

14 In addition, we note that the US oil and gas sector betas (based on some 278 listed companies) are well below those derived from the ASX listed oil and gas companies / sector.

15 For the purposes of our valuation assessment we have therefore adopted a beta estimate for Senex's in production assets of between 1.2 and 1.3.

Cost of debt

16 A long term cost of debt of 5% per annum has been adopted. This reflects a borrowing margin of around 2.0% above the long term risk-free rate. In forming this opinion, we have also considered:

(a) the terms of Senex's current debt facilities, which comprise bank facilities for which Senex pays an interest rate based on BBSW plus a margin

(b) the RBA reported spread of around 170 basis points over 10 year target tenor Australian Commonwealth Government bonds for BBB-rated corporate bonds, and

(i) the smaller size of Senex relative to BBB-rated companies

(ii) the likelihood that spreads would be greater for longer dated instruments.

Debt to debt plus equity ratio

17 We have assumed that over the long term the business operations of Senex are financed by a combination of 85% equity and 15% debt. This level is broadly consistent with the gearing ratio for Senex and the other listed companies shown in the table at paragraph 10.

Corporate tax rate

18 We have assumed a corporate tax rate of 30% as Senex is an Australian company.

Appendix C

WACC

19 Based on the above, the nominal discount rate range for Senex is as follows:

Senex – assessment of discount rate		
Parameters	**Low %**	**High %**
Beta	1.2	1.3
MRP	6.5	6.5
Risk-free rate	3.0	3.0
Cost of equity	10.8	11.5
Cost of pre-tax debt	5.0	5.0
Tax rate	30.0	30.0
Cost of post-tax debt	3.5	3.5
Proportion of equity funding	85.0	85.0
Proportion of debt funding	15.0	15.0
WACC / discount rate (after tax)	9.7	10.3

20 Accordingly, for the purposes of our calculations we have adopted a (post-tax) discount rate of 10% per annum for Senex.

21 We note that this discount rate is broadly consistent with the discount rates adopted by investment analysts who prepare research reports on Senex (which ranged between 9.6% and 11.3% per annum).

Appendix D

Glossary

Term	Meaning
1P	Proved reserves
2P	Proved and probable reserves
3P	Proved, probable and possible reserves
ACCC	Australian Competition and Consumer Commission
Adbri	Adbri Limited
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AFCA	Australian Financial Complaints Authority
APLNG	Australia Pacific LNG
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
AUD / A$	Australian dollar
bbl	Oilfield barrel, i.e. approximately 159 litres
CAPM	Capital asset pricing model
Corporations Act	*Corporations Act 2001* (Cth)
Corporations Regulations	*Corporations Regulations 2001*
CSG	Coal seam gas
CY	Calendar year
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax depreciation and amortisation
EIA	US Energy Information Administration
EV	Enterprise value
FEED	Front end engineering design
FID	Final investment decision
FSG	Financial Services Guide
FY	Financial year
GHG	Greenhouse gas
GJ	Gigajoule
GLNG	Gladstone Liquefied Natural Gas
GSA	Gas sales agreement
Hancock Energy Corporation	Hancock Energy Corporation Pty Ltd
HY	Half year
IER	Independent expert's report
Jemena	SGSP Assets Pty Ltd trading as Jemena
K-A Energy 1	K-A Energy 1 Pty Ltd
kbbl	Thousand barrels
km	Kilometre
LEA	Lonergan Edwards & Associates Limited
LNG	Liquefied natural gas
mmboe	Million barrels of oil equivalent
MRP	Market risk premium
NPV	Net present value
PIC	POSCO INTERNATIONAL Corporation
PJ	Petajoule
RBA	Reserve Bank of Australia
RG 111	Regulatory Guide 111 – *Content of expert reports*
RISC	RISC Advisory Pty Ltd

LONERGAN EDWARDS & ASSOCIATES LIMITED

Appendix D

Term	Meaning
RSQ	R-squared
Scheme	Scheme of arrangement between Senex and its shareholders contemplated under the SIA
Scheme Consideration	A$4.60 cash per Senex share
Senex	Senex Energy Limited
SIA	Scheme Implementation Agreement between Senex and PIC dated 11 December 2021
sq km	Square kilometre
US	United States of America
USD / US$	US dollar
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WANOS	Weighted average number of shares outstanding

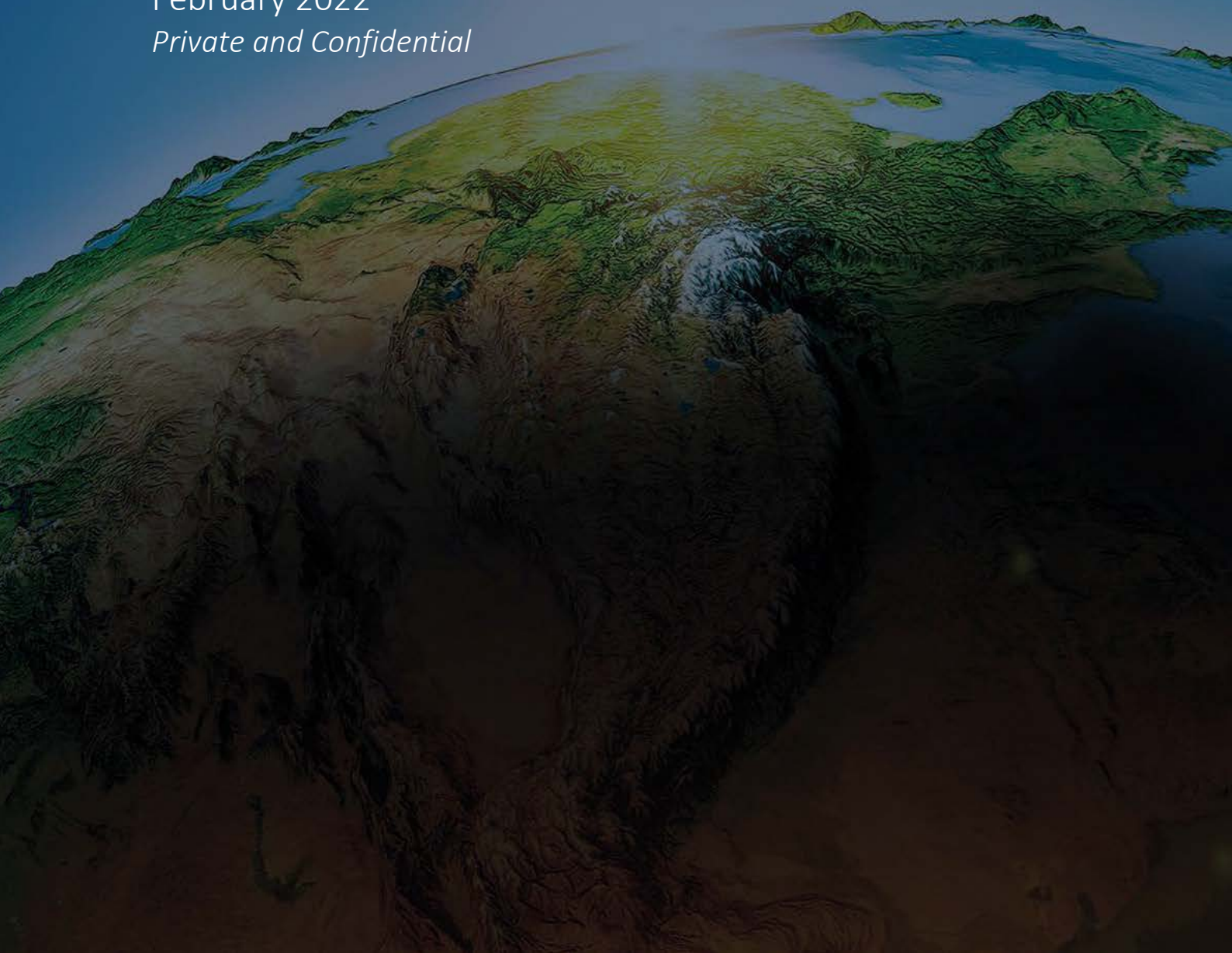
RISC

decisions with confidence

Independent Technical Specialists' Report on Senex' CSG permits

February 2022

Private and Confidential



1. Executive summary

Senex has announced[1] that it has received a proposal from POSCO International to acquire 100% of Senex by way of a scheme of arrangement. Senex has appointed Lonergan Edwards and Associates (Lonergan Edwards) to act as Independent Expert (IE) in advising whether the offer is fair and reasonable.

Lonergan Edwards has retained RISC Advisory Pty Ltd (RISC) to act as Independent Technical Expert (ITE) to assist it by reviewing and commenting on technical matters required to make its assessment. RISC was requested to provide gas production, operating and capital cost forecasts for the assets under development and provide an indicative value for the exploration assets.

Senex operates its Roma North and Atlas Projects in the western Surat Basin in Queensland. To complement the Atlas Project Senex has recently acquired two permits adjacent to Atlas from APLNG[2], PL445 and PL209, Figure 1-1.

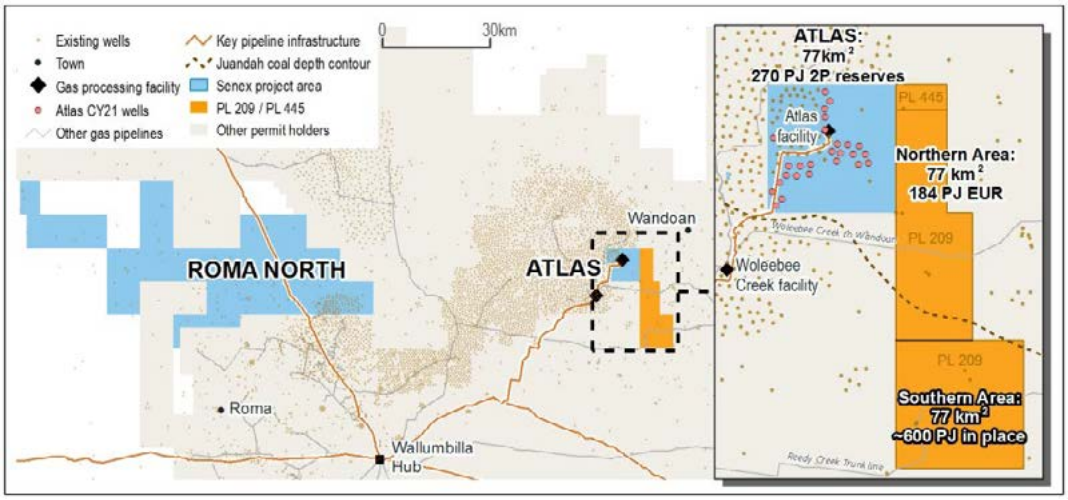


Figure 1-1: Location diagram for Senex' Roma North and Atlas Gas Projects and the permits acquired from APLNG

Production from Senex' operating projects, Roma North Stage 1 and Atlas Stage 1, reached a peak of 56 TJ/d[3] during the 1Q FY22 with total production for the quarter of 5.0 PJ.

Senex is targeting production of 60 PJ by year end FY25 through:

- further expansion through Roma North Stage 2 (FEED complete with FID expected soon) and future Stages;
- Atlas Stage 2 (FID taken in August 2021); and
- development of the northern area of the permits acquired from APLNG.

In addition to these, Senex has two exploration permits, Artemis in the Surat Basin and Rockybar in the Bowen Basin, and the potential to develop the southern area acquired from APLNG which could provide further upside.

[1] Senex: ASX Announcement 8 November 2021
[2] Senex: ASX Announcement 17 January 2022
[3] Senex: Quarterly report for the quarter ended 30 September 2021, Page 4

Development timing

Stage 1 of the Roma North and Atlas projects have been completed with Stage 2 of Atlas receiving FID in August 2021. Senex models currently assume commencement of drilling for Stage 3 of Atlas (the permits acquired from APLNG), Roma North Stage 3 and Stage 4 in a sequential manner from late FY23.

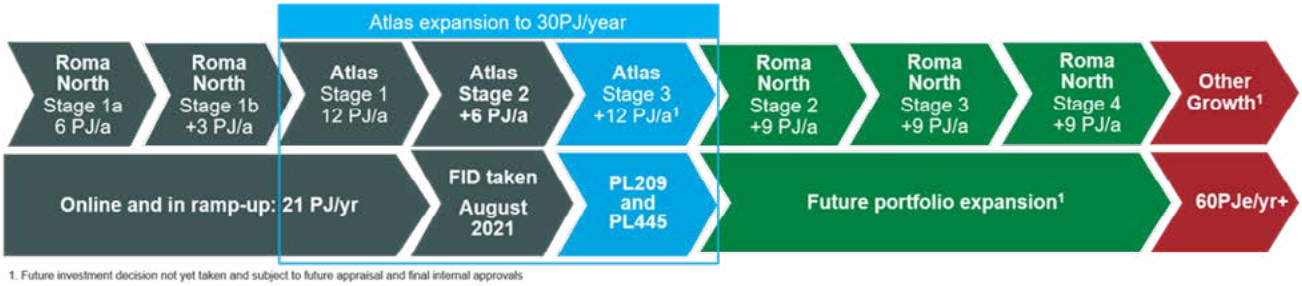


Figure 1-2: Senex' existing and forecast development activities for CSG[1]

Forecast gas production

Senex generates well production forecasts using type curves generated for a number of geo-domains. RISC has verified the type curves by independently generating type curves for several geo-domains and has also history matched production from neighbouring fields. As a result RISC generally supports the type curves that Senex has created with a caveat regarding the amount of data available in some regions, however this can be addressed before development proceeds to these regions.

RISC has reviewed the technical data underpinning Senex' existing and planned developments and gas production forecasts. We have undertaken investigations and studies we considered necessary and have modified Senex gas production forecasts as we saw fit. On this basis we have prepared gas production forecasts for the Roma North, Atlas and PL445/PL209 assets, Figure 1-3.

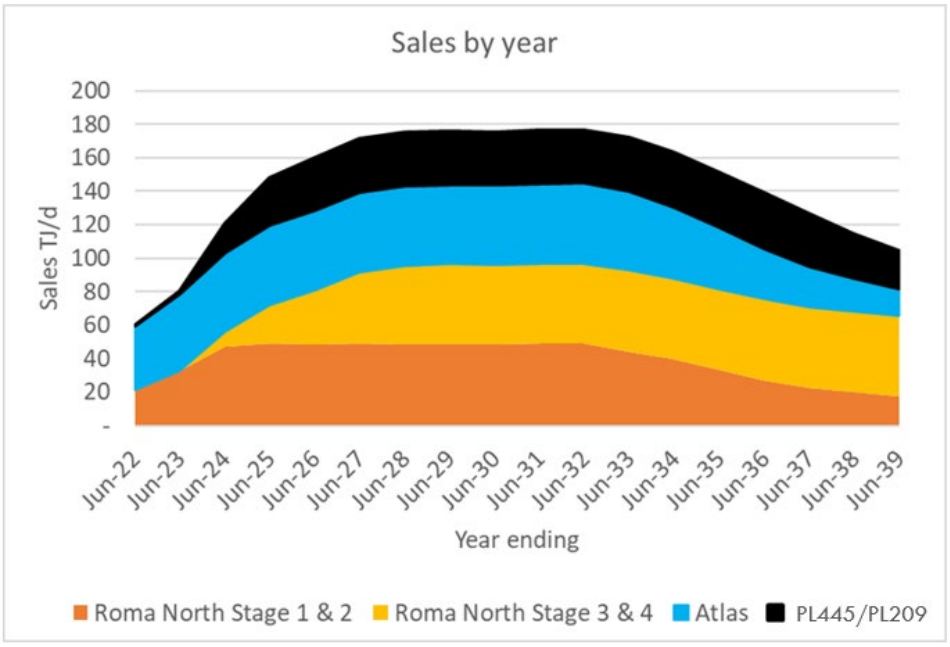


Figure 1-3: RISC's mid case sales gas production forecasts for Roma North, Atlas and PL445/PL209

RISC's mid (or best estimate) case Atlas forecast is slightly more optimistic than Senex' Atlas forecast as RISC anticipates a lower decline in the individual well forecasts as has been observed in neighbouring developments and we anticipate that this will be similar for PL445/PL209. For Roma North RISC's mid case forecasts are not substantially different from Senex' forecasts.

For each development RISC has retained the target plateau rate used by Senex. These rates are generally multiples of the 24 TJ/d developments undertaken to date and represent a modular development providing good control on costs and duplication of design for efficiency.

RISC has also targeted the start-up dates indicated by Senex and maintained the total wells drilled at below 120 wells per year (1 drilling rig). This is consistent with the rates seen in earlier developments managed by Senex, Roma North Stage 1 and Atlas Stage 1. We do caution however, that the planned schedule calls for five expansion/development projects to be undertaken concurrently which will increase the amount of activity, planning and operational management required.

For our low and high case forecasts we have introduced an uncertainty regarding the well performance and well count to reflect the sparse data in some areas. Ongoing analysis of Eos and Glenora production in the Roma North development area will reduce deliverability and reserve uncertainty within the southern area of the Roma North Development Area. However, we consider that additional appraisal will be required for the northern areas (Stages 3 and 4).

Geoscience

RISC has reviewed the latest Roma North GIIP estimates which are derived from Senex' latest Petrel™ models (WSGP 3.4 model and Don Juan 2.0 model), both of which share a common modelling workflow.

The models include information from Santos' Roma fields to the south (provided to Senex as part of a data sharing agreement) and the results from the drilling in the Eos and Glenora blocks. There is considerable uncertainty in the value and distribution of many of the parameters that are used to estimate GIIP (and recoverable resource) with gas content being the primary uncertainty in the WSGP (Western Surat Gas Project) area.

Table 1-1 shows Senex' deterministic most likely GIIP estimates for the Roma North Development Area. RISC considers that the GIIP estimate is a reasonable mid case and that the geological model is fit for purpose.

Table 1-1: Roma North GIIP by region

Development area	GIIP (Bcf)
WSGP blocks	1121
Don Juan blocks	517
Total Roma North	1638

RISC has reviewed the latest Atlas area modelling leading to its GIIP estimates, Table 1-2.

Table 1-2: Atlas GIIP by region

Development area	GIIP (Bscf)
Atlas PL1037	407
ATP2059	108
PL209/PL445	1014
Total	1529

RISC considers these estimates a reasonable mid case. In the southern part of PL445/PL209 Senex expects that it will require fracture stimulation to enable commercial production since the coals are deeper with lower coal permeability. Senex has excluded this area (~600 bcf GIIP) from its initial development plan, but it represents a significant upside opportunity.

The Artemis (ATP2042) and Rockybar (ATP2058) exploration tenements are at an immature stage of exploration/appraisal. Senex has estimated 680 Bscf GIIP within the Walloon Coal Measures in Artemis, with additional unquantified upside in the Permian Baralaba Coal Measures. Poor coal permeability is a primary risk in the Artemis block and the proposed initial work programme is designed to acquire data to address this risk.

The CSG target in Rockybar is the Permian Baralaba Coal Measures. No CSG wells have been drilled in the block, but stratigraphic drilling by the Queensland Government indicates that the majority of the area will not be prospective for CSG. Senex has not made a GIIP estimate for Rockybar.

Capex and opex

Future capital costs (excl. abandonment cost) are estimated to be almost $2 billion in nominal terms. This cost covers the further development of the Atlas, Roma North and PL445/PL209 projects. The cost estimate by project for RISC's mid case is shown in Table 1-3.

Table 1-3: Capital cost by project

Component	Total ($AUD million)
Atlas	166
Roma North Stage 1&2	599
Roma North Stage 3&4	1,001
PL445/PL209	216
Total Capex (excl. abandonment cost)	**1,982**

Operating costs increase as wells are added then decrease once production declines. Due to the difference in phasing of developments operating costs will plateau at different times in the various projects. Overall, field operating costs to 2060 are estimated to A$2.4 billion in nominal terms averaging approximately A$2/GJ (excluding royalty).

Royalties (Government and 3rd party) are estimated at $1,436 million to 2060, or approximately $1.20/GJ. Tariffs are estimated at $1,810 million, or approximately $1.50/GJ.

Reserves and resources

Senex has had NSAI undertake reserve assessment for the Roma North, Atlas and PL445/PL209. Table 1-4 compares the gas production to 4Q FY60 in each of the forecasts generated with the 2P and 3P reserve estimates of NSAI. Due to the method adopted for NSAI's reserve classification, we estimate that NSAI's 1P and 2P reserves will grow towards their 3P estimate as drilling progresses. Therefore, the 3P reserve is the appropriate resource against which to compare the forecasts generated.

For Atlas, RISC's mid case forecast is 8% higher than the NSAI's 3P reserve and Senex' forecast as a result of RISC's more optimistic modelled performance based on the longer term performance of the well in the

neighbouring permit. For PL445/PL209 RISC's mid case is also slightly (4%) higher than NSAI's 3P plus 2C reserve. For Roma North Stages 1&2 NSAI's reserve lies between RISC's mid and high cases, although with the development to date and limited area, the range is relatively narrow. For the Roma North Stage 3&4 development RISC's mid case is similar to NSAI's 3P reserve with a large range between the low and high forecasts reflecting the limited data in these areas.

Table 1-4: Production forecast cases to 4Q FY60 compared with NSAI reserves estimates *2

Development area	Senex	RISC low	RISC mid	RISC high	NSAI	
					2P gross	3P gross
	PJ	PJ	PJ	PJ	PJ	PJ
Atlas	265	240	290	312	270	270
PL445/PL209	173	138	210	253	75	202*1
RN S1&2	309	250	310	337	284	335
RN S3&4	402	285	406	498	213	411
Total	**1,149**	**913**	**1,216**	**1,401**	**842**	**1,218**

Note *1 PL445/PL209 3P figure also includes 72 PJ of 2C contingent resource in the northern region.

*2 Senex' and RISC's quantities are after removal of fuel, but prior to the application of economic cut-offs.

Summary

RISC has reviewed Senex' plans for expansion of the Roma North and Atlas fields as outlined in the Senex' relevant Field Development Plans[4, 5] and further development at PL445/PL209. We consider that the expansion projects are supportable and represent suitable developments for the region. Whilst Senex has successfully undertaken two coincident projects of a similar size and complexity (Roma North Stage 1 and Atlas Stage 1) we caution that Senex' timetable for the development represents a step-change in activity with multiple developments being undertaken coincidently which may stretch resources or lead to some inefficiencies.

We note that the immediate developments (Atlas Stage 2 and Roma North Stage 2) are ready for development. Roma North Stage 3 and Stage 4 development are more conceptual at present but is suitable for the current Stage of development. To date, Senex' has taken an incremental approach to development enables ongoing appraisal of each successive Stage during the development of the earlier stages and represents an efficient use of capital. This continues for further development in Roma North Stages 1 and 2 and at Atlas, however, for Roma North Stages 3 and 4 RISC has factored in additional appraisal capital for these areas as we do not consider that the developments in the earlier stages will lead to sufficient appraisal of these areas within the development timeframe envisaged by Senex.

[4] Roma North Field Development Plan, SENEX-ROMN-DV-PLN-001, Revision 7, August 2021
[5] Atlas Field Development Plan, Document Number: SENEX-ATLS-DV-PLN-002, Revision: 2, March 2021

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2. Introduction

2.1. Asset overview

In the western Surat Basin of Queensland Senex has two CSG development projects underway (Roma North and Atlas), a recent acquisition (PL445/PL209) adjacent to the Atlas Project and an exploration permit (Artemis). Senex also has an exploration permit (Rockybar) in the eastern Bowen Basin.

The permits all have good access to infrastructure and demand, either through the CSG to LNG projects at Curtis Island, near Gladstone, or to domestic demand via the Darling Downs Pipeline, or to the Wallumbilla Gas Hub, Figure 2-1.

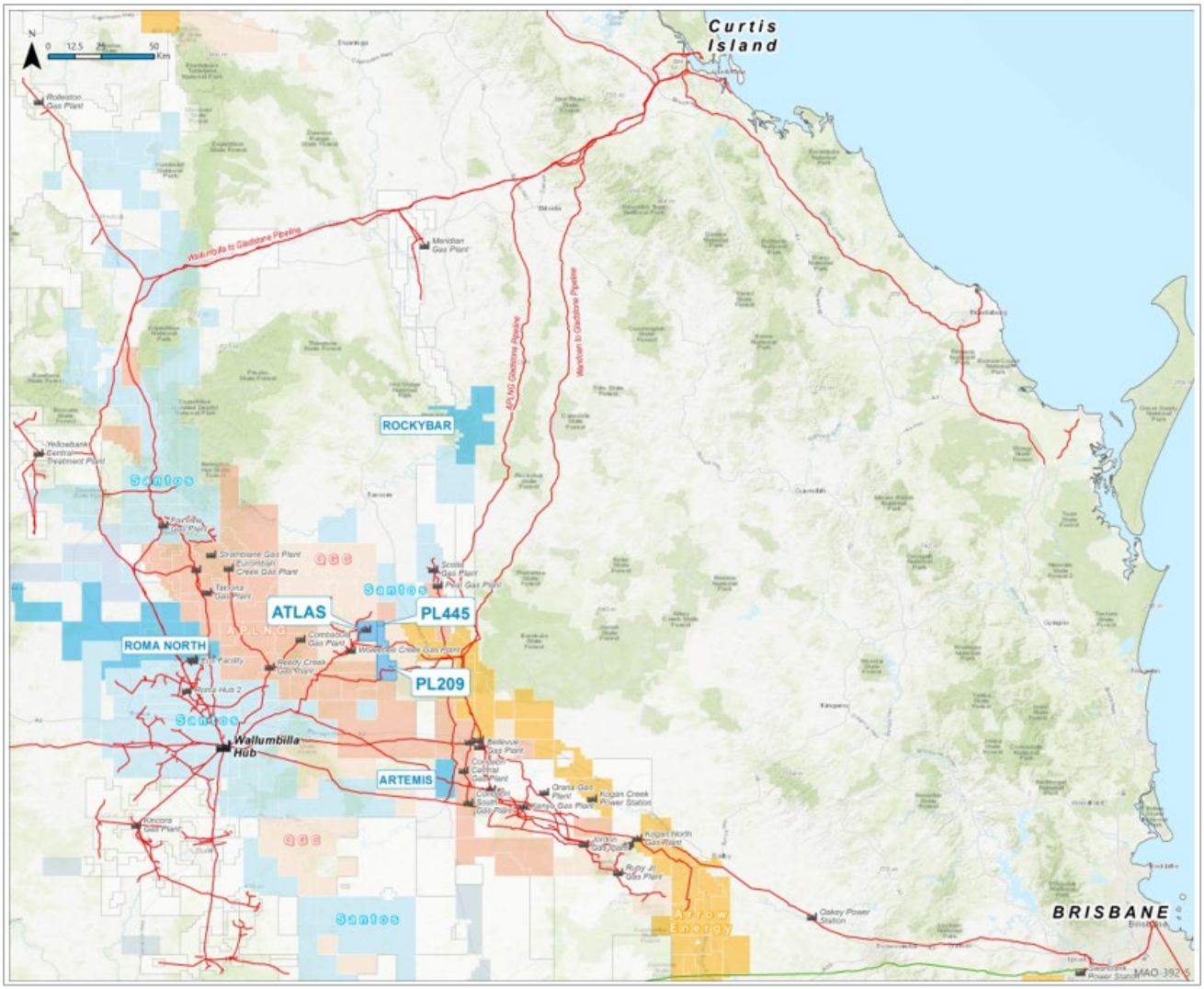

Figure 2-1: Location of Senex' gas development and exploration projects and surrounding pipeline infrastructure

2.2. Roma North Gas Project

Senex' Roma North Gas Project is a coal seam gas project located in the western part of the Surat Basin in south-eastern Queensland. These tenements are immediately to the north of Santos GLNG's Roma fields, Figure 2-2. The Project comprises 22 blocks and can be broadly described as an eastern region (Western Surat Gas Project) and a western region (Don Juan).

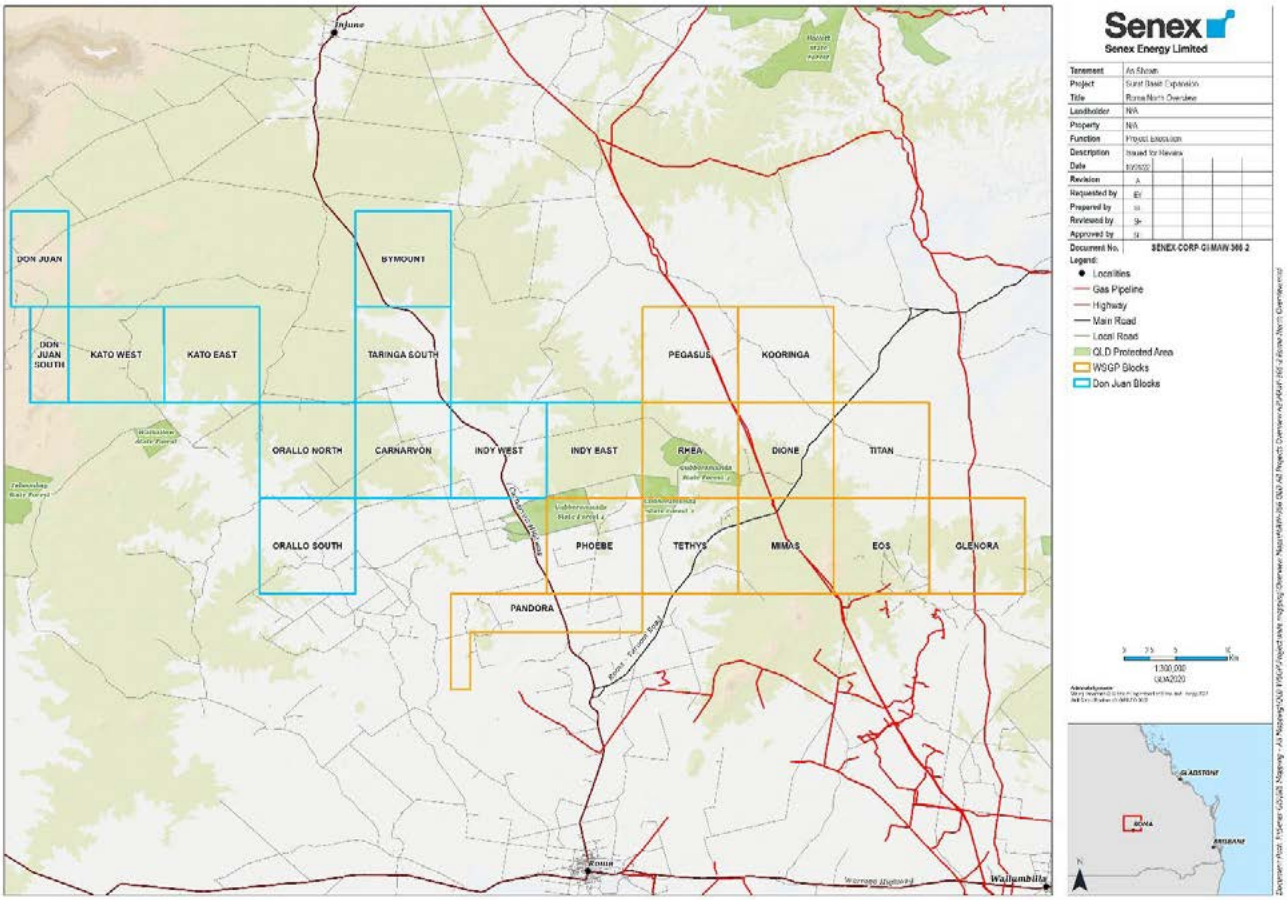

Figure 2-2: Location of wells in Senex' Roma North Gas Project and surrounds

The field was initially appraised by Sunshine Gas which was subsequently acquired by Queensland Gas Company (QGC). Senex acquired the permits in an asset swap with QGC in 2016 and has proceeded to develop the area. The development to date has been focussed in the two blocks in the south-eastern part of the permits, Glenora and Eos. An MoU for supply of gas to GLNG underpins the development.

The full field development is envisaged as four stages:

- Stage 1 - development of wells and facilities to 24 TJ/d in the southeast of the field (Eos and Glenora blocks;
- Stage 2- development to 48 TJ/d through the construction of another facility in Mimas Block, and further development wells in Eos, Glenora, Mimas and Tethys blocks;

- Stage 3 - development to 72 TJ/d through the construction of another facility nearer the border of the WSGP and Don Juan, and further development wells moving progressively west and north; and
- Stage 4 - construction of 24 TJ/d facility in Don Juan, bringing the capacity to 96 TJ/d, with development wells extending through the Don Juan Block.

Stage 1, the initial 24 TJ/d development, was completed over a number of Phases (Figure 2-3):

- Phase 1, a 5-well pilot, was completed in 2016;
- Phase 2 was completed in late 2017 and extended the well count up to 35 wells;
- Phases 3 and 4 were completed in 2019/20 and brought the total number of development wells to 70; and
- Phase 5 has seen the facility capacity expanded to 24 TJ/d.

Early production was facilitated with gas exported and treated at GLNG's nearby Roma Gas Plant. The initial gas treatment capacity constructed at Roma North was 16 TJ/d gas, however good early production rates enabled this to be expanded to 24 TJ/d in 2021 through the additional of another compressor.

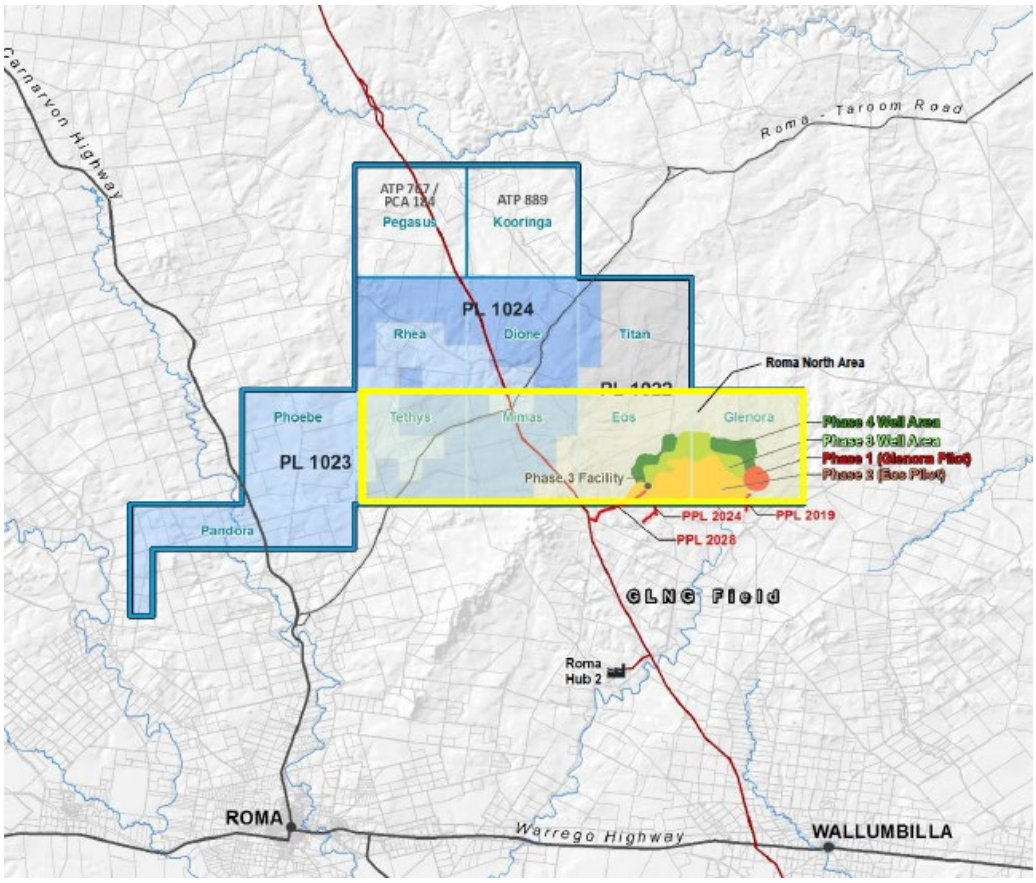

Figure 2-3: Phased approach to WSGP appraisal and development

The current FDP describes the facilities and well numbers required to bring the capacity and production to 96 TJ/d (ca. 30 PJ p.a.).

The development of an onshore gas field with the modular development approach proposed by Senex permits appraisal to take place incrementally. Further, as a CSG development, the development wells are drilled in close proximity to existing wells which provides confidence in the next development location and ongoing appraisal through development. In keeping with this approach, the planning for the Stage 2 expansion (to 48 TJ/d) is relatively advanced with the plans for Stages 3 and 4 more conceptual.

Stage 2 expansion was described in some detail in Senex' Roma North FDP V6[6], with the full field development being outlined in the FDP V7. This is reflected in the details and layout of this report with Stages 1 and 2 described in some detail in the following section, and Stages 3 and 4 in less detail in the following section.

Senex has a 100% interest in both the Western Surat Gas Project and Don Juan permits, Table 2-1.

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Table 2-1: Roma North asset summary

Asset		Operator	Senex Working Interest	Status	Licence expiry date	Licence area (km2)	Permit name
Country	Permit						
Australia	PL1022	Senex	100%	Development	25 April 2048	231	WSGP
	PL1023	Senex	100%	Development	22 July 2049	231	
	PL1024	Senex	100%	Development	22 July 2044	224	
	PCA125	Senex[7]	100%	Appraisal	5 Feb. 2032	154	Don Juan
	PCA126	Senex[7]	100%	Appraisal	6 Feb. 2032	154	
	PCA127	Senex[7]	100%	Appraisal	6 Feb. 2032	231	
	PCA249	Senex[8]	100%	Appraisal	23 May 2034	231	

2.3. Atlas and PL445/PL209 gas development

Senex' Atlas Gas Project is a coal seam gas project within PL1037 and ATP2059 located in the western part of the Surat Basin in south-eastern Queensland; current operations are focussed about 20 km southwest of Wandoan Figure 2-4.

Drilling commenced in August 2019 with an initial campaign of 23 wells producing into a Jemena owned and operated processing facility with first gas production in September 2019 and first sales gas exported in December 2019. A second phase of 22 wells commenced drilling in March 2020 and was completed on June 2020 bringing the number of wells to 45, with 44 wells producing the facility nameplate capacity of 32 TJ/d in August 2021[9].

FID has been taken on an expansion of the Atlas Project to 48 TJ/d. No CSG development has yet been undertaken in the PL445/PL209 permits acquired from APLNG.

[6] Roma North Field Development Plan, SENEX-ROMN-DV-PLN-001, Revision 6, March 2021
[7] Victoria Oil P/L
[8] AZEEZA P/L
[9] Senex, Management presentation, August 2021

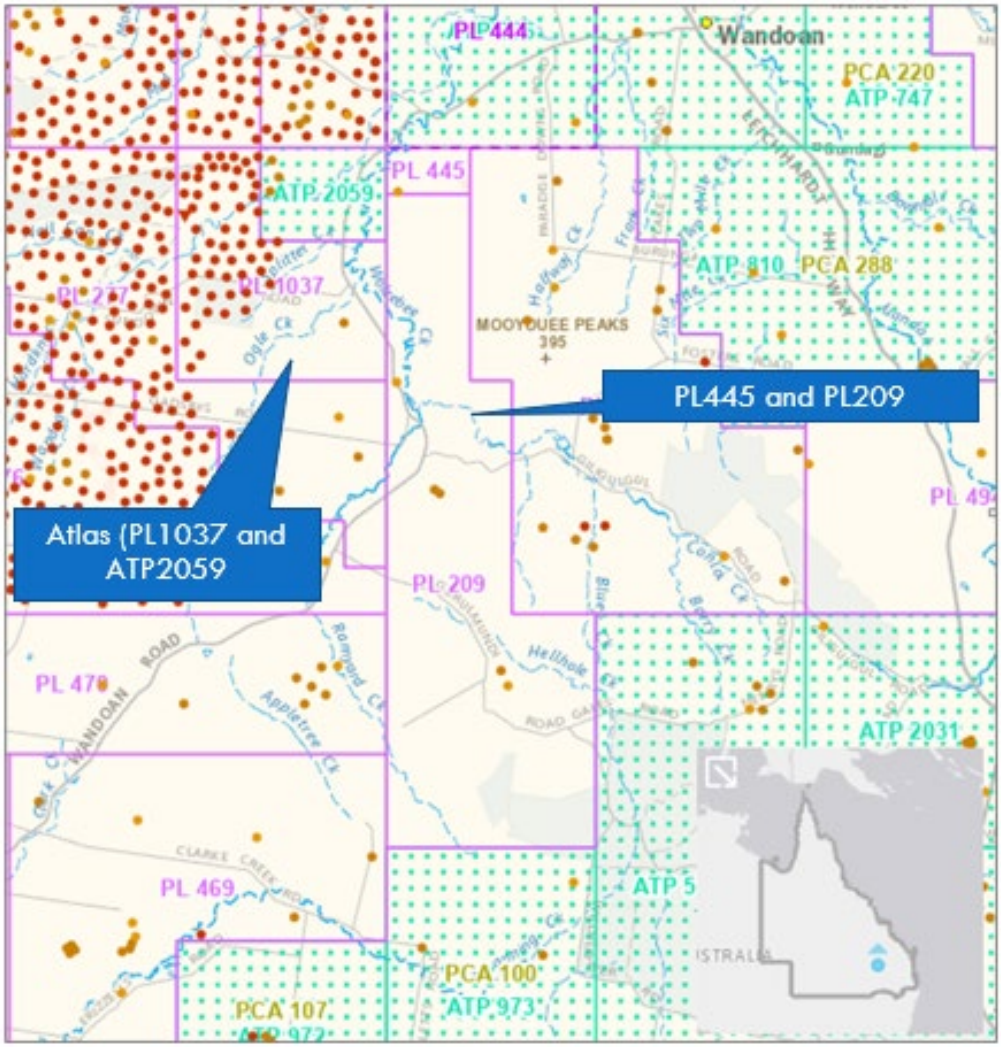

Figure 2-4: Location of Senex' Atlas Gas Project and existing wells[10]

PL1037 was granted on 27 March 2018, ATP2059 was granted on 1 October 2020 and covers the remaining northeast corner of the Atlas block. Senex has also recently acquired the Woleebee and Woleebee North permits (PL445/PL209) from APLNG.

Table 2-2: Atlas, Woleebee and Woleebee North asset summary

Asset		Operator	Senex Working Interest	Status	Licence expiry date	Licence area (km2)	Permit name
Country	Permit						
Australia	PL1037	Senex	100%	Development	26 March 2048	59	Atlas
	ATP2059	Senex	100%	Appraisal	31 September 2026	18	Atlas
	PL209	Senex	100%	Development	15 Dec. 2054	144	Woleebee
	PL445	Senex	100%	Development	25 July 2051	6	Woleebee North

[10] DoR Queensland, GeoResGlobe

Senex has a 100% interest in all the permits, Table 2-2. Both the Atlas permits have a requirement that produced gas is to be sold for domestic consumption only, there is no requirement for domestic sales on the PL445/PL209 permits.

2.4. Artemis exploration permit

Senex was granted ATP2042 (Artemis Block) on 7 September 2020 with a 4-year exploration programme and 6 year permit term. The permit is in the Surat Basin, just north of the town of Condamine and west of APLNG's Condabri CSG development.

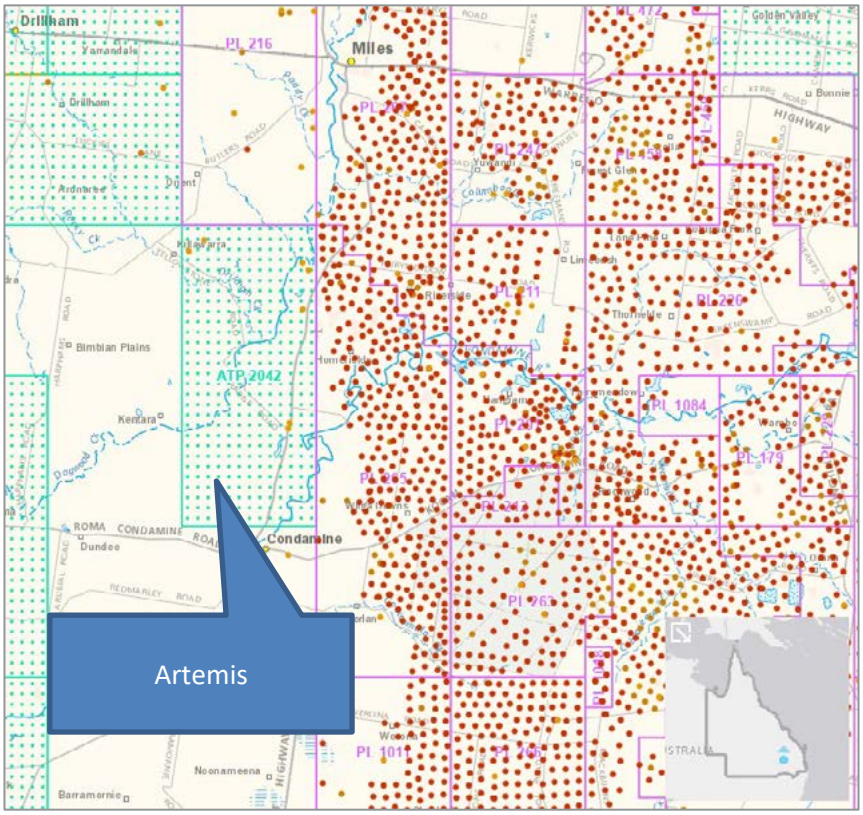

Figure 2-5: Location of Senex' Artemis Exploration permit and CSG existing wells[11]

Senex has a 100% interest in the Artemis permit, Table 2-3, which has a requirement that any produced gas is to be sold for domestic consumption only.

Table 2-3: Artemis asset summary

Asset		Operator	Senex Working Interest	Status	Licence expiry date	Licence area (km2)	Permit name
Country	Permit						
Australia	ATP2042	Senex	100%	Exploration	16 Sept. 2026	152	Artemis

[11] DoR Queensland, GeoResGlobe

2.5. Rockybar exploration permit

The Rockybar Block application (ATP2042) Senex was lodged on 9 July 2020 with a 4-year exploration programme and 6 year permit. The permit is in the Bowen Basin, to the north of Santos' Scotia CSG development and south of WestSide's Moura region CSG development near Theodore, both of which are Bowen Basin developments.

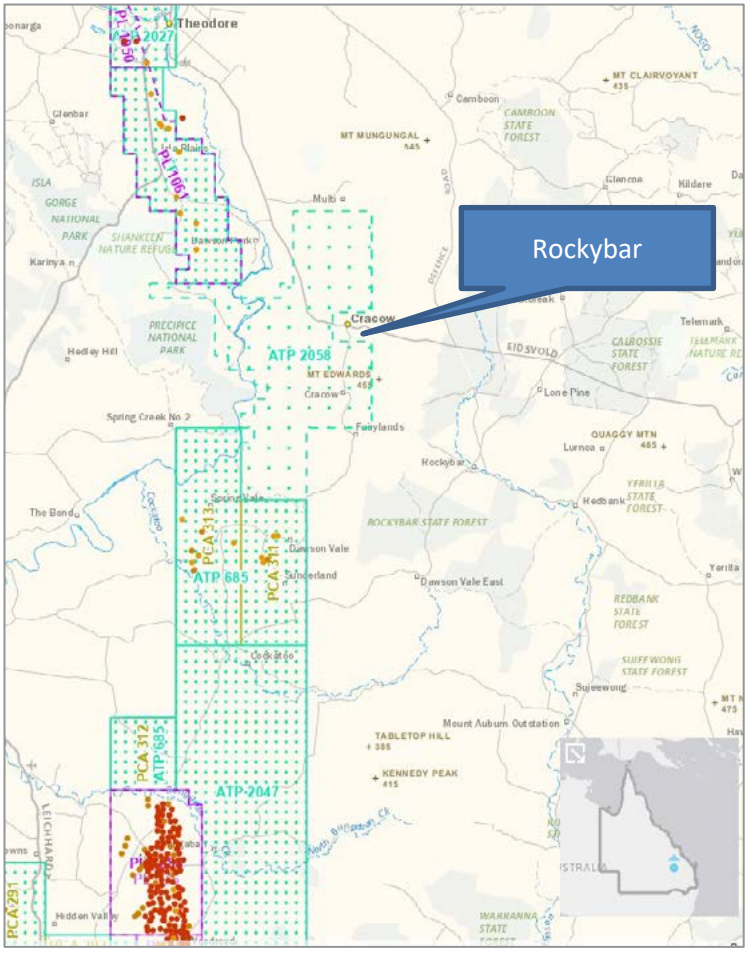

Figure 2-6: Location of Senex' Rockybar Exploration permit and CSG existing wells[12]

Senex has a 100% interest in the Rockybar permit, Table 2-4, which has a requirement that any produced gas is to be sold for domestic consumption only.

Table 2-4: Rockybar asset summary

Asset		Operator	Senex Working Interest	Status	Licence expiry date	Licence area (km2)	Permit name
Country	Permit						
Australia	ATP2058	Senex	100%	Exploration	16 Sept. 2026	486	Rockybar

[12] DoR Queensland, GeoResGlobe

2.6. Scope of work

2.6.1. RISC's prior involvement with the assets

RISC has had a long involvement with Senex' Roma North project. RISC's activities have primarily been independent review and opinion for Senex' third party financiers on material provided by Senex:

- RISC undertook initial due diligence on behalf of the financiers supporting the development in 2018[13];
- RISC prepared an ITE for Senex financiers in late 2018[14];
- RISC undertook quarterly reviews for the financiers, including time and cost to complete reports and technical completion assessment in 2020; and
- RISC undertook a review of Senex' revised development plans for Atlas and Roma North on behalf of Senex.

The reviews considered technical matters such as drilling, gas and water forecasting and comparison of actual data with forecasts, and also evaluation of costs and timing. During this time RISC has seen several versions of the type curves as the knowledge of the field progressed. This review incorporates learnings from a number of these reviews including a review of Senex' plans for the expansion of the Roma North Project from 24 TJ/d to 48 TJ/d and subsequently to 96 TJ/d, and Senex FDP for expansion of Atlas to 48 TJ/d.

2.6.2. Agreed scope of work

Due to the different stage of exploration/development of the assets, and, at the time of engagement, the unknown nature of the PL445/PL209 assets, the scope was divided by asset group.

Producing assets - Roma North and Atlas

It is understood that Senex would provide a detailed financial model containing gas production, capex and opex forecasts for these tenements. RISC's work mode has been to review and adjust these items rather than to generate independent forecasts from scratch. We consider this is appropriate given our familiarity with these assets. As production is available from these assets, comparison will be made with the metrics from existing development. The scope of work includes:

1. Review and opine on Senex' estimates of the original gas-in-place.
2. Review and opine on gas reserves estimates (1P, 2P and 3P) and 2C contingent resources made by Senex external reserve and resource reports.
3. Review and opine on Senex' gas production forecast methodology.
4. Review and opine on Senex' development plan, development schedule and required appraisal programme.

[13] RISC_Report Senex Atlas 22 October 2018
[14] RISC_Report Senex WSGP Combined 17th October 2018

5. Review and opine on Senex' gas production profile for each of the reserves cases provided in the financial model based on the field development plan and facility design.
6. Provide commentary on perceived subsurface risks.
7. Financial model input:
    a. review and adjust (as necessary) the gas production profiles in the financial model, ensuring consistency with the stated development plan and compare with reserves estimates;
    b. review and adjust (as necessary) the capital and operating cost profiles for use in the financial model ensuring consistency with the stated development plan;

Input to be provided to cover the breakdown in the financial model, e.g. 1P developed, 1P developed plus undeveloped, 2P developed and 2P developed plus undeveloped cases, as provided. Input template per the financial model.

Exploration assets – Artemis and Rockybar

Artemis (ATP2042, granted Sept. 2020) and Rockybar (ATP 2058, application lodged July 2020) permits are exploration permits. Artemis lies towards the south of prospective area of the Surat Basin whilst Rockybar targets the coals of the Bowen Basin between Santos' Scotia Field and WestSide's Moura region producing assets. Given the early exploration stage of these assets the scope proposed is:

1. Review the regional geology and data available from neighbouring permits to form a view on prospectivity.
2. Review any data available from within the permit, e.g. Senex' estimates of OGIP.
3. Review the agreed or proposed work programme.
4. Provide an indicative value based on exploration metrics, taking into account preliminary prospectivity estimates.

Additional acreage under negotiation – subsequently identified as PL445/PL209

The location and development status of the assets under negotiation were not revealed at the time of the preparation of the proposal. The scope required will likely comprise a mixture of the scope for the developed assets and exploration assets described above.

3. Geological settings

3.1. Surat and Bowen basin regional geology and stratigraphy

Senex' permits overlie the Bowen and Surat Basins, in eastern Australia. The Permo-Triassic Bowen Basin underlies the Jurassic-Cretaceous Surat Basin (shaded green in Figure 3-1). A stratigraphic column is shown in Figure 3-2.

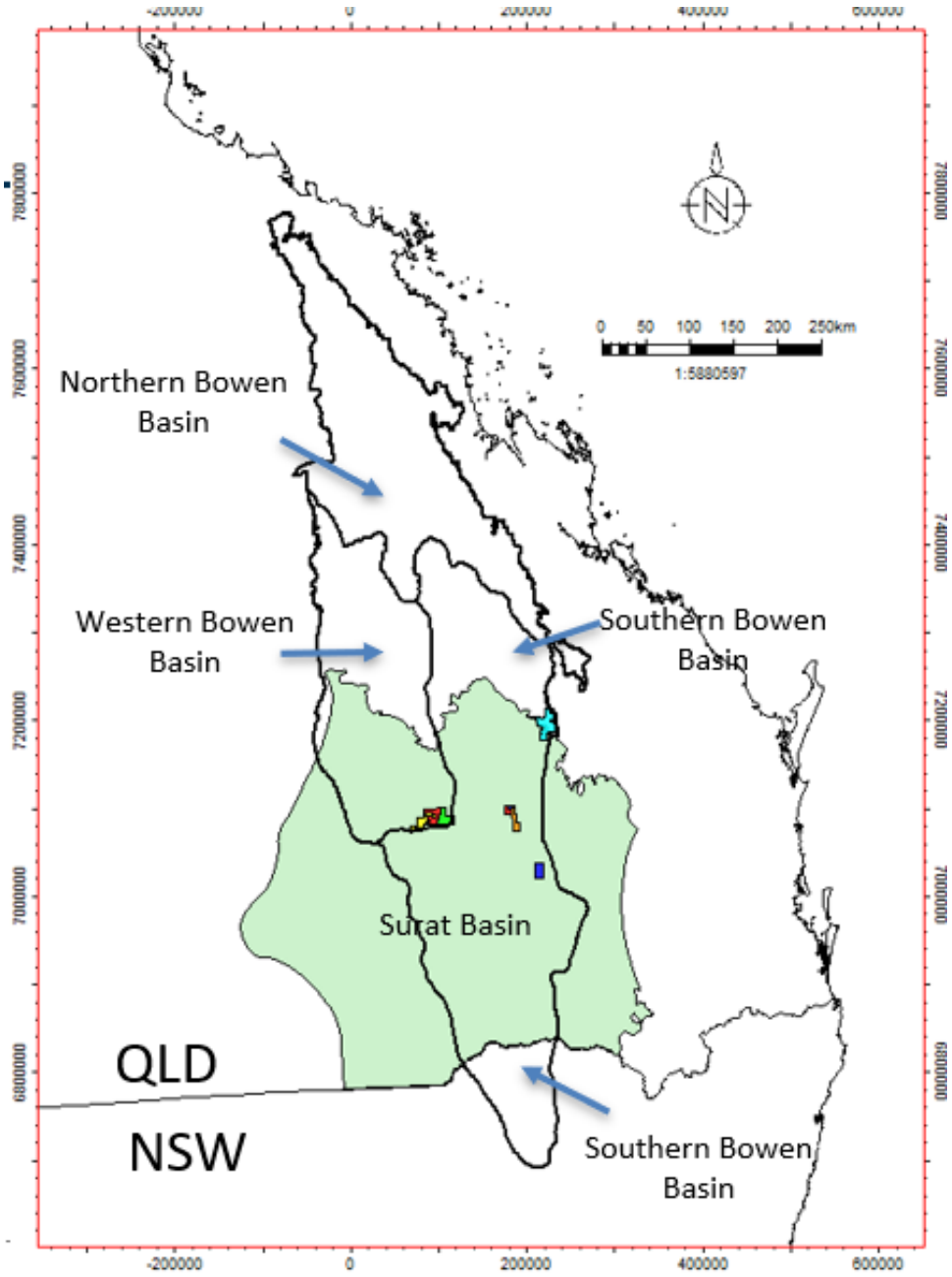

Figure 3-1: Bowen and Surat basins showing the location of Senex' tenements included in this report

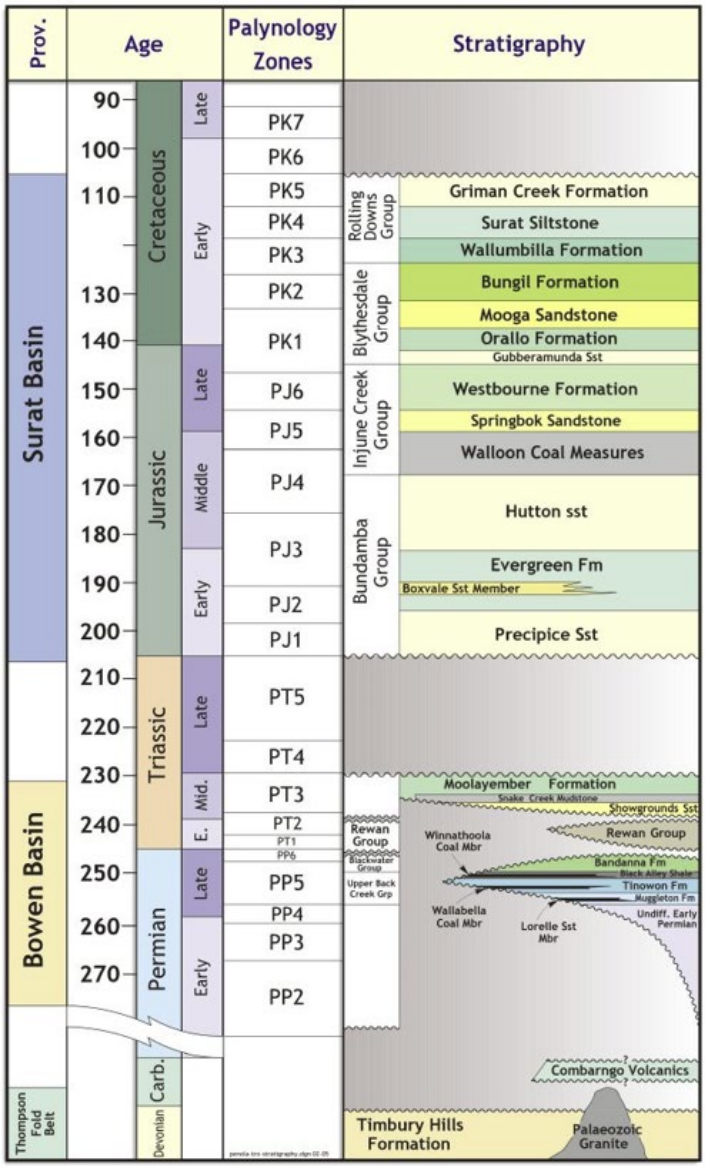

Figure 3-2: Bowen/Surat stratigraphic column

A detailed description of these basins can be found in the 1998 APA Report[15]. Sequences relevant to the petroleum systems in Senex's permits are discussed here.

The formation of the Bowen Basin commenced in Late Carboniferous to Early Permian times. Initially, the area consisted of an eroded peneplain of indurated metasediments of Devonian age (Timbury Hills Formation) bounded to the west, in part, by bodies of granite, schist and gneiss. In the early years of exploration in the Bowen Basin, the various Permo-Carboniferous volcanics and indurated sediments which form economic basement in the Taroom Trough have been referred to by explorationists as the 'Kuttung Formation'.

[15] Cadman S.J, Pain, L, Vuckovic V., Bowen and Surat Basins, Clarence-Moreton Basin, Sydney Basin, Gunnedah Basin and other minor onshore basins, Qld, NSW and NT, Australian Petroleum Accumulations Report 11, Department of Primary Industries and Energy Bureau of Resource Sciences

The earliest tectonism in the basin occurred in the Late Carboniferous or Earliest Permian and appears to be extensional. A number of well-developed half grabens are observed in the Denison Trough and to a lesser extent, in the Taroom Trough, Figure 3-3. With the onset of extensional subsidence in the Early Permian, the Reids Dome beds were deposited in the Denison Trough, the Arbroath Trough and in the far northeast of the Bowen Basin, north of latitude 23 degrees South. This unit is a predominantly non-marine, paludal to fluviatile sequence of sandstones, siltstones, mudstones and coals. It achieves a thickness of at least 4000 m on the downthrown side of the Merivale Fault System in the Denison Trough. Contemporaneously, (and in the location of Senex's tenements) the Combarngo Volcanics were laid down on the eastern flank of the Roma Shelf and further to the east, the Camboon Andesite was extruded in the vicinity of the Auburn Arch.

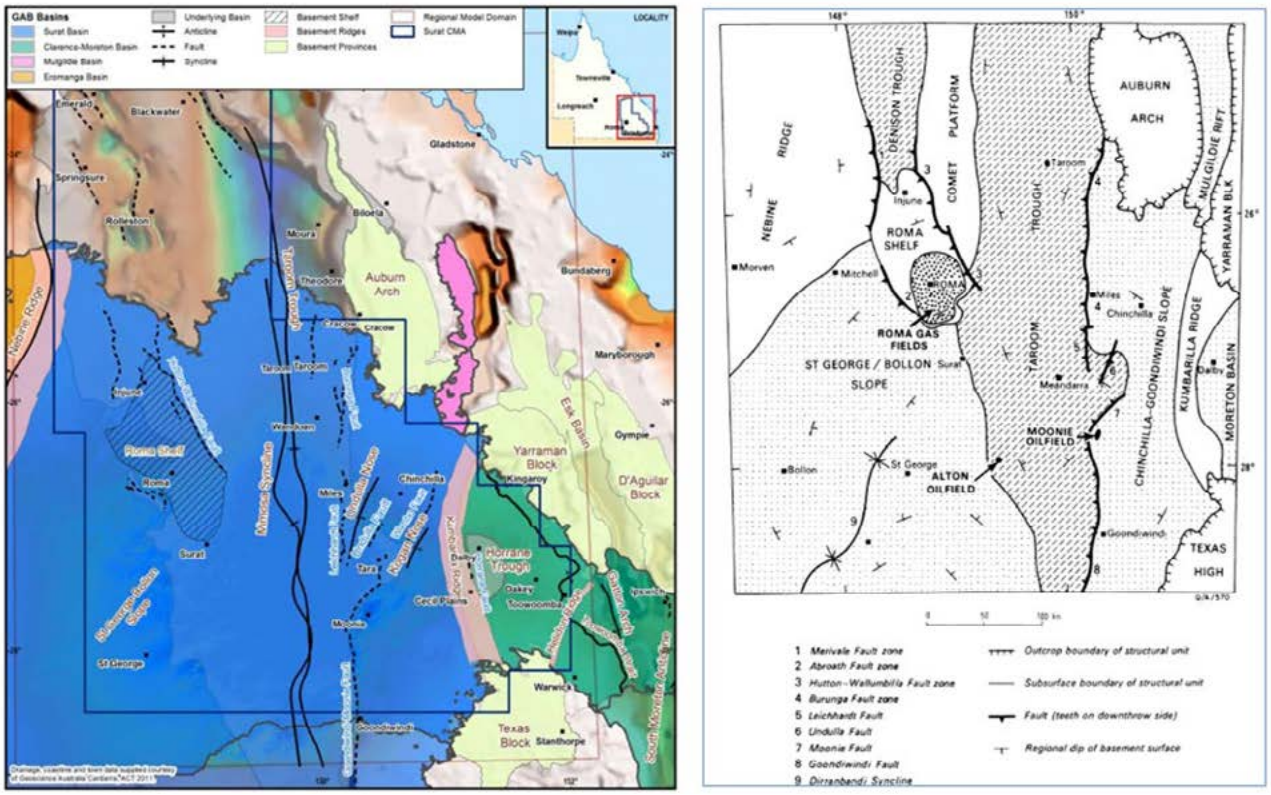

Figure 3-3: Structural elements maps (Left: OGIA 2016[16] Right: Exon, 1974[17])

After the initial phase of non-marine deposition and volcanism in the earliest Permian, thermal relaxation and subsidence initiated a marine transgression which flooded the incipient basin from the east. The predominantly marine clastics of the Back Creek Group, which range in age from Early to Late Permian, were deposited over most of the basin east of the Roma Shelf and in the Denison Trough to the north.

Towards the end of the Permian, marine circulation became restricted. Tuffaceous silts and shales of the Black Alley Shale were laid down followed by the coal sequences of the Bandanna Formation, which

[16] OGIA, 2016. Hydrogeological conceptualisation report for the Surat Cumulative Management Area. Brisbane. Australia: State of Queensland.

[17] Exon, N. F. Geology of the Surat Basin in Queensland, 1974, Bulletin (Australia. Bureau of Mineral Resources, Geology and Geophysics); 166.

prograded over much of the Bowen Basin. The Black Alley Shale is recognised as the youngest unit within the Back Creek Group.

In the Early Permian, the Roma Shelf was largely emergent. Early Permian sediments onlapped the flanks of this feature until in the late Early Permian, (probably contemporaneously with Ingelara Formation deposition in the Denison Trough), the shallow marine shales, siltstones and sandstones of the Muggleton Formation transgressed the Roma Shelf. The Tinowon Formation, thought to be a lateral equivalent of the Peawaddy Formation to the north, was then deposited. This unit comprises marine, non-marine and coal facies while the Peawaddy Formation is thought to have been deposited under predominantly marine conditions (Paten and McDonagh, 1976). The distinctive Mantuan Formation identified in the Denison Trough is also present on the Roma Shelf at the top of the Tinowon Formation. The restricted marine conditions and then finally, the basin wide regression that took place at the close of the Permian has also resulted in the deposition of the Black Alley Shale and the Bandanna Formation in this area.

In areas of the Bowen Basin other than the Denison Trough and Roma Shelf, the Late Permian, basin-wide sequence of sandstone, siltstone and coal has been referred to as the Blackwater Group. It includes the target Baralaba Coal Measures of the Rockybar exploration tenement and the producing CSG developments at Scotia/Peat. The Baralaba Coal Measures contain significant thicknesses of coal with varying levels of gas content. Coals seams within each of these major coal bearing formations are laterally extensive but are also seen to part and coalesce. Individual seams vary in thickness from 1 to 8 m, however individual seams can be found up to 30 m thick in some parts of the basin. Coal interburden lithologies are typically sandstones, mudstones and claystones. The interburden sandstones can thicken in places into well-developed fluvial channels.

At the end of the Permian, granites were intruded in the orogen to the east and movement on the Goondiwindi-Moonie Fault and the Leichhardt Fault probably commenced. These events effectively isolated the Bowen Basin from the sea and at the beginning of the Triassic, the coal swamp environment that had predominated over most of the Bowen Basin in the Late Permian gave way to drier, continental conditions. Fine grained terrestrial redbeds (red and green mudstones grading to a basal, sandy conglomeratic facies in part) of the Rewan Formation were deposited over much of the basin, although this redbed sequence is not as widespread as the underlying Late Permian coals. On the southeastern flank of the basin, adjacent to the Goondiwindi-Moonie Fault, the massive conglomerates of the informally named ‘Cabawin Formation’ are developed. These sediments were derived from upthrust, Permo-Carboniferous blocks to the east. At this time, the Taroom Trough began to rapidly subside and become the major depocentre in the Bowen Basin.

Towards the end of the Early Triassic, after the deposition of the Rewan Formation, the rate of subsidence in the basin slowed. Erosion on the Roma Shelf and in the southern Bowen Basin considerably reduced the areal extent of both the Rewan Formation and the underlying coal sequences of the Bandanna Formation. Deposition of sheet-like, fluvial sandstones of the Showgrounds Sandstone followed. Although distribution of this unit is widespread and it appears to blanket the underlying Rewan Formation, the Showgrounds Sandstone is heterogenous, displaying rapid lateral and vertical variations in reservoir character.

On the Roma Shelf and its environs, the Showgrounds Formation rests unconformably on the Rewan Formation. In the Denison Trough to the north, the partial lateral equivalent of the Showgrounds Sandstone, the Clematis Group, appears to be largely conformably with the sediments of the underlying Rewan Formation, (although seismic data indicate that the two units may be unconformable on the eastern flank of the Comet Platform).

Thrusting on the Goondiwindi-Moonie Fault and the Leichhardt Fault continued in the Triassic. Early in the Middle Triassic the rate of subsidence in the Bowen Basin increased and a thick sequence of poorly sorted, fluvial to lacustrine, carbonaceous, sandstone, siltstone and mudstone (Moolayember Formation) was deposited over most of the basin. On the Roma Shelf and on parts of the western flank of the Taroom Trough, a thin, lacustrine shale unit, the Snake Creek Mudstone Member, has been identified at the top of the Showgrounds Sandstone. In the same area, some workers have also identified a relatively clean, quartzose fluvial sand at the base of the Moolayember Formation - this has been informally named the 'Wandoan Sandstone'.

Elsewhere in the Taroom Trough and on the eastern flanks of the basin, the informal name 'Wandoan Formation' has been used by some explorationists to describe the predominantly Middle Triassic, fluvial to lacustrine sediments which are lateral equivalents of the Showgrounds and Moolayember Formations. The 'Wandoan Formation' rests unconformably on the Rewan and 'Cabawin' Formations in this area.

In the Late Triassic, movement on the eastern basin margin faults ended and deposition within the Bowen Basin ceased. A period of erosion followed before the initial fluvial sediments of the overlying Surat Basin sequence were deposited.

Towards the end of the Triassic, uplift and erosion terminated sedimentation over much of the Bowen Basin. Considerable thicknesses of Moolayember Formation, Rewan and Clematis Group sediments were removed, leaving a peneplained surface with subdued topography. The compressional regime that had persisted from Permian through to Triassic times and had given rise to thrust faulting and anticlinal folding, abated. Consequently, most structures within the Surat Basin sequence have resulted from either drape over pre-existing basement highs or differential compaction and are invariably of lower relief than those found in the underlying Triassic section (Golin and Smyth, 1986). A contractional deformational event early in the Late Cretaceous led to limited propagation of thrust faults from the underlying section into the Surat Basin sequence. More commonly, however, this episode resulted in folding and uplift of Surat Basin sediments over these deeper, reactivated thrust faults. (Korsch and Totterdell, 1996).

In the early Jurassic, regional subsidence commenced with relatively little reactivation of earlier faulting. The first sediments to be deposited on this erosional surface were the fluvial sandstones of the Precipice Sandstone. This unit is the primary hydrocarbon exploration target in the Surat Basin and contains numerous oil and gas accumulations. The Precipice Sandstone was probably derived from Precambrian rocks bordering the west and southwest of the Great Artesian Basin (Martin, 1981) and prograded across the basin as a series of fluvial sands deposited in meandering and braided stream environments. The unit achieves a maximum thickness of at least 120 m in the Mimosa Syncline (which overlies the Taroom Trough) adjacent to the Chinchilla-Goondiwindi/Moonie Faults but it thins to the west over the Roma Shelf, where the Precipice Sandstone is less than 40 m thick.

Immediately overlying the Precipice Sandstone is the Evergreen Formation. Also of Early Jurassic age, the boundary between the Lower Evergreen Formation and the Precipice Sandstone is often gradational and difficult to determine. Sediments of the Evergreen Formation represent a transgressive phase, comprising basal fluvial sandstones (which are continuous with those of the underlying Precipice Sandstone), superseded by siltstones, shales and minor fine-grained sandstones deposited under fluvio-lacustrine to marginal marine environments. The Evergreen Formation is more areally extensive than the Precipice Sandstone and thickens both to the north and to the east into the Mimosa Syncline. The sandy, basal Evergreen Formation is an important hydrocarbon reservoir in the Surat Basin.

Towards the end of the Early Jurassic, after the deposition of the Evergreen Formation, a regressive sequence of fluvial, deltaic and lacustrine sandstones with minor siltstone, shales and coals was deposited over most of the Surat Basin.

Deposition of this sequence (Hutton Sandstone) was widespread and continuous with the Eromanga Basin to the west. The Hutton Sandstone is a relatively uniform, blanketing sand body ranging in thickness between 150 m and 250 m, although some thickening into the Mimosa Syncline is evident. While this unit is a prolific hydrocarbon producer in the Eromanga Basin to the west, only a small number of minor hydrocarbon discoveries have been made in the Surat Basin at Hutton Sandstone level. Both the Hutton Sandstone and the Precipice Sandstone are major aquifers in the Surat Basin.

By the Middle Jurassic, coal swamp environments began to predominate over much of the Surat Basin. In the north, however, the Eurombah Formation, which comprises lithic sandstones with minor conglomerates, mudstones and siltstones, conformably overlies the Hutton Sandstone. The Eurombah Formation was deposited in a meandering stream environment, although the lack of extensively reworked sediments suggests that the depositional environment was of lower energy than that of the underlying Hutton Sandstone (Exon, 1976).

To the south, the Walloon Coal Measures transgressed the Hutton Sandstone, while in the north, it rests conformably on the Eurombah Formation. Although much of the Walloon Coal Measures sequence was deposited in a peat swamp environment, the basal section, consisting of fine-grained lithic sandstones with interbedded mudstones and siltstones, was probably laid down in a fluvial environment (Exon, 1976). The Walloon Coal Measures thicken eastwards into the Mimosa Syncline and attain a maximum thickness in excess of 400 m in the north and east of the basin.

The Walloon Coal Measures is subdivided into the Juandah Coal Measures, Tangalooma Sandstone and Taroom Coal Measures (Jones and Patrick, 1981). The Juandah Coal Measures generally comprises six named coal groups or seams, albeit often difficult to correlate laterally. In descending stratigraphic order these are the Kogan, Macalister, Nangram, Wamba, Iona and Argyle Seams. The Taroom Coal Measures generally comprises three coal groups or seams, informally referred as the Auburn, Bulwer and Condamine Seams.

The siliclastic sediments comprise very fine to medium grained volcanolithic sandstones, siltstones and claystones. The mudrocks are tuffaceous and commonly form numerous partings within coaly intervals. The coals are low rank (0.4 to 0.5 Vro); generally dull and high in ash (~20%) forming thin plies that are interbedded with claystones and siltstones to form thick coal packages. Individual coal seams (plies) cannot be traced for more than a few kilometres, but coaly packages can be traced basin wide. The unit accumulated in alluvial plain depositional environments that hosted areally restricted peat mires and lakes in a region affected by airfall tephras.

Walloon coals were derived from Middle Jurassic peat mire floras and as a result differ markedly from Permian Bowen Basin coals. Walloon coals are typically dull, high in ash and form thin plies interbedded with claystone and siltstone beds to form thick coaly packages. Petrographically the coals are vitrinite-rich, with abundant liptinite and rare inertinite.

Petrographic analyses of typical Walloon coals show 75-85% vitrinite, 15-20% liptinite and less than 5% inertinite. The liptinite comprises predominantly suberinite and resinite derived from the pine-dominated flora. Liptinites are believed to produce large amounts of methane at low maturity. Despite the high vitrinite content the coals contain few thick bright bands and are predominantly dull and hard.

Towards the end of the Middle Jurassic, fluvial conditions again predominated over much of the basin. The Springbok Sandstone was deposited at this time. Comprising fine grained lithic sandstones with interbedded, carbonaceous and micaceous siltstones and mudstones, the Springbok Sandstone rests conformably on the Walloon Coal Measures. The unit thickens to the east (to a maximum thickness of around 200 m), and interfingers with the Adori Sandstone of the Eromanga Basin in the west.

At the beginning of the Late Jurassic, sediments of the Westbourne Formation were deposited conformably over the Springbok Sandstone. The Westbourne Formation is a fluvial sequence of interbedded lithic sandstones, mudstones and siltstones. In places, it is difficult to differentiate the basal Westbourne Formation from the underlying Springbok Sandstone. Exon, (1976) has suggested that the two units represent different facies of the same fluvial cycle and that the basal fluvial sands of the Westbourne Formation were simply laid down in a lower energy environment than those of the Springbok Sandstone. Although not considered a primary exploration target in the Surat Basin, at Pleasant Hills, on the Roma Shelf, commercial quantities of gas have been produced from a coarse grained, quartzose sandstone interval within the Westbourne Formation (informally named the 'Weald Sandstone').

Towards the end of the Jurassic and in the earliest Cretaceous, a series of fluvial sandstones infilled the slowly subsiding Surat Basin (Gubberamunda Sandstone, Orallo Formation and Mooga Sandstone). Deposition of these sequences was widespread. To the west, they interfinger with lateral equivalents in the Eromanga Basin. Although exhibiting good reservoir properties in places, these units are not thought to be prospective for hydrocarbons.

After the deposition of the Mooga Sandstone in the Early Cretaceous, marine influences returned to the Surat Basin. The Bungil Formation, which comprises lithic sandstones, mudstones and siltstones, was deposited conformably over the Mooga Sandstone at this time. Laid down in a paralic environment, the formation shows increasing marine affinities towards the top of the section (Exon, 1976). This marine transgression culminated in the Aptian, with the deposition of the marine mudstones, siltstones and lithic sandstones of the Wallumbilla Formation and the Surat Siltstone.

Towards the end of the Early Cretaceous, the seas began to retreat from the Surat Basin. The Griman Creek Formation, which rests conformably on the Surat Siltstone, was laid down at this time. This unit consists predominantly of thinly interbedded siltstone, fine grained sandstone and mudstone but conglomerates and coals become more common towards the top of the sequence. The lower Griman Creek Formation is probably marine while the upper section grades to transitional and finally, a freshwater facies.

Early in the Late Cretaceous, a contractional deformational event resulted in folding and uplift of Surat Basin sediments over reactivated thrust faults deeper in the section. This was followed in the Late Cretaceous and Early Tertiary by erosion and peneplanation which took place over most of the Surat Basin. Deep weathering profiles and surficial silcrete deposits developed at this time. In the Oligocene, tectonic movements tilted the entire sedimentary section to the southwest. This was accompanied by the extrusion of basalts to the north and east of the Surat Basin.

The Oligocene tilting event resulted in increased erosion in the north of the basin, while to the south, where uplift was much less pronounced, erosion is less evident. Following this tilting event (probably post-Miocene), meteoric waters flowed in a southerly direction through the Early Jurassic, Lower Precipice Sandstone, which is a primary hydrocarbon exploration target in the Surat Basin. Erosion of Surat Basin sediments has continued from Tertiary times until the present day, with Cainozoic sedimentation represented by a thin cover of fluvial sandstones and siltstones.

The post depositional compression has led to extensive folding and faulting along the eastern margin, particularly in the northern and central parts of the basin. Volcanic activity during the Tertiary has led to the presence of surface basalts and subsurface dykes & sills throughout the Basin. These tend to be focussed in the more structured basin margins, and in particular, in the northern part of the Bowen Basin (referred to as the Nebo Syncline), where complete replacement of the Permian coal sequences by igneous rocks are commonly seen.

3.2. Roma North Gas Project subsurface review

3.2.1. Roma North Gas Project summary

Senex' Roma North Gas Project is a coal seam gas project located in the western part of the Surat Basin. The Project comprises 22 blocks and can be broadly described as an eastern region (Western Surat Gas Project) and a western region (Don Juan), Figure 2-2.

Reference case deterministic GIIP results for Roma North Gas Project area is summarised in Table 3-1.

Table 3-1: Northern Surat Project Area GIIP by region

Development area	GIIP (bcf)
WSGP blocks	1121
Don Juan blocks	517
Total Roma North	1638

Senex currently has separate geological models for the 2 regions, described in Section 3.2.2 and 3.2.3.

3.2.2. Eastern Geological Model (WSG Project)

The WSGP geological model comprises the eastern part of the Roma North Development Area (Development Stage 1, 2 and part of Stage 3) and includes 11 blocks, Figure 3-4.

The current WSGP model is an evolution of earlier Petrel™ models that date back to 2013 when Senex acquired the exploration permits from QGC. Version 3 represents a major model rebuild that commenced in 2018, the latest iteration of which is version 3.4.

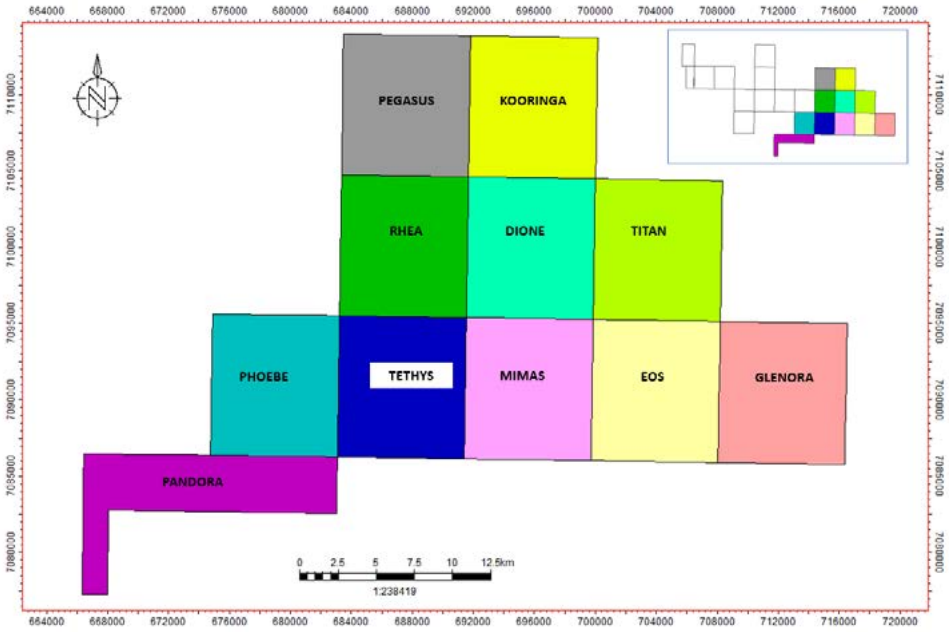

Figure 3-4: WSGP blocks within Roma North Development area

Regional well and seismic data within the area is shown in Figure 3-5. Well control is sparse except for the Glenora and Eos production areas. The well dataset has been augmented through a data swap with Santos.

Seismic coverage is also sparse and includes a regional 2D grid. There are no 3D seismic surveys within the WSGP area.

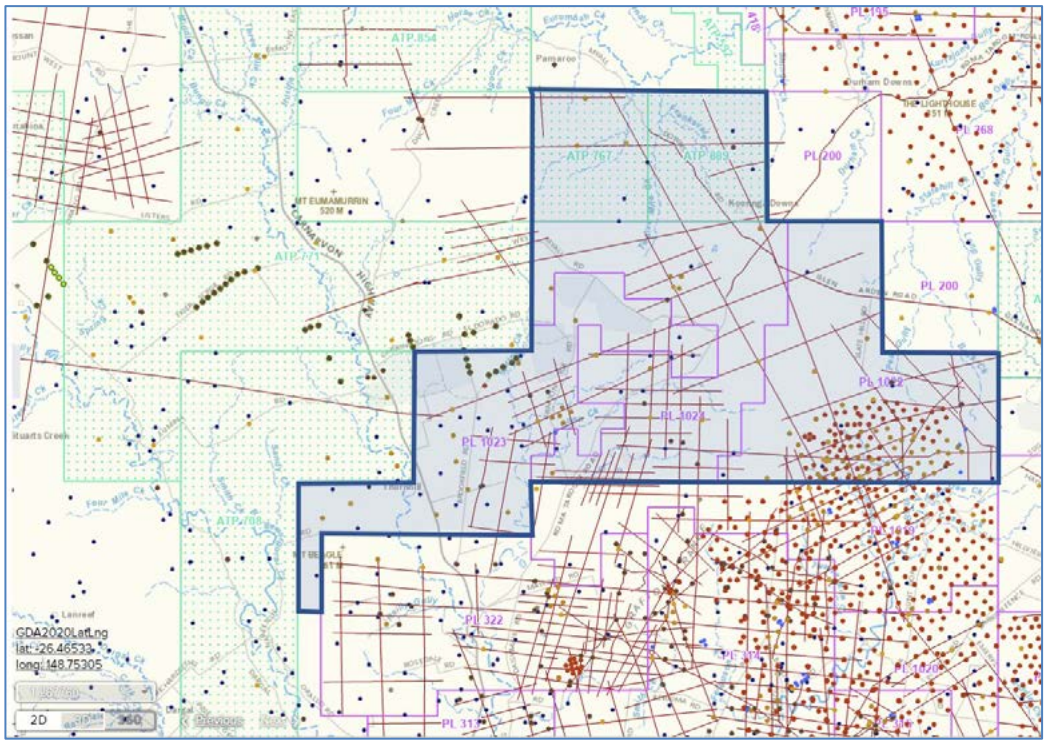

Figure 3-5: WSGP well and seismic data (Roma North area within red polygon line) modified from QldResGlobe™

Figure 3-6 and Figure 3-7 show the overburden depth map for the Top Walloon Coal Measures and the gross isopach (thickness) map for the entire Walloon Coal Measures interval. In the Roma North development the overburden depth of the top of the Walloons interval ranges from less than 100 m to approximately 300 m and its isopach ranges from 220 m to more than 280 m with the thickest area being mapped on the footwall adjacent to the Hutton-Wallumbilla Fault, the position of which is shown as the dashed line in Figure 3-6.

Although no obvious displacement is apparent on this fault at the level of the productive Walloon Coal Measures it has been suggested by Senex that it may be the locus for (localised) enhanced permeability within the WSGP coals. This is possible if structural flexure (bending) has resulted in widening of cleat apertures and analysis of production performance of wells located within the region is required to investigate this. Conversely there is a risk that the fault zone may have a detrimental impact on permeability which is speculated to be the case for the Leichhardt fault zone in the Artemis block discussed in section 3.5.

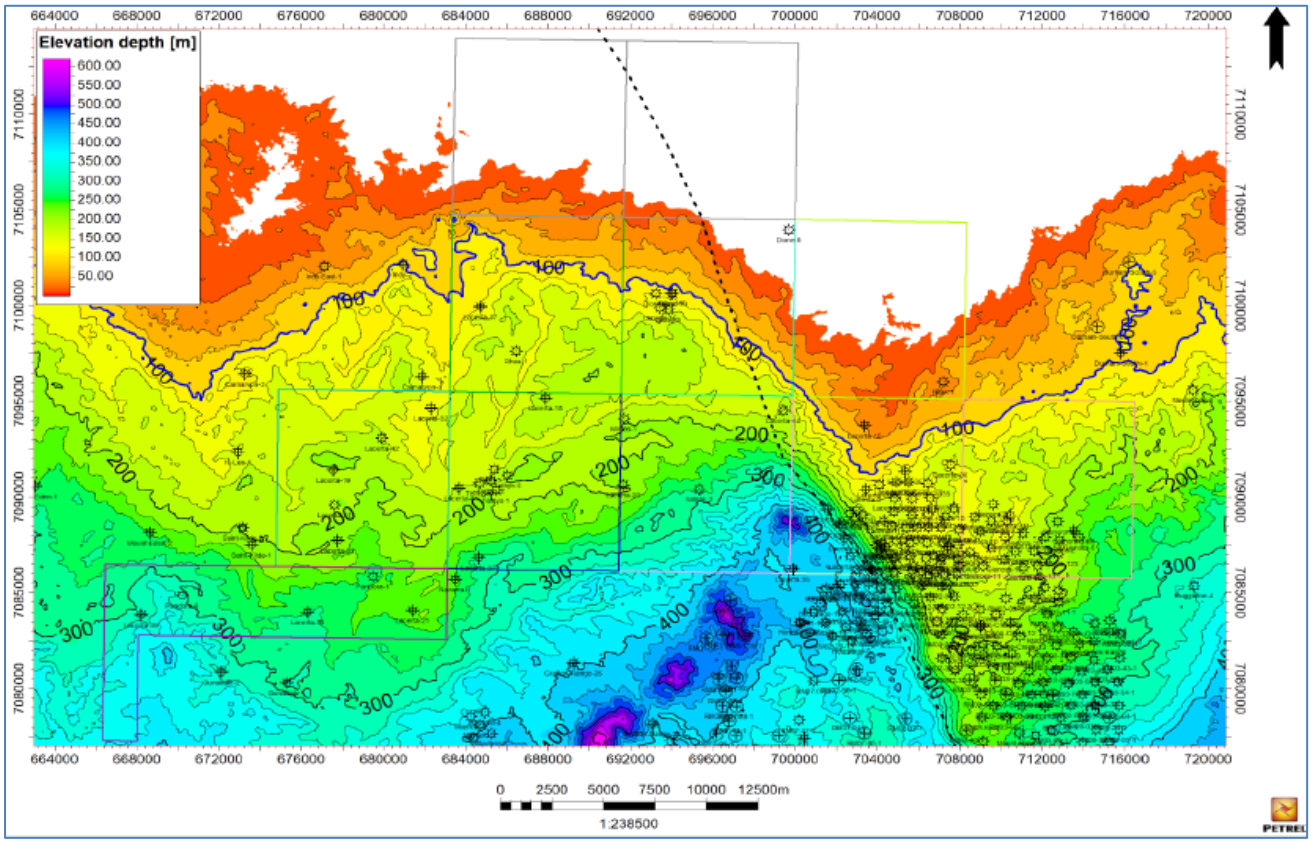

Figure 3-6: Top Walloon Coal Measures overburden depth map

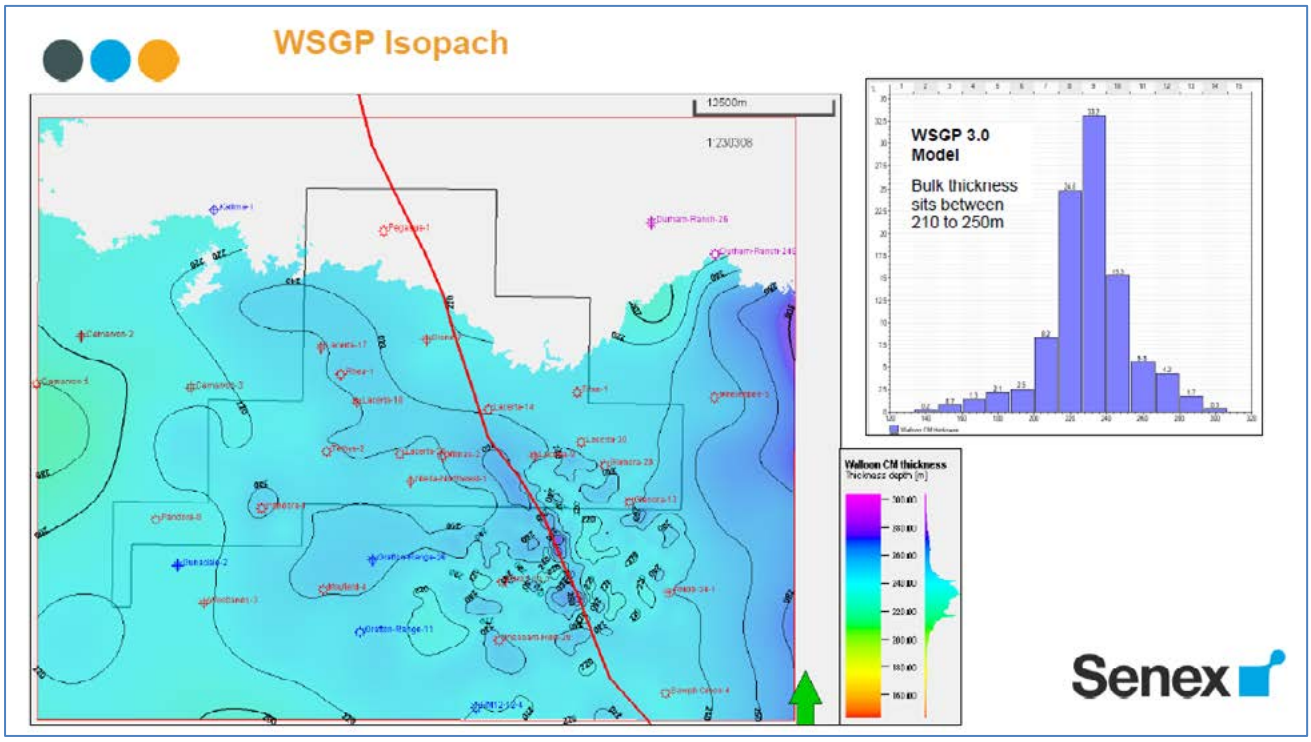

Figure 3-7: Walloon Coal Measures gross thickness

Figure 3-8 illustrates the type section for the Walloon Coal Measures in this part of the Surat Basin. Senex has subdivided the stratigraphic interval between the overlying Springbok Sandstone and the underlying Eurombah Formation into the Upper Juandah Coal Measures, Lower Juandah Coal Measures, Tangalooma Sandstone and Taroom Coal Measures. Senex has not applied a higher resolution stratigraphic correlation into individual seams and plies as the coals are thin (often less than 0.5 m), laterally discontinuous and often petrographically similar. RISC supports this decision.

The coals are interbedded with sandstones, siltstones and carbonaceous mudstones. Reservoir quality of the interbedded sandstones is variable but generally poor. There are very little data with which to characterise the permeability of the interburden sands, however, it is unlikely that they will not affect CSG production in this area.

Salinity of the Walloon Coal Measures ground water averages approximately 3,000 mg/l (milligrams per litre) (ranging from about 150 mg/l to more than 18,000 mg/l). Water quality of the overlying Springbok Sandstone is generally fresh to brackish and suitable for stock, with salinity averaging 1,900 mg/l.

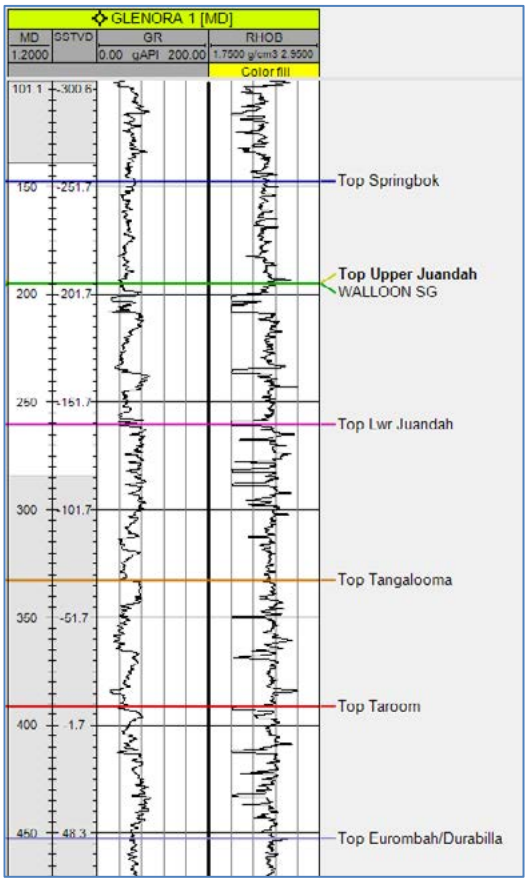

Figure 3-8: Type well log, Glenora 1

Senex calculated net coal thickness in each well by applying low and high cut off values to the density log. This approach (usually with an additional hole size caliper log cut-off value) is commonly used by CSG operators in the Surat Basin to determine net coal thickness from well logs and the cut off values have been calibrated to match wireline derived coal thickness with coal thickness measured in core.

The density log is important to the accuracy of the GIIP volumetric estimates as it is integral to both the net coal thickness and coal mass input parameters. It can also be used to compute gas content, (Calvert *et al, 2011)*[18] however this requires a density log database that has been normalised and Senex acknowledges that this is a future task.

Senex computed net coal thickness by applying a density cut off range (>= 1.0 g/cc and <= 1.76 g/cc). It is likely that the lower cut off value can be increased once the wireline density log database has been cleaned of spurious data.

Although the cut-off value determined from the cross plot is derived from core data measurements, in practice it is wireline density logs that are used in the calculation of net coal thickness. Calvert *et al*[18] report that there can be differences between core and wireline log density measurements for reasons summarised here:

[18] Calvert, S., Percy, I., Pritchard, T., Morgan, N., Graham, J., Al-Ojeh, M., Maddren, J. and Crosdale, P., Coal Petrophysical Properties for Realistic Coal Gas Reservoir Modelling, SPWLA 52nd Annual Logging Symposium, May 14-19, 2011

- In the subsurface environment the coals and other lithologies will be water wet and therefore density measurements need to be compared on this common moisture basis;
- Wireline density logs are based on gamma-gamma count rates that measure the *in situ* electron density, not actual water wet density;
- The transform of electron density to actual density for most lithologies is not a significant problem with a commonly accepted relationship but montmorillonite (mixed layer clay) causes more concern;
- The Walloon CM coal is clay rich and montmorillonite/smectite constitutes >10% of the coal matrix;
- Uncorrected wireline bulk density values can attain values <1.2 g/cc, lower than the corresponding core bulk density values.

In spite of these observations RISC supports the criteria that Senex has used to estimate net coal thickness at the well locations as they are commonly used throughout the Surat Basin.

Senex populated the Petrel™ 3D geological model with binary facies (net coal and interburden), using sequential indicator simulation (SIS) which is standard industry practice. Weighting and vertical proportion curves were used during the simulation to attempt to replicate the facies proportions calculated in the well logs.

The variogram ranges used in the process were determined from a variety of sources:

- geostatistical analysis of the semi variance in net coal data in Petrel. Coals are considered to be isotropic having no preferred depositional or preservation direction. Major = minor horizontal length;
- Senex's 2016 coal geobody study in Eos and Glenora (principle of coal seam correlation and area thickness relationships);
- Observations from eastern Surat analogous correlation and area thickness studies by QGC[19]. The QGC Injection Study 2010 showed connectivity over 2 km;
- Open cut mine exposures in WCM equivalents in Clarence Moreton Basin[20] in which seams were correlatable over a distance of 2 to 10 km with an average 5 km.

The plan view images shown in Figure 3-9 illustrate similarity of the resulting facies model with a modern day depositional analogue. In the absence of definitive dynamic data, RISC supports the use of appropriate analogue data in selecting variogram ranges as there is usually insufficient well control to model horizontal variogram ranges in Petrel™.

[19] Hamilton, S.K., Esterle, J.S. and Sliwa, R., 2014, Stratigraphic and depositional framework of the Walloon Subgroup, eastern Surat Basin, Queensland. Australian Journal of Earth Sciences, 61(8), pp.1061-1080.

[20] Shields, Daren & Esterle, Joan. (2016). Regional insights into the sedimentary organisation of the Walloon Subgroup, Surat Basin , Queensland. Australian Journal of Earth Sciences. 62. 1 19.10.1080/08120099.2015.1127287.

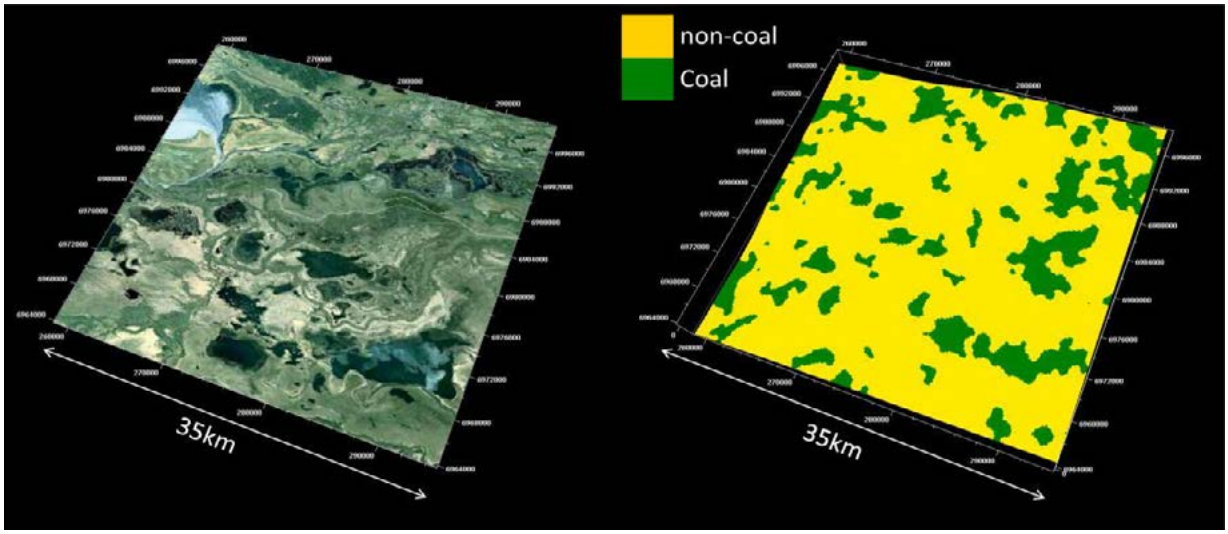

Figure 3-9: Binary facies model (right) modern day analogue (left)

Increasing the horizontal variogram range will increase the connectivity of coal within the model and is therefore very important as it will inform development well spacing and the number of development wells required to meet forecast deliverability scenarios. The current development well spacing of 850 m is smaller than the horizontal variogram and may be refined as new information is acquired from the producing pilot areas.

In the Senex workflow the bulk density log is clipped to net coal prior to upscaling to remove the higher density interburden. Log density is upscaled from the clean logs using arithmetic averaging, with no bias to coal applied (due to clipping). RISC supports this approach. Density was populated within the coal facies using Gaussian Random Function Simulation (GRFS). The density distribution was constrained to between 1.2 and 1.76 g/cc to conform to the coal cut-offs and lower theoretical limit of coal density. The density model used the same variogram ranges used for the net coal facies and was set to the coal facies, so that the density influence is restricted to within discrete coal bodies. The final modelled mean density of 1.46 g/cc slightly overestimates relative to the core based mean relative density of 1.43 g/cc (2%), but this is acceptable.

A well-established depth trend exists for the Roma North area consistent with a hydrostatic gradient and water table at 67 m below ground level. No significant additional depletion due to offset GLNG production start-up) was noted in the Glenora area to 2018, Figure 3-10. No further pressure data was obtained during the development well drilling in Eos or Glenora.

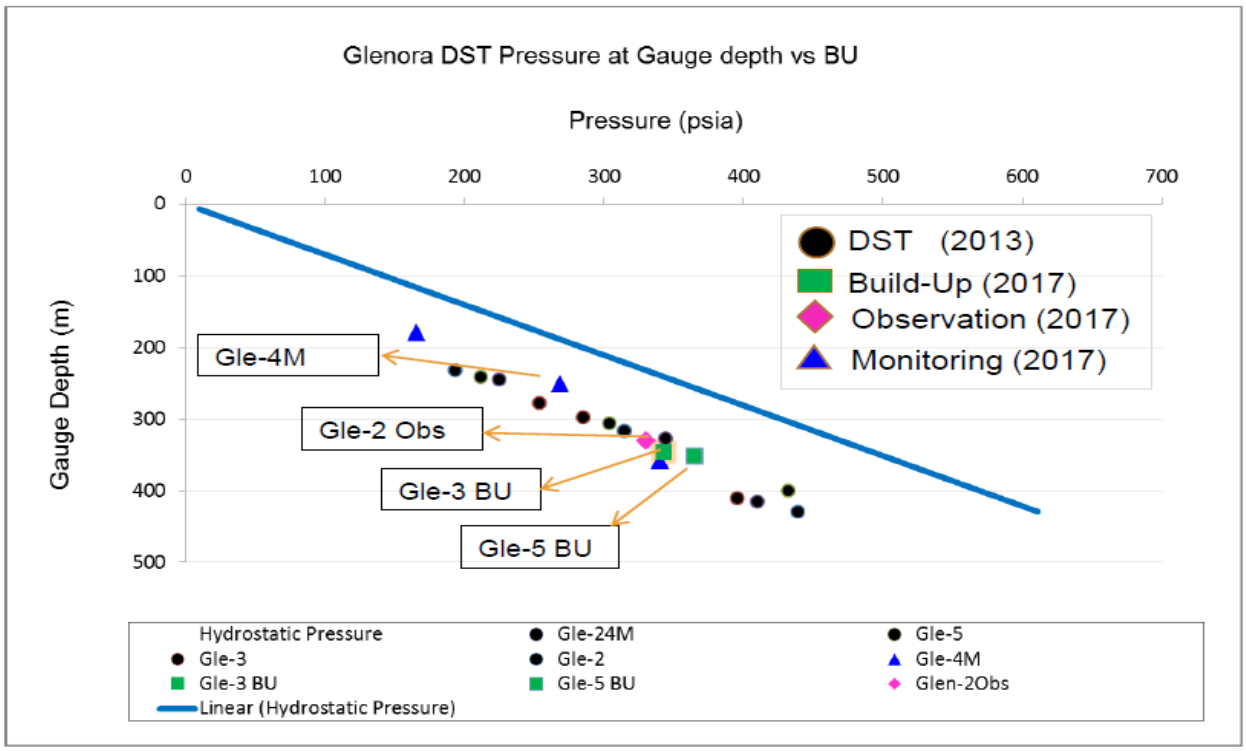

Figure 3-10: Glenora Block pressure data

There are currently two monitoring wells within the WSGP area of the Roma North development, Glenora 4M and Glenora 24M. Glenora 4M provides zonal pressure data in the Springbok, Upper Juandah, Lower Juandah, Taroom and Hutton formations. Glenora 24M has suffered gauge failures in the Lower Juandah and now only records Upper Juandah and Taroom pressure and temperature data. Two additional monitoring bores are required in the WSGP tenements to provide pressure monitoring across the interpreted Hutton/Wallumbilla fault affected region in the Springbok, Upper Juandah, Lower Juandah, Taroom and Hutton formations. Locations have been identified in supportive landholder properties.

Senex identifies gas content modelling to be one of the most significant challenges as the laboratory measured gas content data points have a low spatial distribution and the number of data points per stratigraphic interval is often statistically poor.

A range of isotherms and gas content measurements are available from cores for the various seams in the Walloon interval. RISC supports the Senex conclusion that the coals are on average undersaturated by some 20-40% with the Taroom interval appearing more undersaturated than the Juandah CM intervals, Figure 3-11. Individual seams may exhibit less undersaturation than others with some being close to fully saturated.

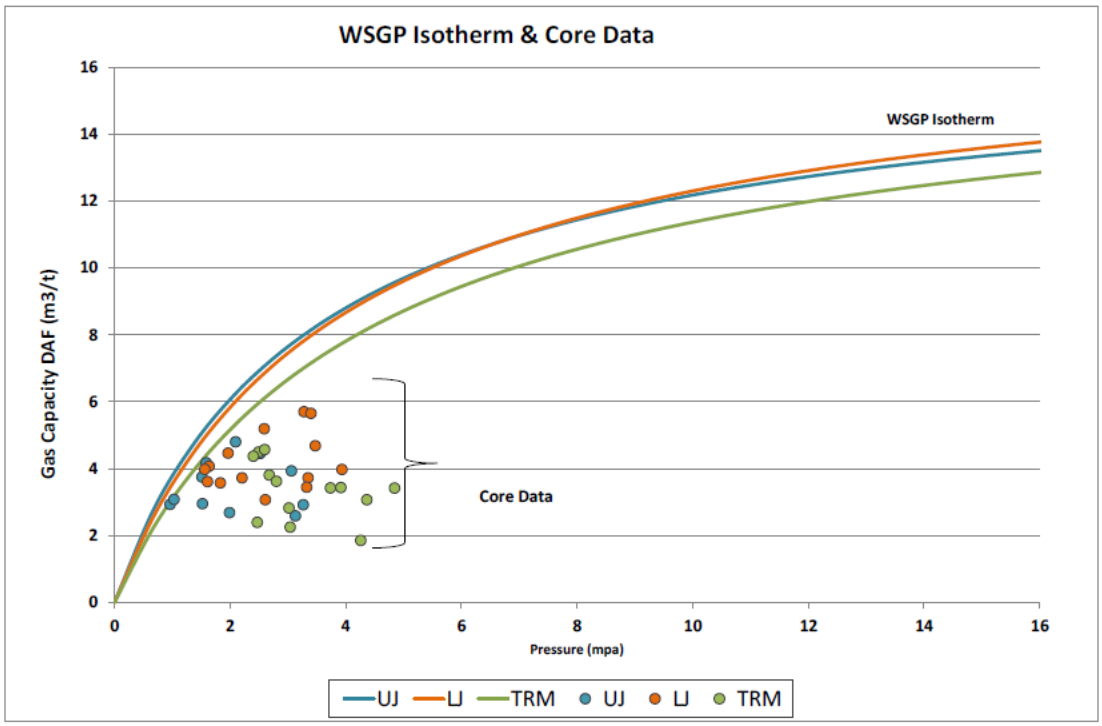

Figure 3-11: WSGP average interval isotherms and seam gas contents

For the proposed compressor suction intake operating pressure of 70 kPag, the wellhead flowing pressure can be expected to be in the range of approximately 150-250 kPa depending on distance from the facility and total flow rate in the system. At this operating range the abandonment pressure condition would equate to a gas content of some 0.4-0.5 m3/t (DAF) which suggests a maximum theoretical gas recovery factor of some 80-90% for the Glenora/Eos area before consideration of areal connectivity, vertical conformance, uniformity of depletion and economic factors. Maximum recovery can be expected to decrease as development moves northwards to the shallower areas of the acreage.

Work has been done to determine the source of the methane (biogenic versus thermogenic) and if there are any controls (depth/pressure) that can be incorporated to guide interpolation of the gas content data within the spatial models.

Figure 3-12 is a plot of maximum vitrinite reflectance values (Rmax) of telovitrinite vs overburden depth from core samples within the WSGP area. Typically, the Rmax range for dry gas generation is between 0.7% and 5% and therefore the WSGP coals are predominantly thermally immature for gas generation. Regional data indicate that coals have slightly higher maturity in the east (western edge of Mimosa Syncline) compared with the Roma Shelf.

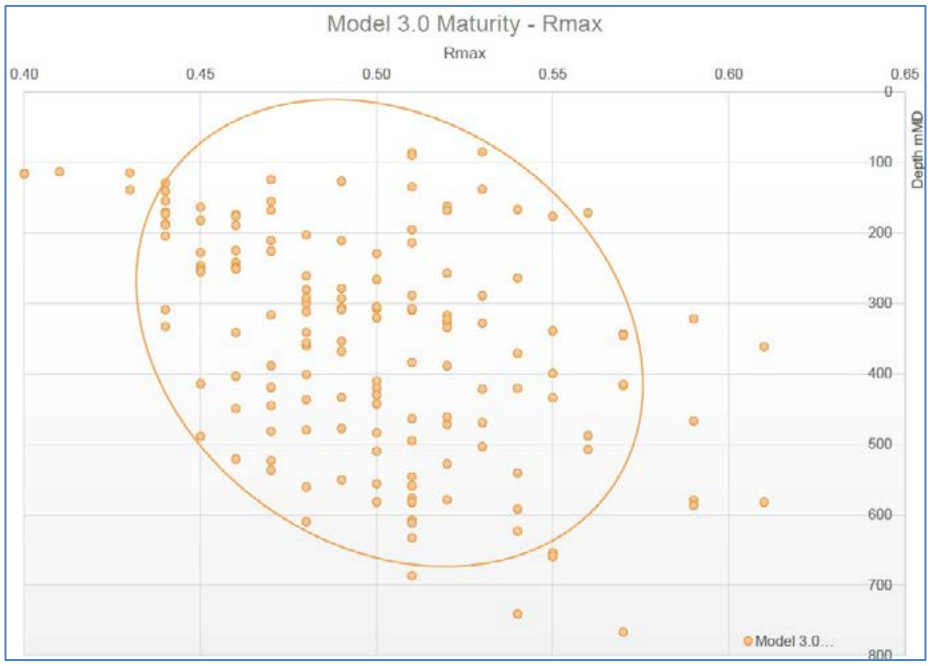

Figure 3-12: Vitrinite reflectance vs current overburden depth WSGP Version 3 well data

Methane isotope (Carbon 13 and Deuterium) analysis can be used to determine if the produced methane has a thermal or a biogenic origin. Methane samples from seven regional wells were analysed. Armidale 1 is located on the hanging wall of the Hutton/Wallumbilla Fault, Figure 3-13, the other wells are on the Roma Shelf.

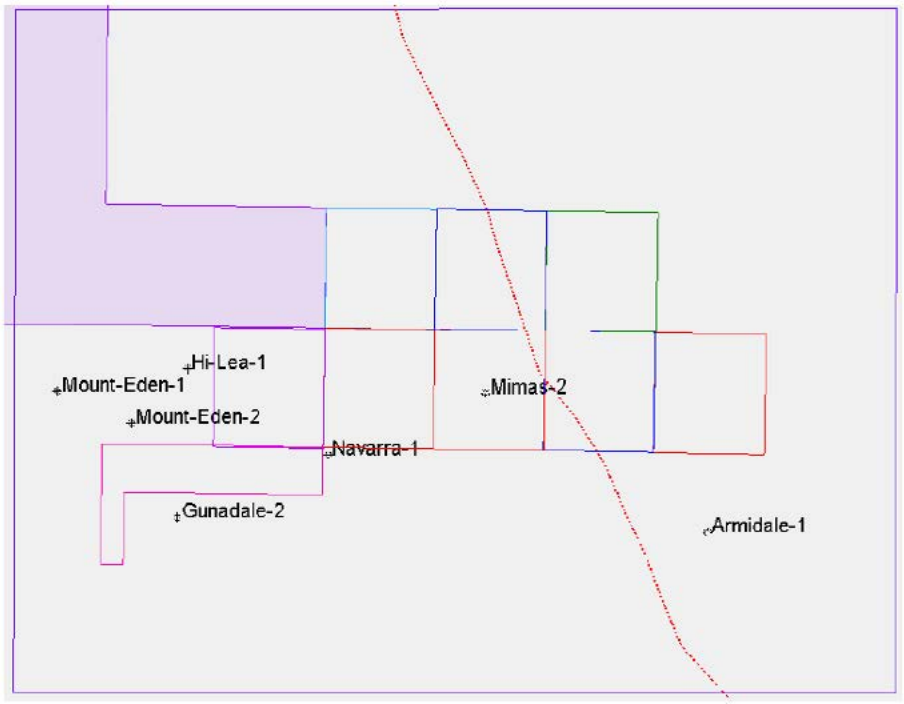

Figure 3-13: Location of wells with methane isotope analysis

The majority of δ13 C CH4 values are lighter than 51, indicating a predominantly biogenic methane source.

High gas content variability is to be expected in in shallow coals given the numerous controls on biogenic methane production. Methane is dominantly generated by CO_2 reduction by bacteria which flourish in low sulphate, low temperature, high pH, anoxic conditions.

Secondary variables such as depth were used to populate the gas content because the number of core wells in the region is statistically small.

Raw gas content plotted against current overburden depth shows a poor correlation of gas content with depth. For coals at overburden depths greater than 450 m, increasing pressure is postulated to be the main driver of increasing gas content with depth. Thermogenic gas generation is also a driver in deeper coals.

Senex has investigated modelling dry ash free (DAF) gas content data however DAF gas content values are required to be converted to *in situ* values in the dynamic simulator. In order to convert DAF to *in situ* (raw) values, ash and moisture parameters must be modelled as additional variables. The distribution of these parameters is always uncertain and therefore modelling them as separate parameters and combining them with the DAF gas content to generate *in situ* gas content introduces additional uncertainty. This is unnecessary if *in situ* gas content values are modelled directly. Therefore, for these reasons RISC's preferred modelling workflow is to model *in situ* gas content values and not DAF.

In Senex' current workflow gas content is modelled using raw measured adsorbed gas contents imported into Petrel™ as a production log (no interpolation was applied). Values were upscaled using arithmetic averaging. Depth is incorporated as a secondary trending option for raw gas content with regression coefficients incorporated using collocated co-krigging in the Gaussian Random Function Simulation.

One problem with the current work flow remains; a co-dependency between gas content and density has not been incorporated. Calvert *et al*[18] demonstrated that a direct linear relationship between as received desorbed coal gas content and reciprocal bulk density exists for the Walloon CM coals, Figure 3-14.

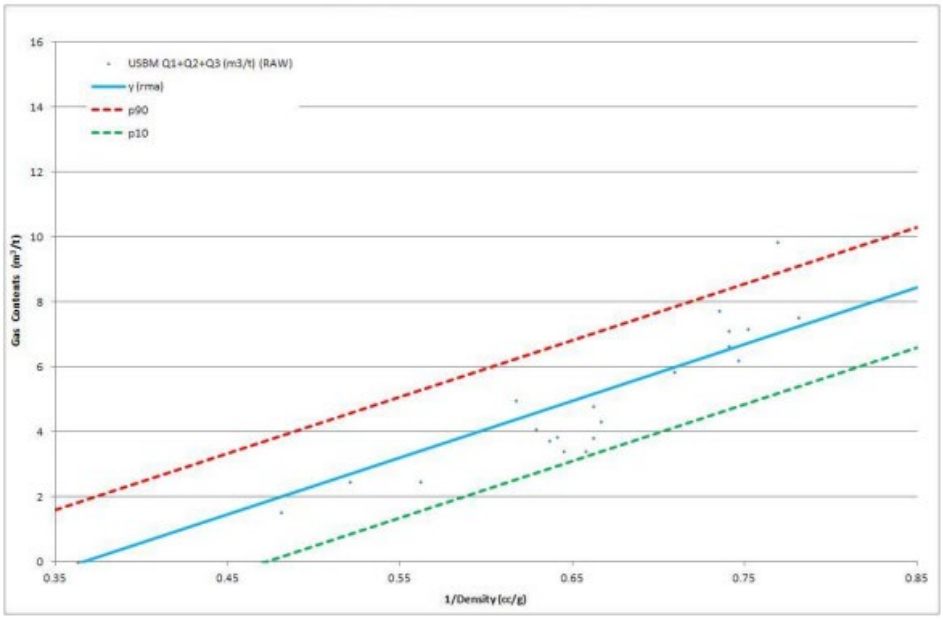

Figure 3-14: Reciprocal of density vs *in situ* gas content (Calvert *et al*[18])

Calculating continuous gas content logs from the density logs is an elegant and preferred workflow due to its ease of use and that it provides many more data points to control gas content modelling compared with the usually sample limited laboratory dataset. Senex has observed a poor relationship between density and raw gas content for the entire WSGP model core dataset. Improved relationships are observed when the dataset is subdivided into geo-domains (regions) and on a single well basis, Figure 3-15. Further investigation may be merited and involve the creation of several relationships dependent on geo-domain, coal measures group etc. If this proves to be is successful, implementation in the model will require a normalised and clean wireline density log dataset.

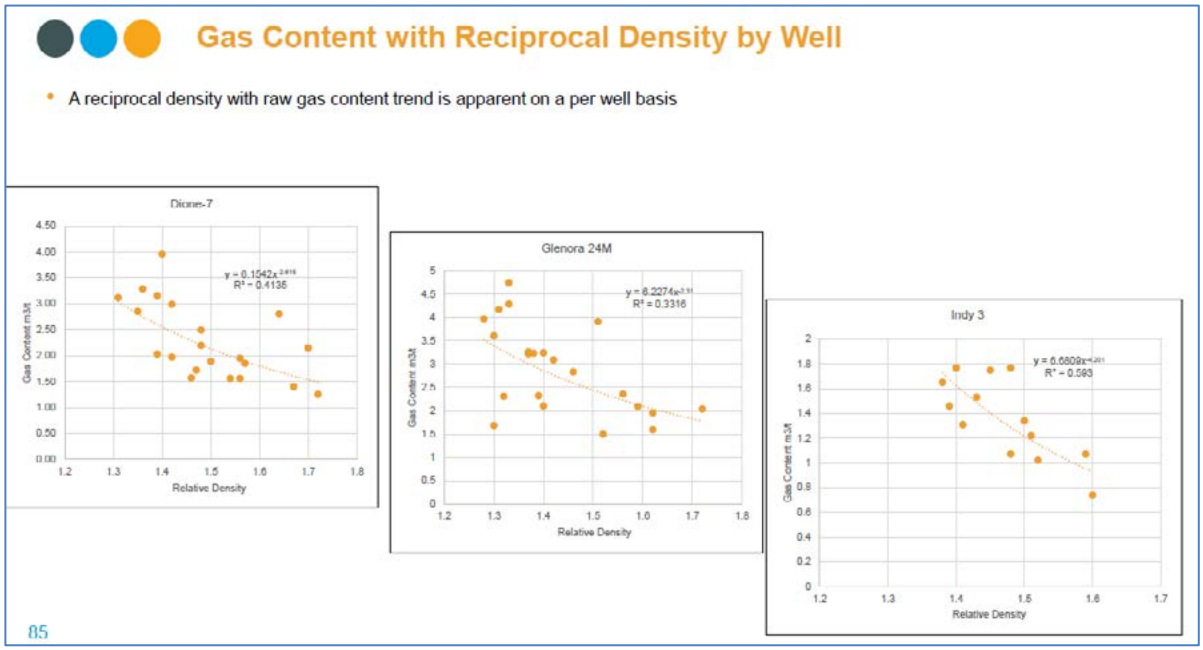

Figure 3-15: Gas content vs density

There is usually a minimum depth above which the coals do not have commercially viable gas contents. Furthermore, surface casing depths to approximately 60 m are required to protect the shallow Springbok Sandstone aquifer from produced CSG leakage contamination; any shallow coals within the WSG that are behind surface casing coals will never be developed and therefore are not to be included in the volumetric gas in place calculations. To allow for this Senex has used 100 m as the volumetric minimum depth limit which is reasonable and complies with NSAI's reserves certification workflow whereby no reserves are calculated at overburden depths shallower than 100 m. The effect of this truncation is shown by the blue contour in Figure 3-6. In the Roma North area this volumetric truncation affects approximately 20% of the Eos block at the Upper Juandah level, has minor affect in the northeast of Glenora block and the Mimas and Tethys blocks are completely unaffected.

The gas composition from desorption samples is approximately 96% methane with a small amount of nitrogen and lower levels of carbon dioxide. The gas composition at the compression facility has been measured as over 98.1% methane with 1.8% nitrogen and 0.1% carbon dioxide providing an effective heating value of the produced gas of 1.047 GJ/Mscf. The composition is not expected to change significantly with depletion.

Reference case deterministic GIIP results for the WSGP model by block is shown in Table 3-2. Refer to Figure 3-4 for a block location map.

Table 3-2: WSGP Model GIIP by Block

WSGP Block	GIIP (bcf)
Glenora	157
Eos	130
Mimas	153
Tethys	146
Titan	47
Dione	91
Rhea	124
Phoebe	131
Pandora	142
WSGP	**1,121**

The Glenora and Eos blocks have the largest well control and therefore the greatest certainty in their respective GIIP estimates. Uncertainty in the estimates increases as distance from these 2 blocks increases.

RISC considers that the current GIIP estimate is a reasonable mid case and that the geological model is fit for purpose.

Ongoing analysis of dynamic data from the Eos and Glenora pilots in the Roma North development area will reduce deliverability and reserve uncertainty within this eastern area of the Roma North Development Area.

3.2.3. Western geological model (Don Juan)

The Don Juan Petrel™ Project has been used to model the remainder of Stage 3 and Stage 4 of the Roma North Development. It includes 11 sub-blocks (Bymount, Carnarvon, Don Juan, Don Juan South, Indy East, Indy West, Kato East, Kato West, Orallo North, Orallo South and Taringa South), Figure 3-16.

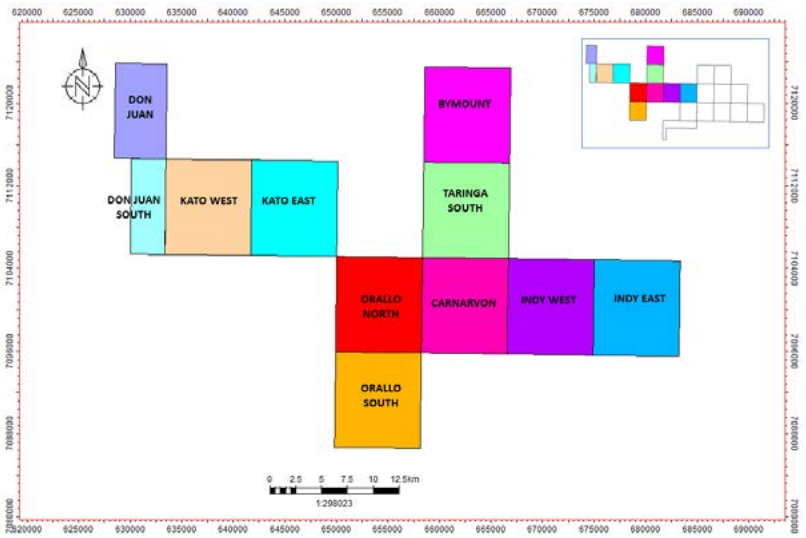

Figure 3-16: Don Juan blocks within Roma North Development area

Regional well and seismic data within the Don Juan area is shown in Figure 3-17. Well control is sparse with several of the blocks only penetrated by one or two wells. Seismic coverage is also sparse with the highest density of 2D seismic in the Don Juan and Kato East blocks. There are no 3D seismic surveys within the area. Structural mapping is controlled by this limited dataset. The overburden isopach to top of the Walloons Subgroup is relatively small and therefore ground surface topography can be used to trend the structure mapping.

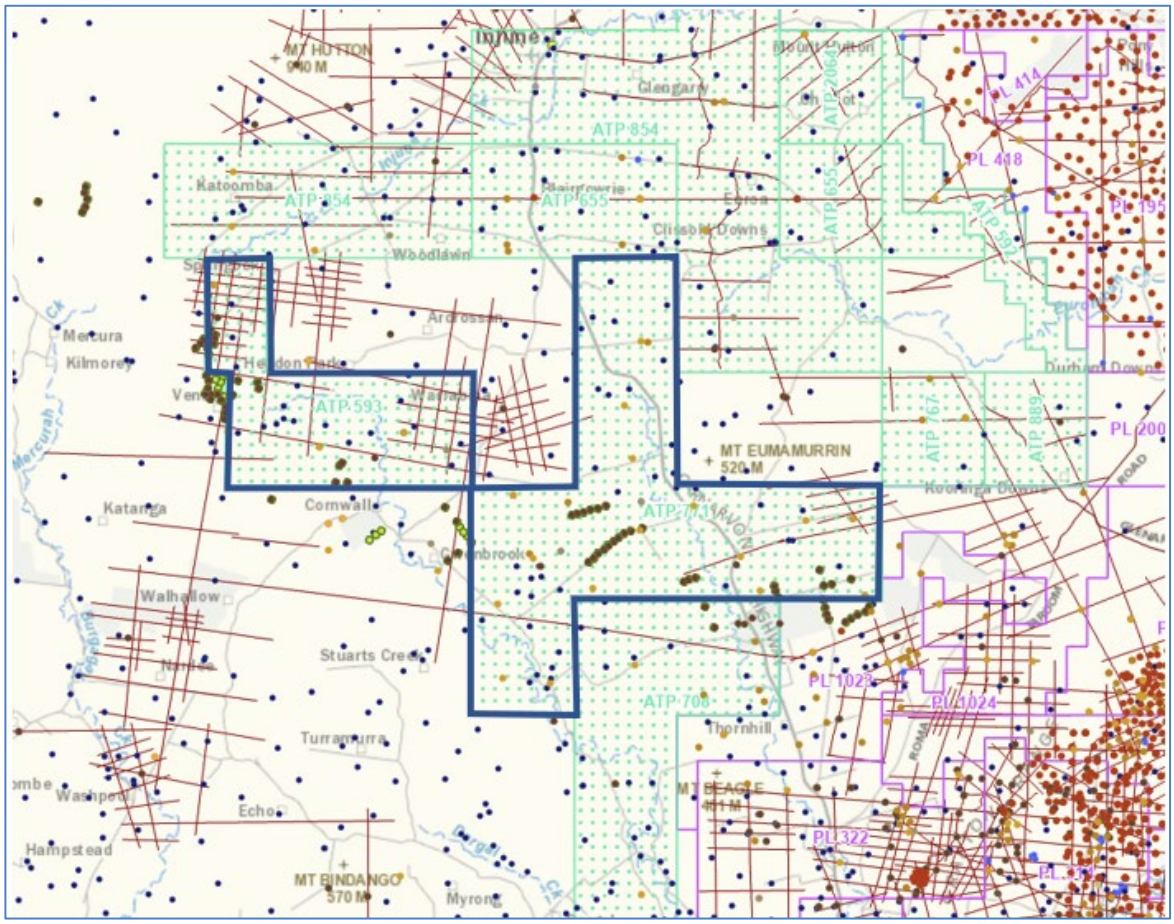

Figure 3-17: Well and seismic control within the Don Juan area of North Roma Development (modified from GeoResGlobe™)

Figure 3-18 and Figure 3-19 show the overburden depth structure maps for the Top Juandah CM and Top Taroom CM respectively.

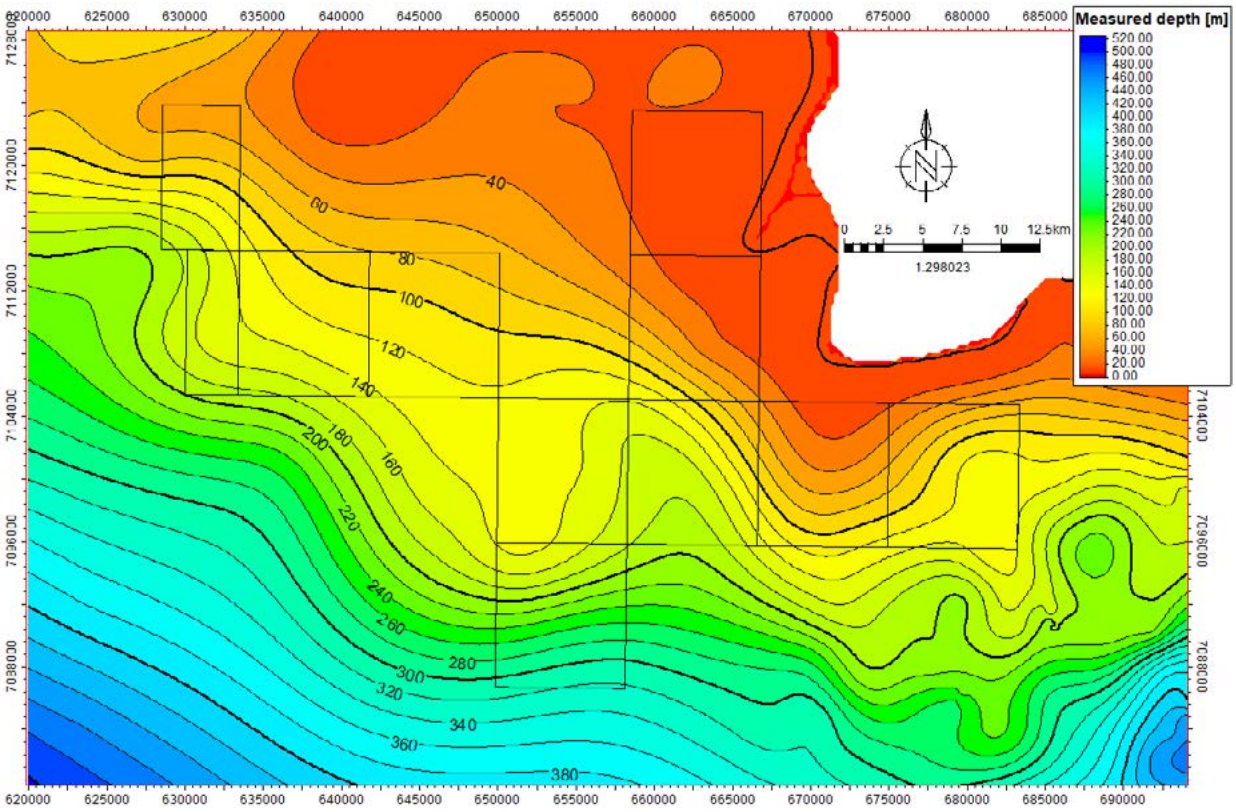

Figure 3-18: Top Juandah CM overburden depth structure map, Don Juan region

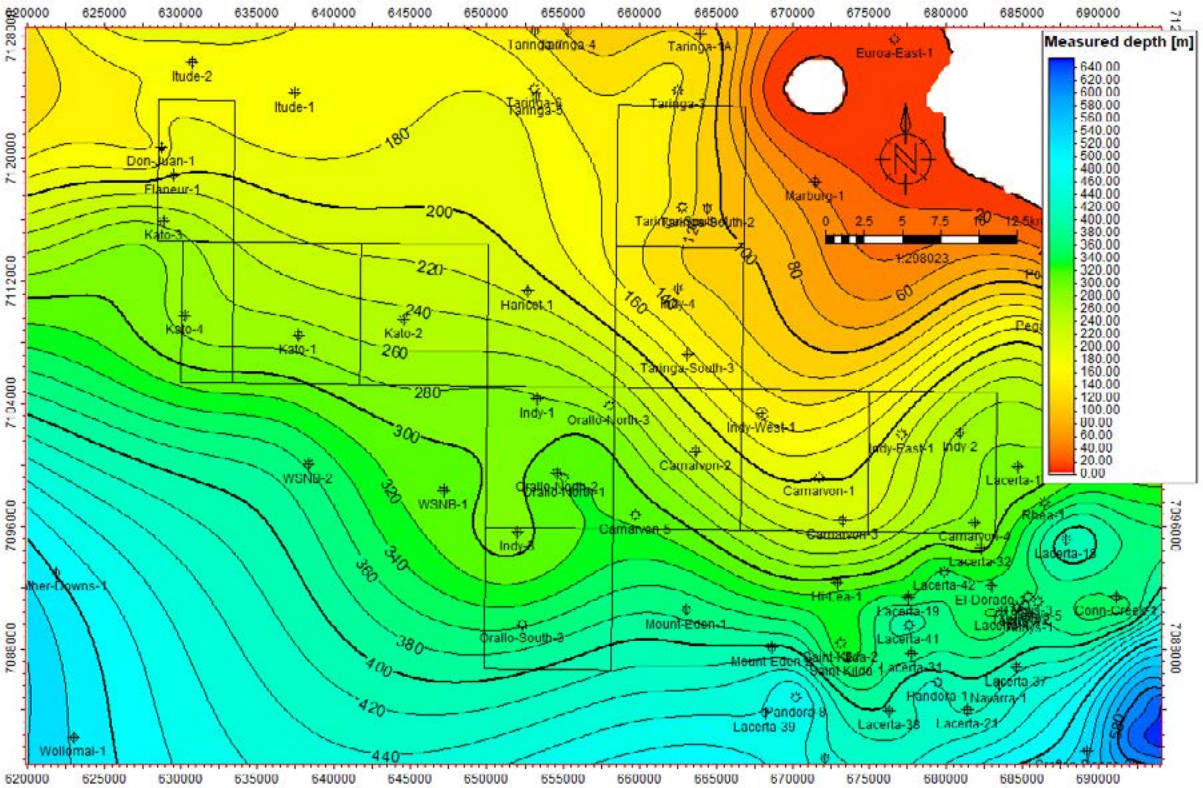

Figure 3-19: Top Taroom CM overburden depth structure map showing well control, Don Juan region

The current version of the Don Juan model uses the same workflow used in the WSGP and therefore there is consistency between the two models. Figure 3-20 is the modelled cumulative net coal thickness (1.76 g/cc density cut-off) map for the Walloon Coal Measures and the contour "bullseyes" centred on the well locations highlights the large regional thickness variability.

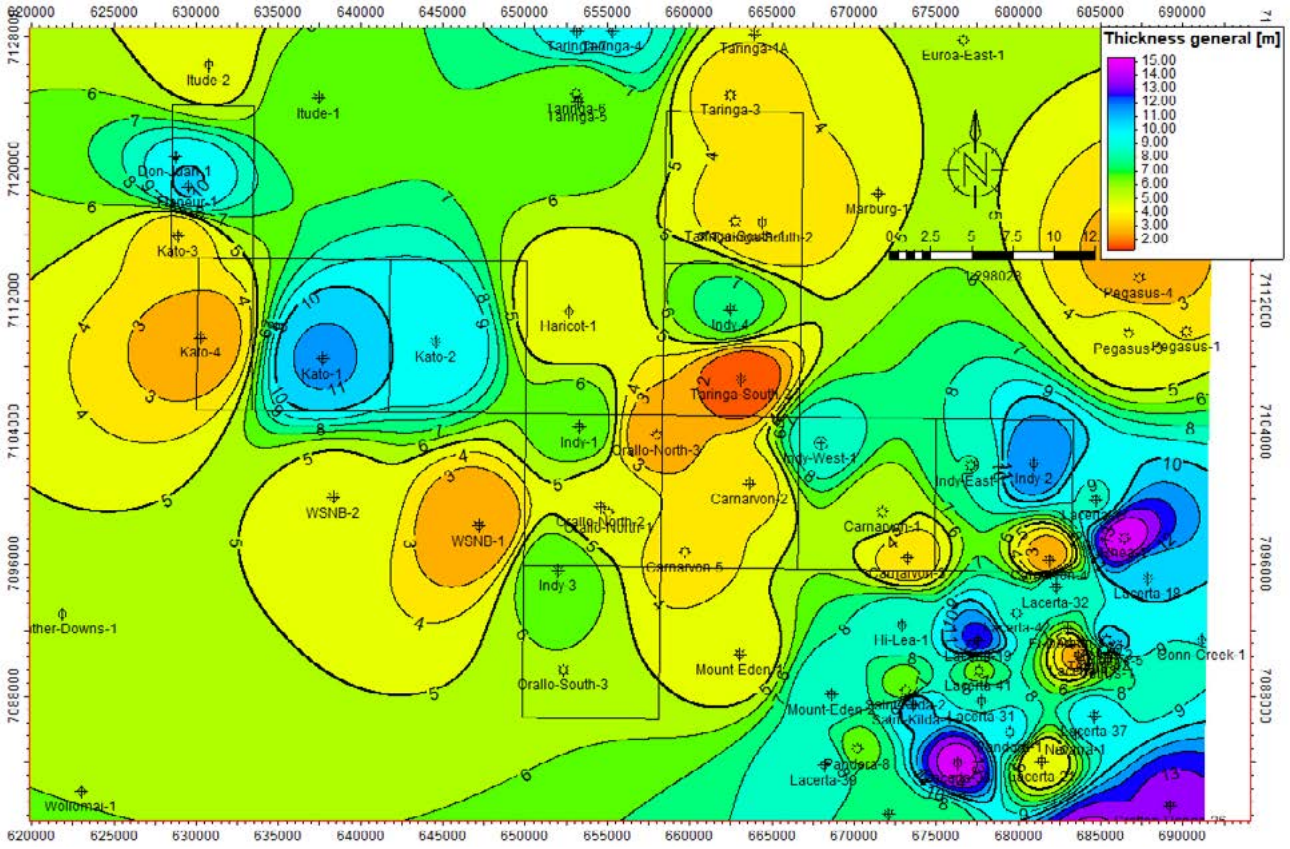

Figure 3-20: Walloon Coal Measures cumulative net coal thickness (m), Don Juan region

Figure 3-21 is a map of raw gas content values for the Taroom Coal Measures. RISC has not had access to the laboratory reports but has no reason to question the validity of the data.

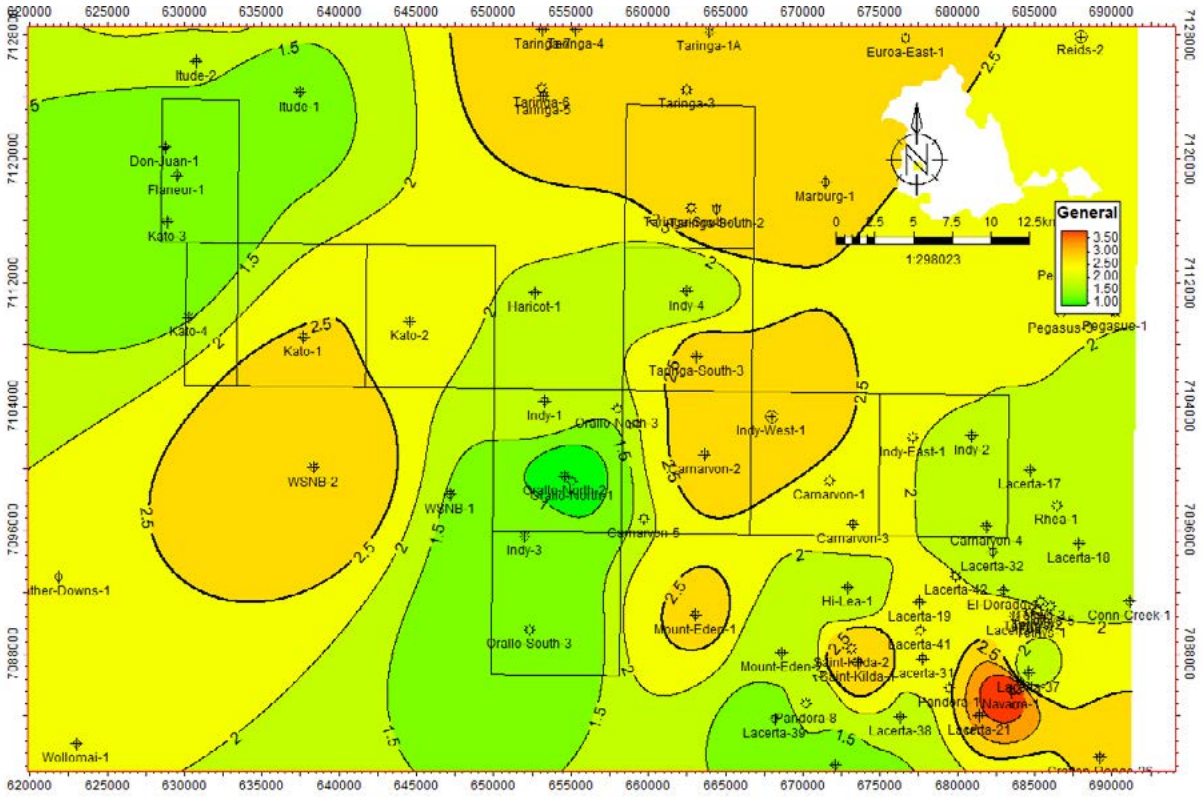

Figure 3-21: Taroom CM modelled raw gas content (m3/tonne), Don Juan region

Senex' estimates of GIIP in the Don Juan area by block are shown in Table 3-3. Refer to Figure 3-16 for a block location map. These are single deterministic estimates and assumed to represent most likely values. However, the Don Juan area is sparsely drilled and therefore the current volumetric uncertainty is likely to be high compared with the data rich Glenora and Eos Blocks in the eastern WSGP area.

Table 3-3: Don Juan GIIP

Block	GIIP (bcf)
Bymount	40.5
Carnarvon	51.6
Don Juan	19.9
Don Juan South	23.9
Indy East	64.1
Indy West	57.2
Kato East	58.7
Kato West	58.0
Orallo North	43.0
Orallo South	61.9
Taringa South	37.8
Total	**516.5**

3.3. Atlas subsurface review

The Atlas project area is located on the eastern dipping limb of the Mimosa syncline, a major north-south structural feature of the Surat Basin, Figure 3-3. The Walloon Sub Group coals dip to the south west within the Atlas area and the overburden depth of the top Juandah Coal Measures to Base Taroom Coal Measures interval ranges from 65 m to approximately 150 m to 800 m, Figure 3-22 and Figure 3-23.

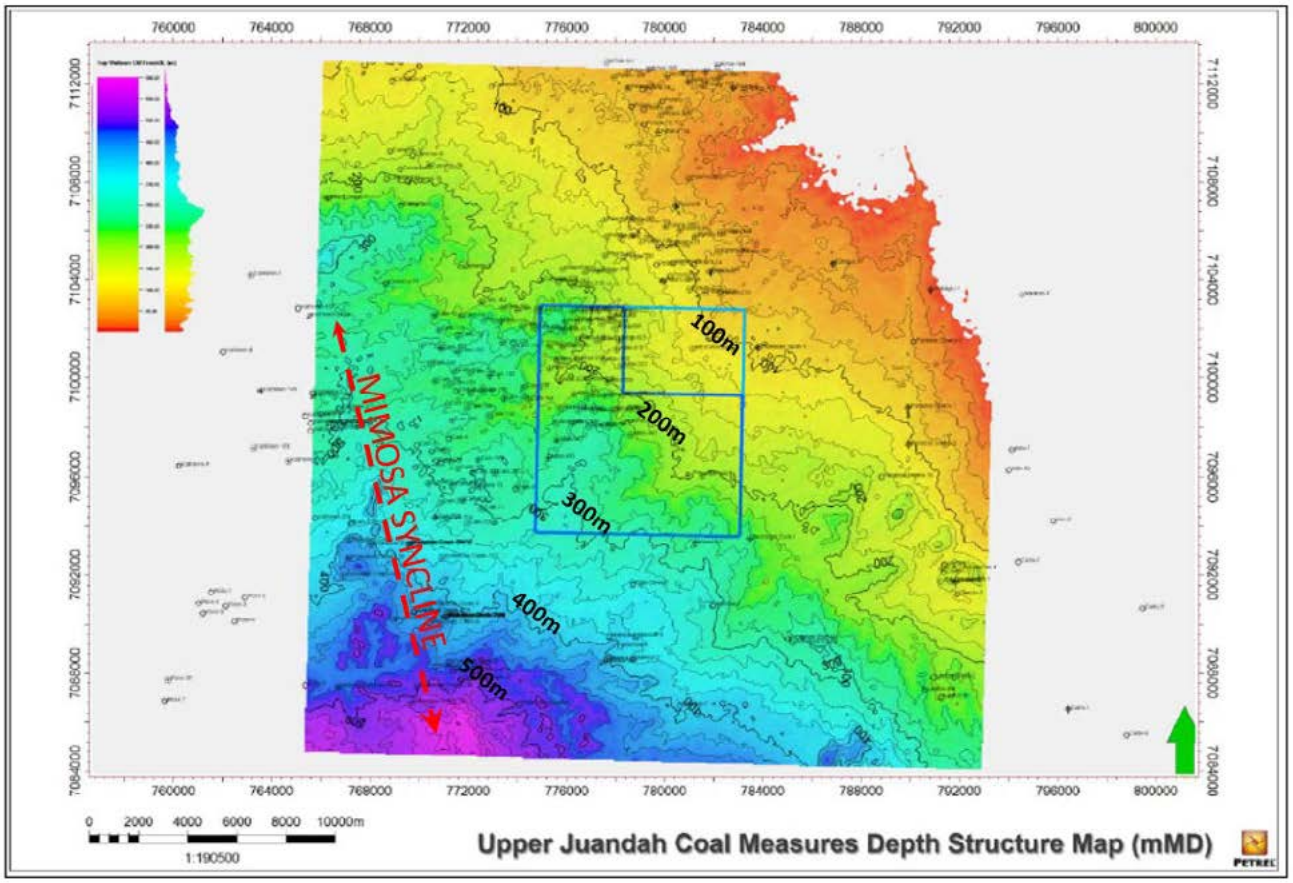

Figure 3-22: Top Upper Juandah CM depth overburden map, Atlas region

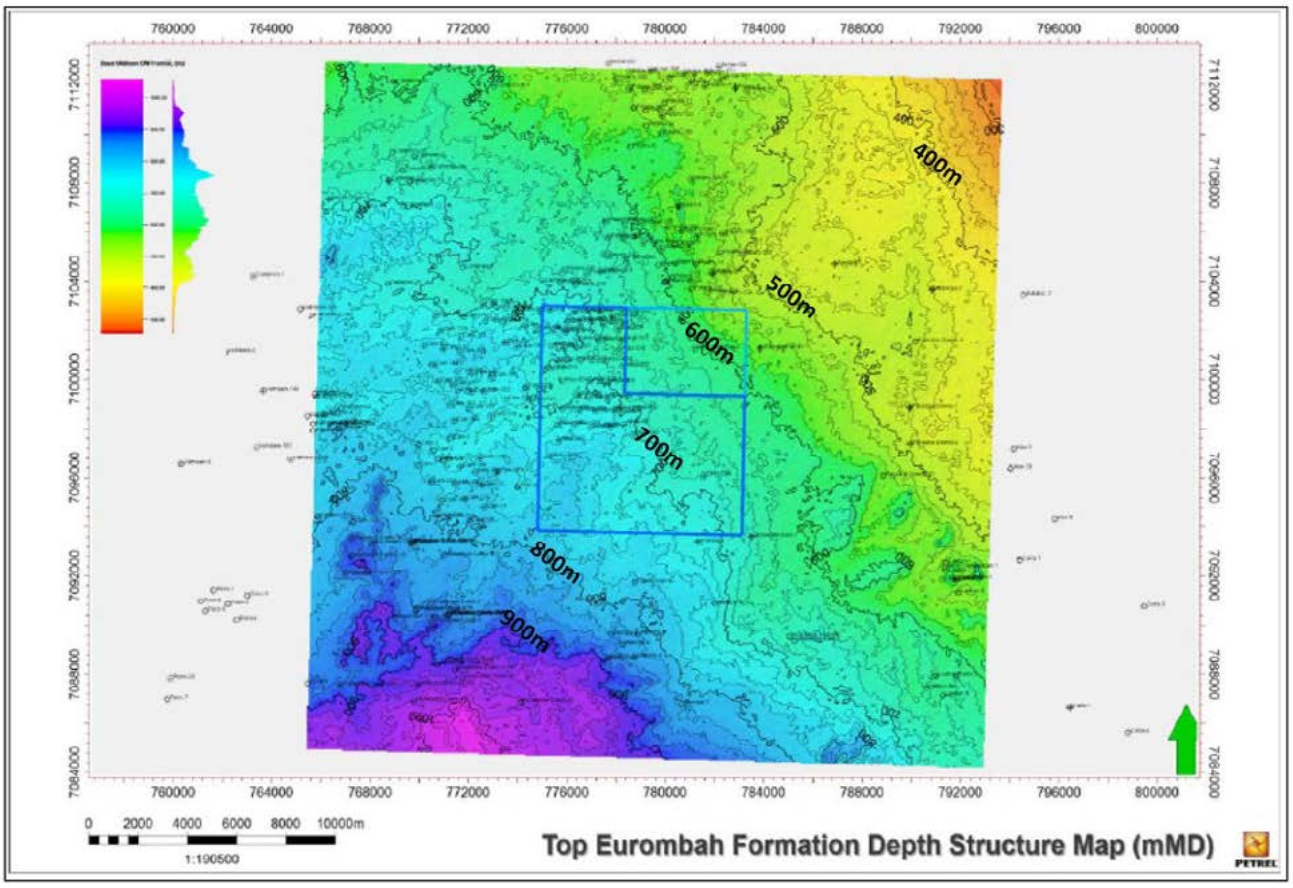

Figure 3-23: Top Eurombah Fm (Base Taroom CM) depth overburden map, Atlas region

The median Atlas block overburden depth for the target coals is 475 m. Only part of the thinner Taroom CM sequence is located deeper than 600 m in the south of the Atlas block.

Senex used the same modelling workflow as it used in its Roma North area to calculate the input parameter values for the volumetric GIIP estimate in the Atlas area. This workflow is described in section 3.2. RISC supports this approach.

The permeability database used in the current Atlas model includes permeability data derived from 38 wells.

Prior to the commencement of drilling in Atlas, permeability data were derived from surrounding datasets, in particular, data within 5 km of the Atlas block. Senex acquired permeability data in 6 wells with 11 data points (3 in the Upper Juandah CM, 3 in the Lower Juandah CM, and 10 in the Taroom CM). When plotted with the regional dataset, a general relationship of permeability decreasing with increasing depth is observed, Figure 3-24.

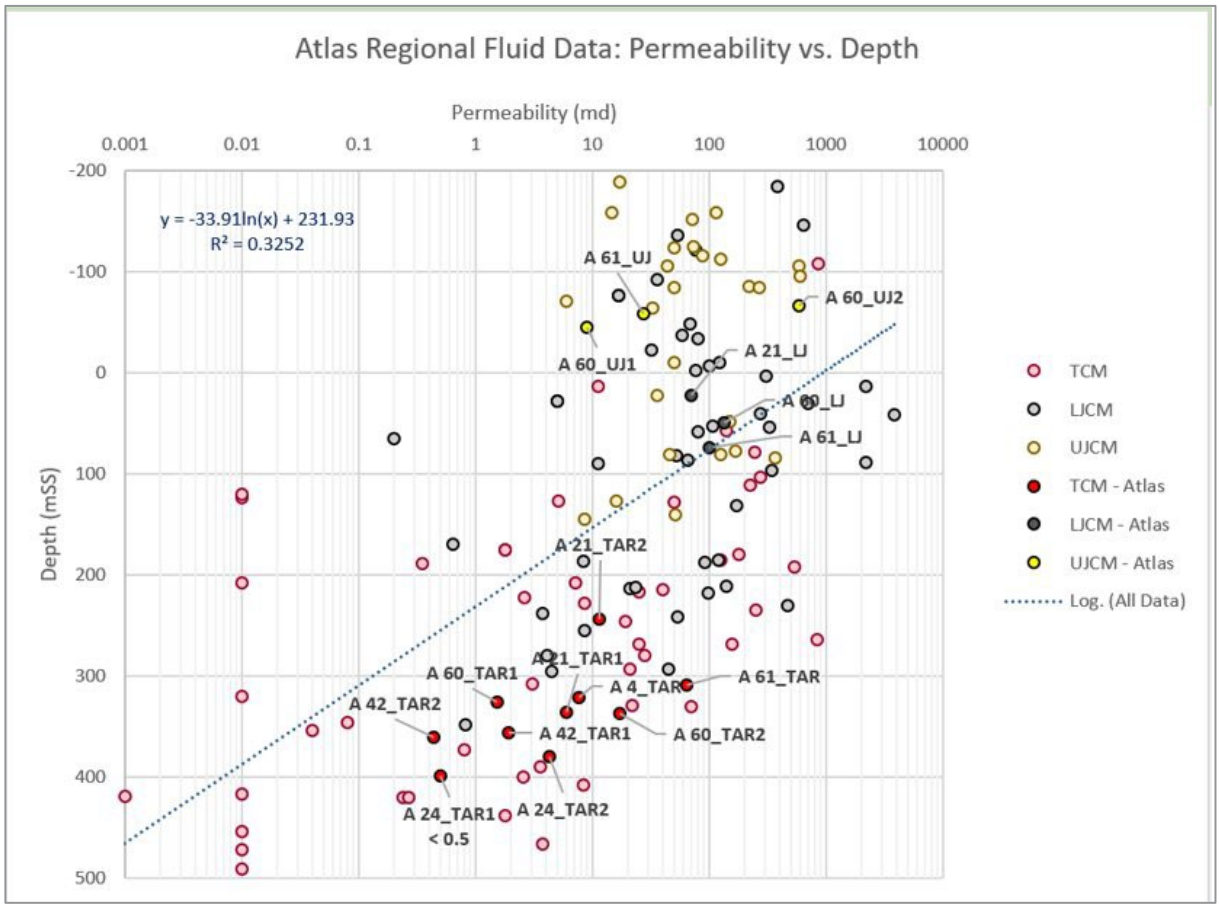

Figure 3-24: Permeability data in and within 5 km of Atlas permits

RISC's observation is that whilst the data from Atlas wells in the Upper and Lower Juandah CM appears consistent with that from neighbouring permits, the permeability measurements in the Taroom CM within the Atlas block do not have the very low permeabilities (<0.1 mD) found in the neighbouring blocks. This would suggest that higher productivity from the lower coals in Atlas than previously envisaged.

Senex' permeability ranges determined for the coals in Atlas is shown in Table 3-4.

Table 3-4: Senex permeability assumptions for Atlas

Member	P90 mD	Mean mD	P10 mD
Upper Juandah	17	154	389
Lower Juandah	32	255	639
Tangalooma	0.5	446	879
Taroom	0.1	138	267

A well-established initial pressure vs depth trend exists for the Atlas area with the water table estimated at -267 mSS, Figure 3-25. The pressure gradient is hydrostatic at 0.43 psi/ft. Water salinity is approximately 3,000 ppm.

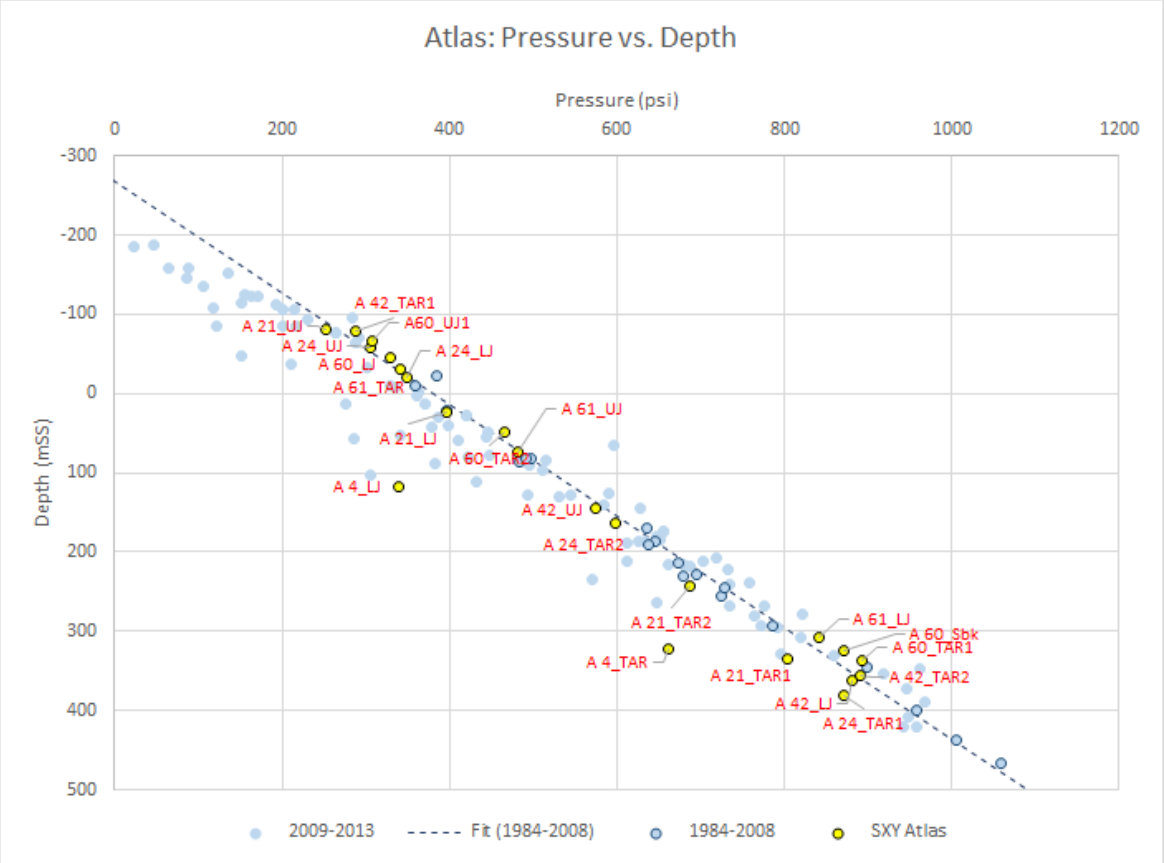

Figure 3-25: Atlas wider area pressure vs depth trend and from Atlas wells

In general, most of the Atlas wells have shown little or no depletion compared with the expected initial (undepleted) pressure, however, depletion was observed in some wells which is attributed to offset production in the neighbouring QGC permit.

The potential impact of depletion due to off-set production by QGC was modelled by Senex prior to commencing development and pressure depletion prior to the start of production was not considered a significant issue.

Senex identifies gas content modelling to be one of the most significant challenges as the laboratory measured gas content data points have a low spatial distribution and the number of data points per stratigraphic interval is often statistically poor. No core has been acquired within the Atlas Project Area and therefore there are no additional laboratory measurements to calibrate the Atlas model.

A range of isotherms and gas content measurements are available from cores for the various seams in the Walloon interval. Six surrounding wells (Polaris 22, Cam 2, Cam 17M, Mamdal 1 and Mamdal 7) were used for isotherm.

Gas contents from 20 wells were used to characterise the Atlas area, Figure 3-26. From this data no correlation of gas content with depth was noted and ranges of gas content by interval were derived, Table 3-5. Minimum and average values were very similar with greater scatter apparent in the maximum values.

Table 3-5: Atlas block gas content (m3/t raw) assumptions

Formation	Gas content		
	P90	Mean	P10
UJCM	2.71	3.29	3.85
LJCM	3.98	4.69	5.50
TSS	3.80	4.63	5.36
TCM	3.34	4.48	6.17
WCM	3.61	4.25	4.88

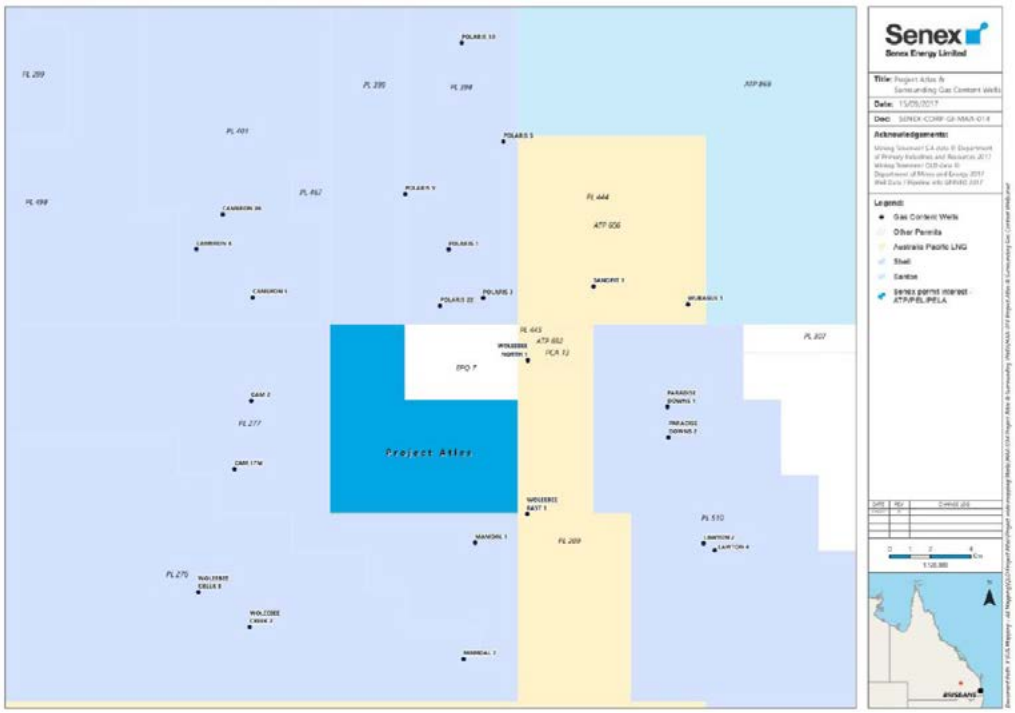

Figure 3-26: Wells with gas contents used to characterise the Atlas area

Raw data rather than DAF based was used for the isotherm characterisation given the lack of specific knowledge of ash and moisture content across the Atlas block, Table 3-6.

Table 3-6: Atlas isotherm assumptions (raw data)

	UJ			LJ			TAN			TAR		
	Min	Ref	Max	Min	Ref	Max	Min	Ref	Max	Min	Ref	Max
Methane Langmuir Gas Content (cc/g)	10.28	9.46	10.71	11.85	13.05	11.61		15.85		14.61	13.28	14.78
Methane Langmuir Pressure (PL) (MPa)	8.09	4.67	5.22	8.07	5.44	4.66		6.77		8.07	8.13	7.48

By using raw (*in situ*) gas content values in the GIIP estimates, ash and moisture content estimates are not required. The advantage of this workflow is that it eliminates additional uncertainty in the volumetric estimates associated with characterisation of these two parameters.

The degree of saturation of each of the intervals can be derived from the isotherms and gas content ranges, Table 3-7.

Table 3-7: Atlas saturation assumptions

Formation	Gas saturation (%)			
	P90	Mean (core)	Mean	P10
UJCM	60	74	95	100
LJCM	60	74	92	100
TSS	60	81	69	100
TCM	60	76	74	100

Senex undertook an assessment of the gas composition data for the wider Atlas area prior to commencing the Atlas Project. Gas samples from desorption in seven wells confirmed that the *in situ* Atlas gas composition was expected to be predominately methane with low levels of carbon dioxide and nitrogen, Table 3-8.

Table 3-8: Atlas gas composition from Senex

Component	Composition (%)
CH4	99.16
CO2	0.46
N2	0.33
C2H6	0.04

This average composition has an energy to volume conversion factor of 1.057 TJ/MMcf (at standard conditions), this has been used for this report.

Senex has monitored the heating value of the sales gas since the commencement of production from the Atlas Project. Measured heating values are around 1.064 TJ/MMscf and will be monitored as production continues. Different gas components have different affinity for coals and as a result the composition of produced gas differs from the *in situ* gas and changes with time. Thus, the variation between the in situ and produced gas in not unexpected. The difference is less than 1% and is not considered significant.

Senex' Atlas Project GIIP estimate from its modelled reference case realisation is shown in Table 3-9. RISC supports this estimate.

Table 3-9: Atlas Project Model reference case GIIP (Bscf)

Interval	PL1037 (Bscf)	ATP2059 (Bscf)	Total Atlas Project (Bscf)
Upper Juandah	120.6	35.1	155.7
Lower Juandah	132.4	41.5	173.9
Tangalooma	40.8	10.1	50.9
Taroom	113.4	21.5	134.9
Total	**407.2**	**108.2**	**515.4**

3.4. PL445/PL209 subsurface review

PL445/PL209 is immediately east of Atlas and includes PL209 (approximately 144 km^2) and PL445 (approximately 6 km^2), Figure 3-27. Seismic coverage is sparse, consisting of four 2D lines. Six CSG exploration wells have been drilled, all of which have been plugged and abandoned.

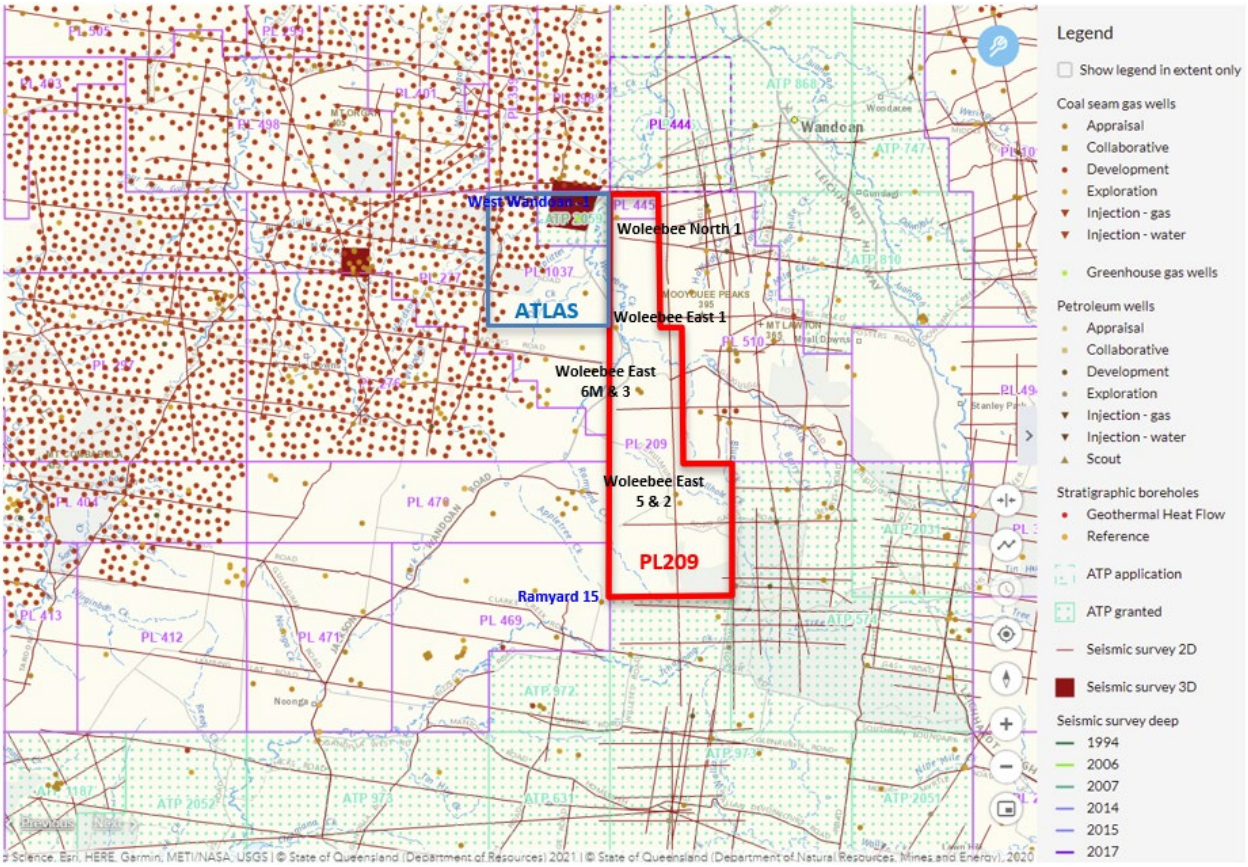

Figure 3-27: Location of PL445 and PL209 wells and seismic

Figure 3-28 is a north-south stratigraphic well section (datum to Walloon Coal Measures). The section runs from West Wandoan 1 (a GHG exploration well located in ATP2059 and west of Wooleebee North 1) to Ramyard 15 (located in PL469). Coals can be identified in the density log track by a large deflection to the left. The section indicates that the distribution of coals is similar throughout the block, although it could be argued that there are fewer plies in the central area (represented by Woleebee East 1), however more wells (data points) are required before the significance of this observation can be assessed.

Overburden depth to the Top Walloon Coal Measures in the north of the PL445/PL209 Block is 100 m and it progressively deepens to Ramyard 15 in the south where it is at 650 m, Table 3-10. The overburden depth at the base of the Walloon Coal Measures increases from 550 m in the north to 1050 m in the south. The Subgroup thins from approximately 450 m in the north to 400 m in the south.

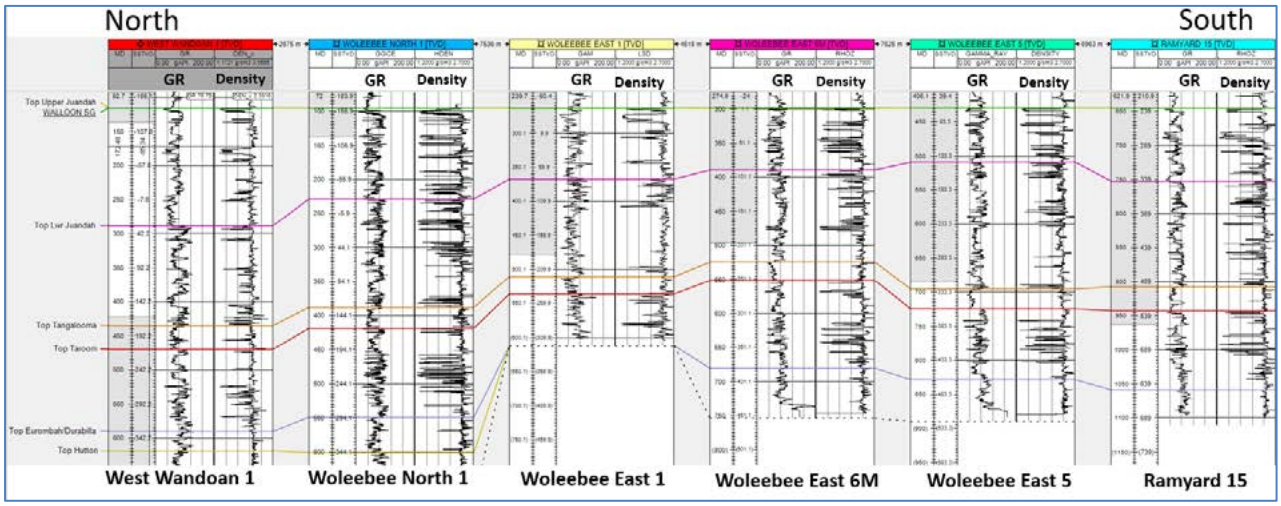

Figure 3-28: North-south PL445/PL209 well section (datum top Walloon Coal Measures)

Table 3-10: PL445/PL209 block Walloon Coal Measures overburden depth from well control

Overburden depth (m)	North	Mid- Block	South
	Woleebee North 1	Woleebee East 5	Ramyard 15
Top Walloon Coal Measures	100	400	650
Base Walloon Coal Measures	550	830	1050

Well cumulative net coal thickness for each of the three coal measures intervals is shown in Table 3-11.

Table 3-11: PL445/PL209 cumulative net coal thickness

Coal measure	Well	Net coal thickness (m)
Upper Juandah	Woleebee North 1	12.5
	Woleebee East 1	18.0
	Woleebee East 6M	13.0
	Woleebee East 3	14.6
	Woleebee East 5	7.6
	Woleebee East 2	6.1
	Ramyard 15	16.3
Lower Juandah	Woleebee North 1	13.9
	Woleebee East 1	6.3
	Woleebee East 6M	9.1
	Woleebee East 3	13.9
	Woleebee East 5	13.8
	Woleebee East 2	8.7
	Ramyard 15	11.0
Taroom	Woleebee North 1	8.9
	Woleebee East 1	4.3
	Woleebee East 6M	10.0

	Woleebee East 3	9.7
	Woleebee East 5	7.5
	Woleebee East 2	8.1
	Ramyard 15	9.2

Net coal is defined by minimum and maximum density log cut off values of 1.2 g/cc and 1.8 g/cc. The average cumulative net coal thickness for the Upper Juandah, Lower Juandah and Taroom Coal Measures is 13 m, 11 m and 8 m respectively which is sufficient for CSG development.

Laboratory measured gas content (as received) data are available for Woleebee North 1 (all three coal measures intervals) and Woleebee East 1 (Upper Juandah only), Table 3-12.

Table 3-12: PL445/PL209 laboratory average gas content data (as received)

Well	Coal measure	Mid-point overburden depth (m)	Average as received gas content (m3/tonne)
Woleebee North 1	Upper Juandah	157	1.65
	Lower Juandah	306	3.69
	Taroom	475	4.21
Woleebee East 1	Upper Juandah	286	3.42

Average gas content (as received) increases with depth. At the Woleebee North 1 location the Lower Juandah CM are at a similar depth to the Upper Juandah CM at Woleebee East 1 and their average gas content values are similar.

Senex has constructed a geological model using data from the public domain for 196 wells in the region. It has divided the region into 4 geo-domains based primarily on overburden depth[21], Figure 3-29. Senex estimates the total gas in place at 1014 bcf.

[21] Project Louisiana Acquisition File Note, Senex 2021

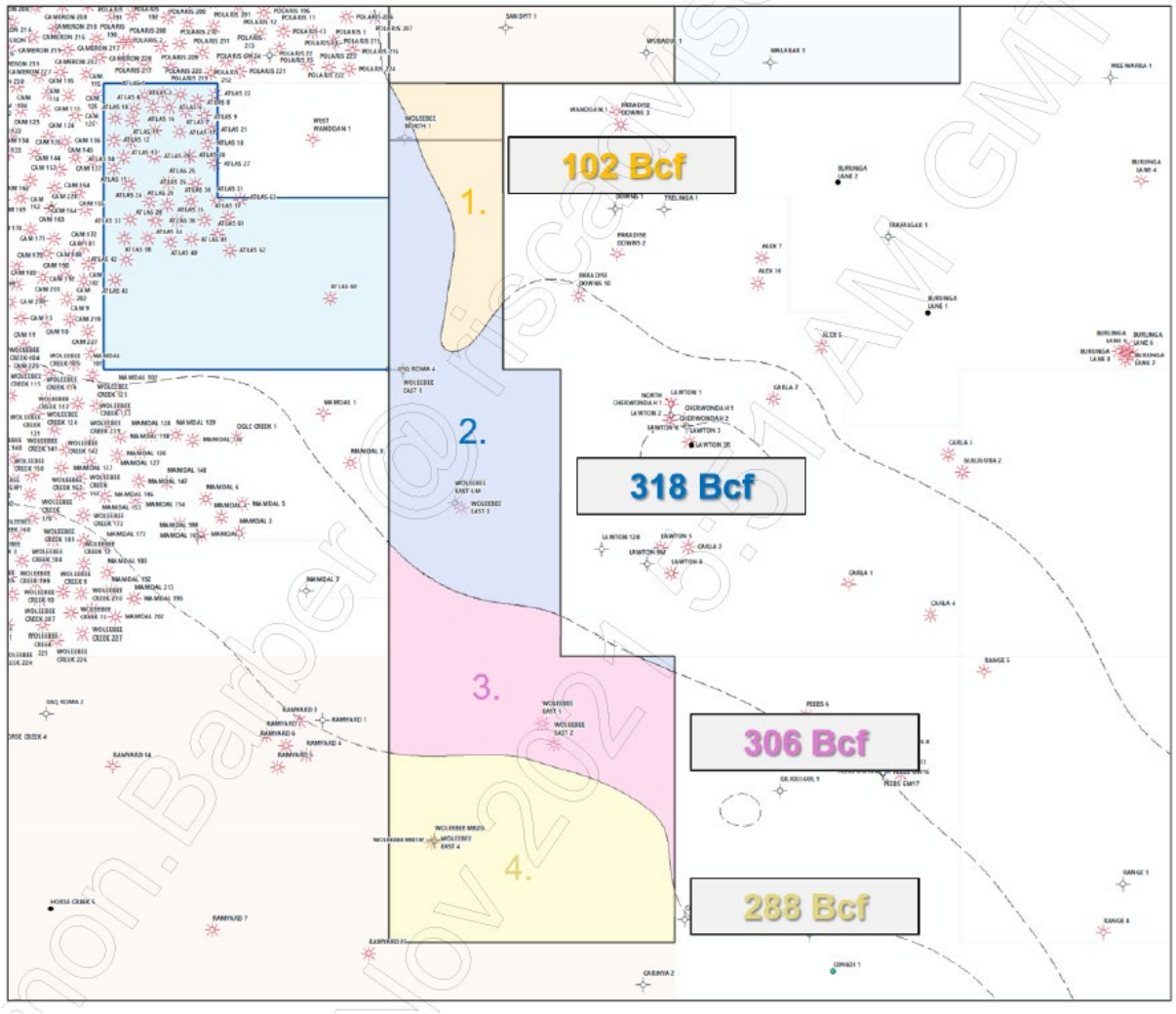

Figure 3-29: PL445/PL209 geo-domains showing estimates of gas in place (Senex)

RISC's deterministic gas in place estimate for the PL445/PL209 based on most likely parameter assumptions discussed above is shown in Table 3-13.

Table 3-13: PL445/PL209 most likely deterministic GIIP

Coal measure	Area	Net coal	GC (ar)	Density	Conversion	GIIP	
	km2	m	m3/tonne	g/cc	m3/cf	10^6 x ft3	Bcf
UJ	154	13	2.5	1.5	35.3	265125	265
LJ	154	11	3.4	1.5	35.3	305098	305
Taroom	154	9	4.2	1.5	35.3	308361	308
Total							**879**

RISC's total GIIP is 15% lower than the Senex estimate, however this is not considered unreasonable given the maturity of CSG appraisal in the tenement.

In the southern area, (Figure 3-29, geo-domain 4 and southern half of geo-domain 3) where the coals are deeper, Senex expects coal permeability to be lower and that they will require fracture stimulation to enable commercial production. Senex has excluded this area (~ 600 Bcf GIIP) from its initial development plan, but it represents a significant upside opportunity.

3.5. Artemis gas exploration subsurface review

Artemis gas permit, ATP2042 (153 km^2) lies to the west of APLNG's Condabri/Condabri North CSG Development. Seven CSG wells have been drilled in the tenement and seismic coverage is limited to a two regional 2D lines and some end of lines, Figure 3-30. The Leichardt fault zone intersects the north-east of the tenement between the Andrew 4 and Andrew 2 wells.

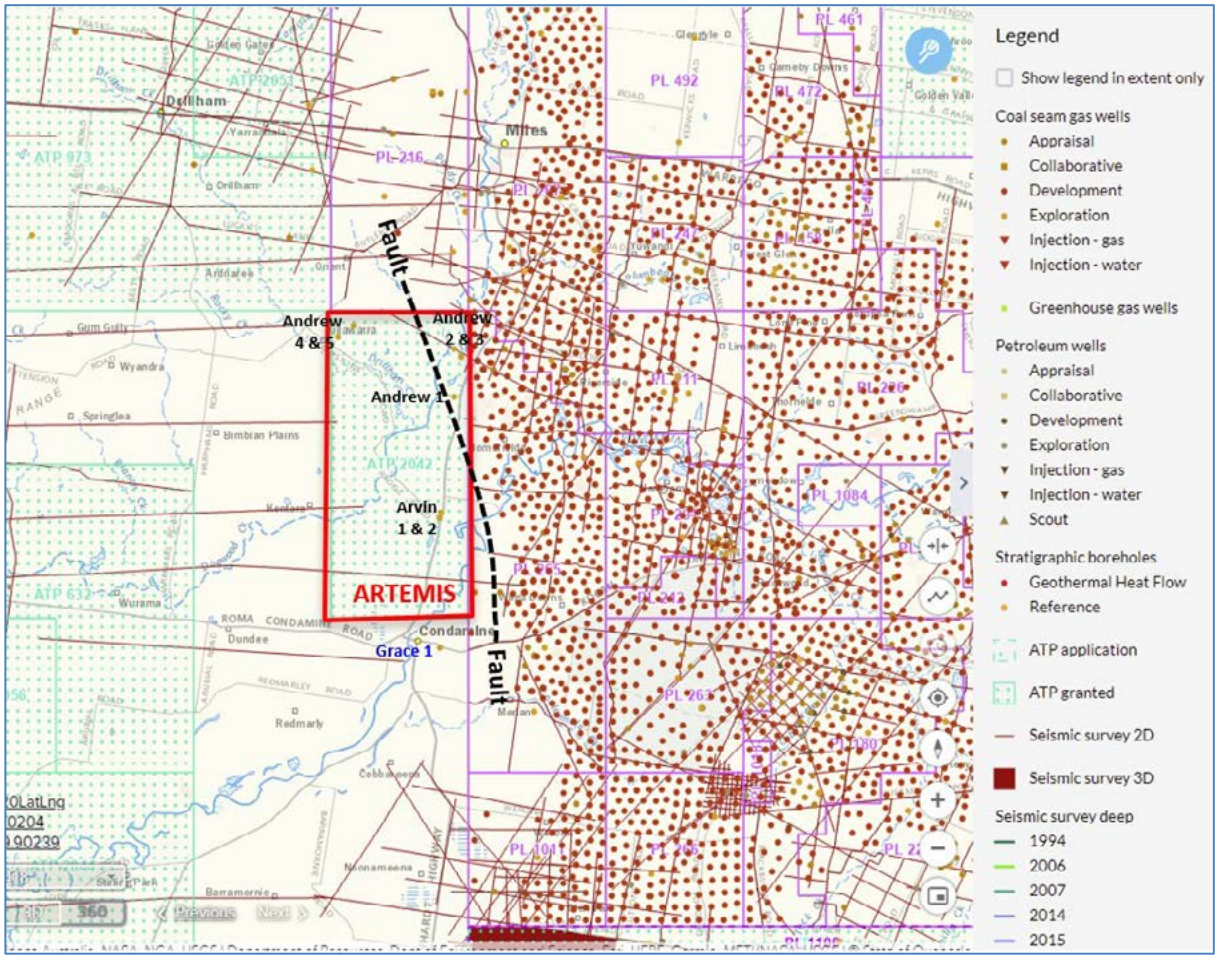

Figure 3-30: Artemis gas project area showing the location of the Leichardt Fault

The top and base Walloon Coal Measure depth structure is shown in Figure 3-31 and Figure 3-32, respectively.

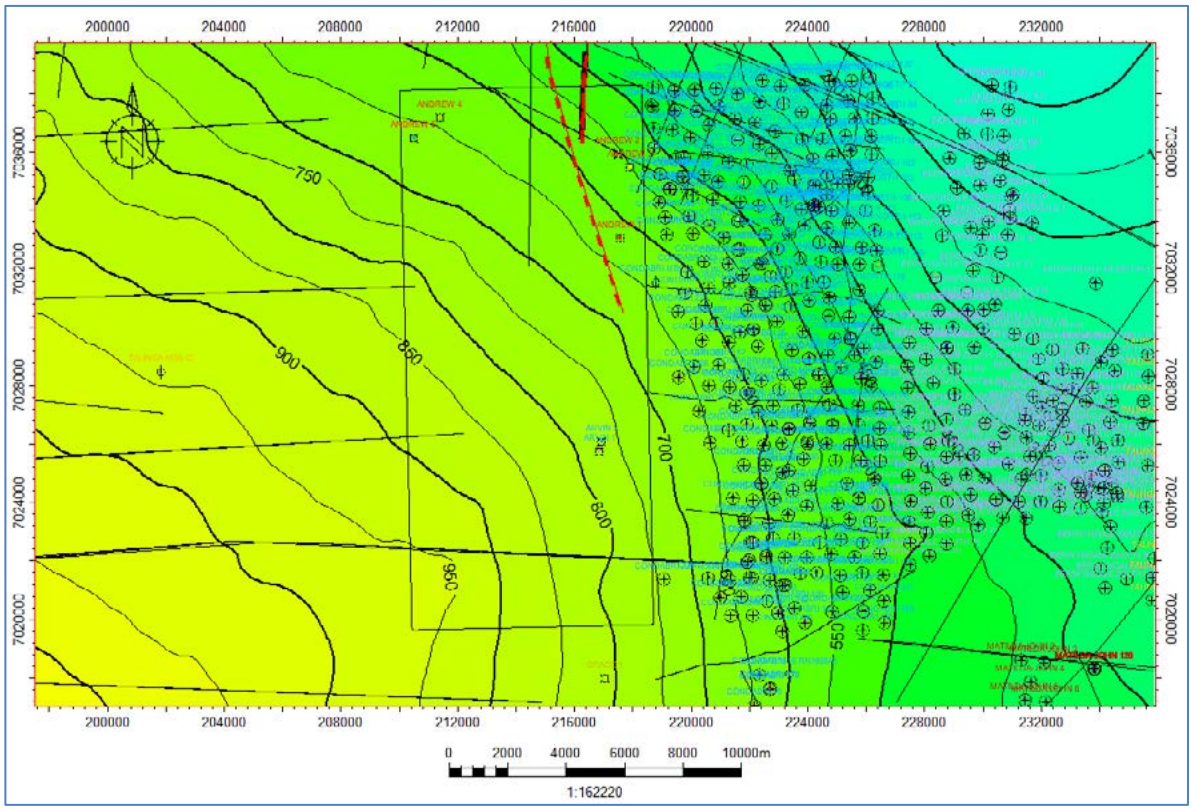

Figure 3-31: Top Walloon Coal Measures overburden depth, Artemis block

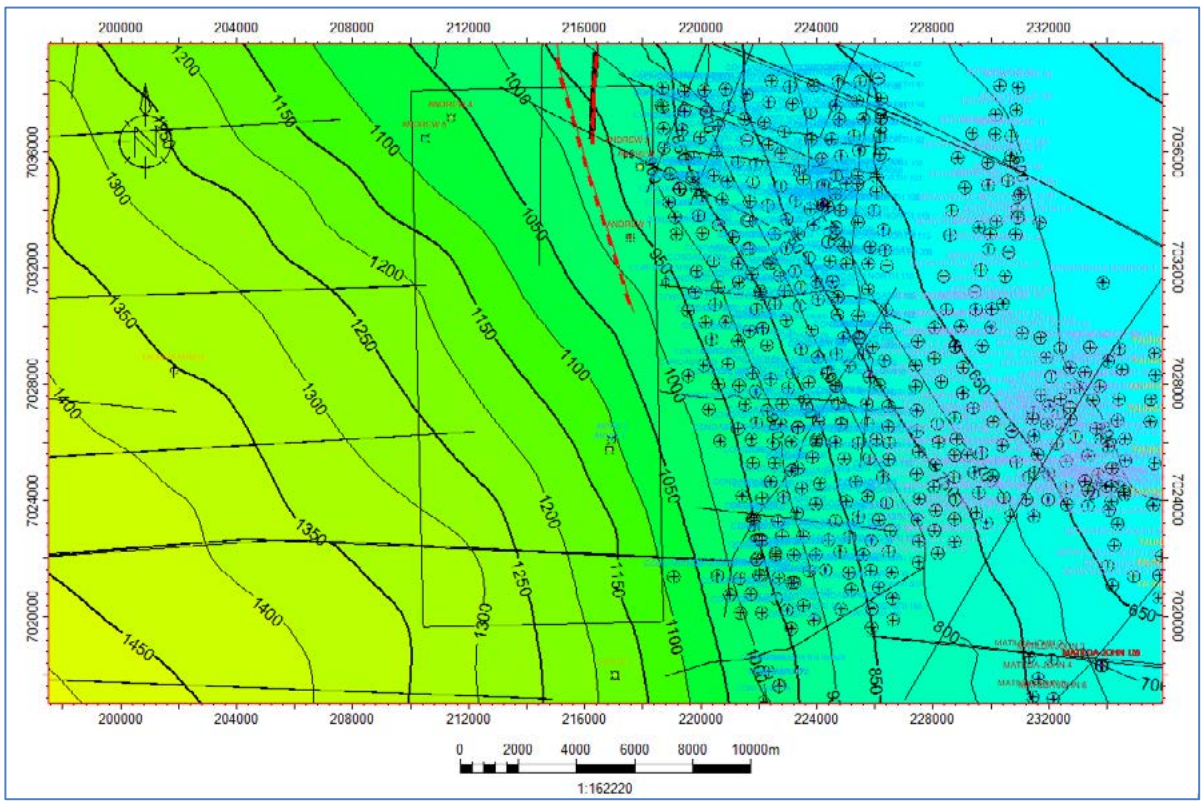

Figure 3-32: Base Walloon Coal Measures overburden depth, Artemis block

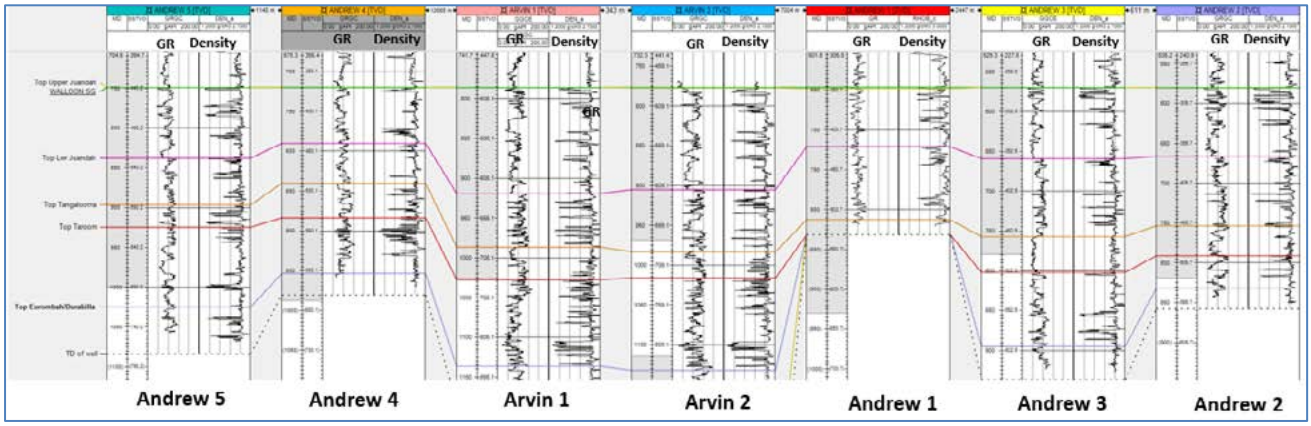

Figure 3-33: Artemis block well log section

Senex has mapped Walloon Coal Measures cumulative net coal thickness in the block to be between 16 m and 28 m, but RISC notes that, as there are no wells in the southwest of the tenement to control the mapping, there is thickness uncertainty in this area.

Laboratory measured gas content values (as received) are shown graphically in Figure 3-34.

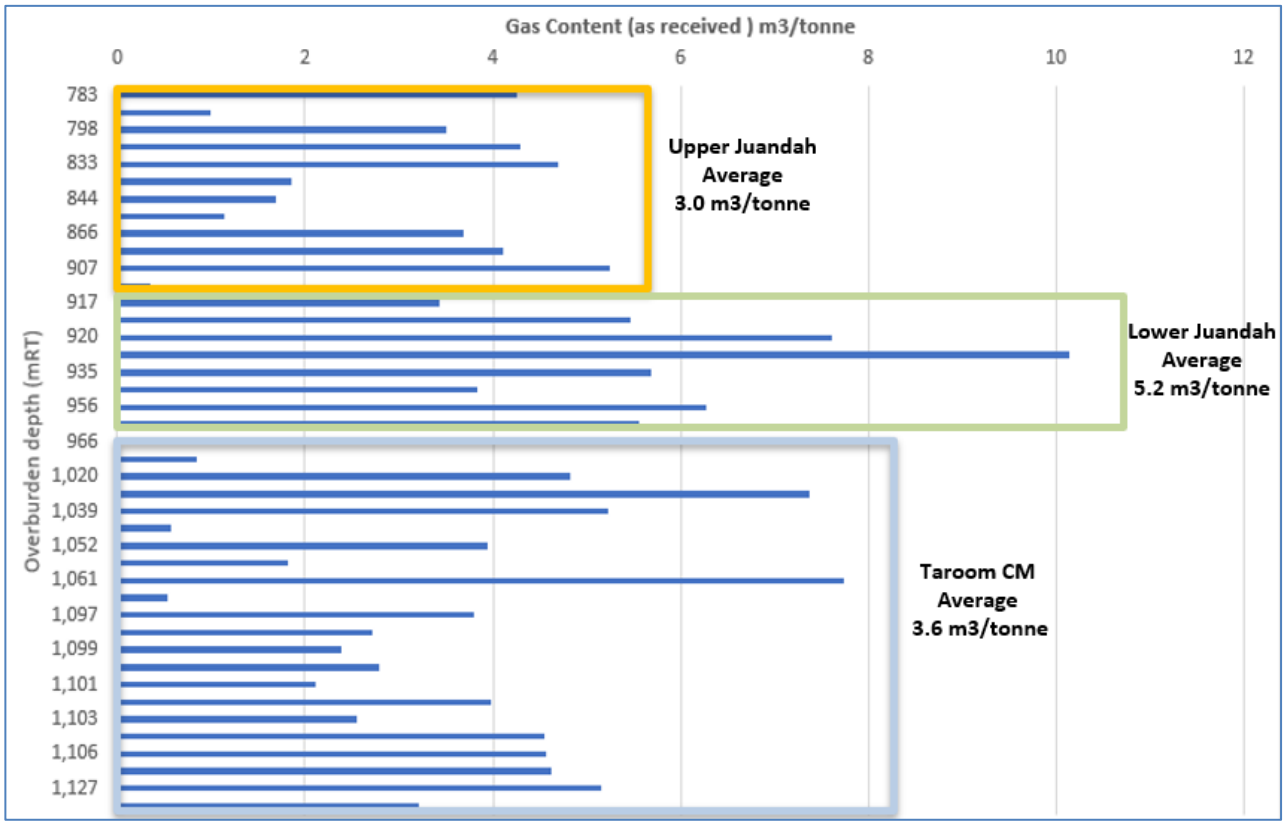

Figure 3-34: Arvin 2 laboratory gas content data

These values are similar to other gas content datasets with a similar overburden depth range.

The entire Walloon Coal Measures was cored in Arvin 2. Carbonate mineralization of 10-20% of the cleats is common throughout the section with some up to 50% filled[22]. Other coals have no visible cleats or fractures. Permeability (and gas deliverability) will be detrimentally affected as a result. Low permeability may be the reason for the requirement for stimulation by coil tubing jetting reported in the Venus Block (Pure Energy Corporation Ltd[23]) immediately north (and shallower) of the Artemis block. Both areas are west of the Burunga faut zone (Figure 3-35). This structural feature may have impacted local *in situ* stresses through geological time and have been a conduit of mineral rich ground water depositing carbonate minerals within the fractures and cleats. Although this is speculation there is a risk that gas deliverability and recovery from these areas may be lower compared with the areas located on the upthrown side of the fault zone.

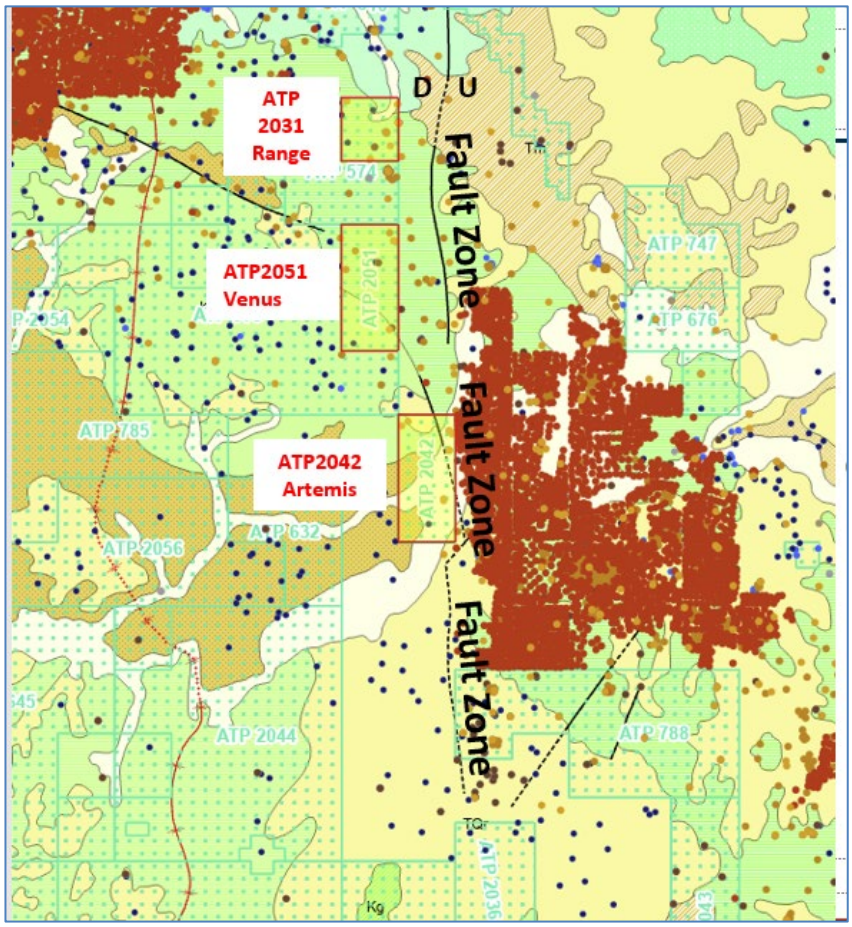

Figure 3-35: Location of Artemis, Venus and Range blocks relative to the Leichhardt fault zone

Senex has identified the key technical risks for the Artemis block to include:

- a limited dataset from offset appraisal/exploration wells;
- a rapid increase in depth and permeability decline from east to west;

[22] QGC Alvin 2 Well Completion Report, 2013 - Appendix III Geological Descriptions
[23] Venus 1 CSG Well Stimulation Update , Real Energy ASX Announcement 3rd December 2020

- the influence of basement structures on *in situ* stress, fracture density and fracture orientations which impact permeability on a localized scale; and
- the effectiveness and economic viability of enhanced stimulation has not yet been proven in the Surat Basin in coal with permeability less than 15 mD.

Senex' initial 4-year work programme is proposed to enable early testing and potential commercialisation if the resource is proven with the activities undertaken based on geo-domains, Figure 3-36.

- A NE Geo-domain defining the area with the highest potential for CSG productivity defined by a combination of areas east of the Baralaba Coal Measures zero edge, shallow Walloon Coal Measures, and areas above the 0.05 mD permeability contour mapped from offset well data. No Permian CSG potential is expected within this area.
- A Central Geo-domain defining an area between the NE Geo-domain and the Walloon Coal Measures overburden 800 m depth contour. The increased depth will mean a decrease in permeability. Permian coal CSG potential also exists within this area.
- A SW Geo-domain where the top of the Walloon Coal Measures overburden depth is expected to be deeper than 800 m. It is the deepest area within the block and coal permeability is likely to be less than 1 mD. Permian CSG potential exists within this area.

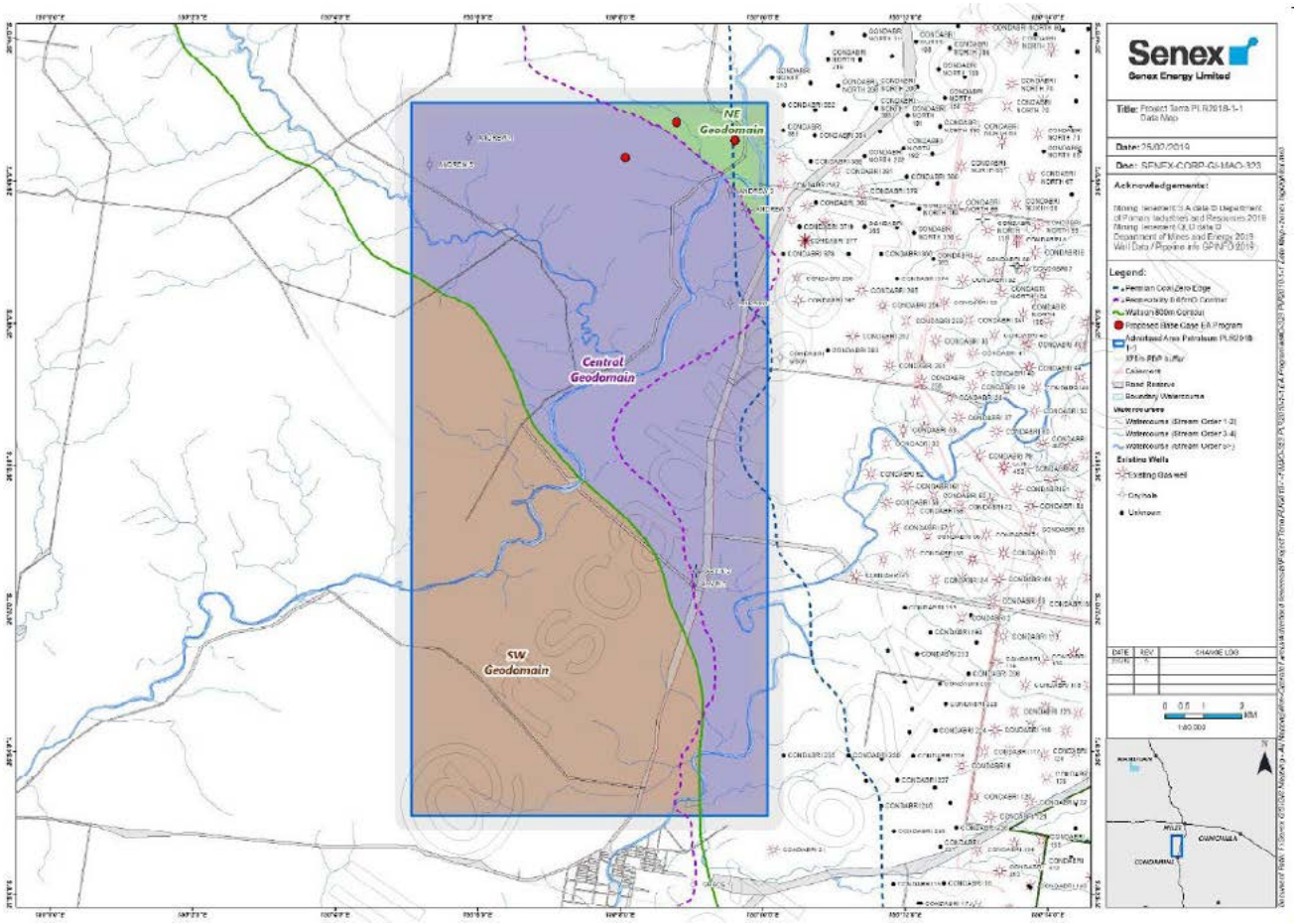

Figure 3-36: Artemis geo-domains

Senex' rationale for the work programme is provided in Table 3-14.

Table 3-14: Artemis work programme[24]

Work Programme	Rationale
Co-operative study with UQ Centre for Coal Seam Gas	Study on the enhancement of permeability in Jurassic coals
GG&E	Conduct regional stratigraphic interpretation Build geological model and geomechanical model using existing gas well as acquired data
NE Geodomain Walloon Coal Measures appraisal wells	Reduce uncertainty in key reservoir parameters (kH) in NE geodomain within the Walloon Coals, net coal, gas content and permeability; confirm stress regime to assist in technology section: Logs: confirm net coal, coal density, SBK stratigraphy/distribution, cement integrity Image logs: fracture distribution and stress orientation Core: confirm fault impact on GC and saturation. Geomechanical testing of core. DST/MDT: Confirm permeability (kH) DFIT: confirm stress and fracture pressures C&S
Central Geodomain Well – Walloon Permian target	Reduce uncertainty in key reservoir parameters (kH) in Central geodomain within the Jurassic Walloon Coals as well as Permian (Baralaba/Kianga target), net coal, gas content and permeability; confirm stress regime to assist in technology section: Logs: confirm net coal, coal density, SBK stratigraphy/distribution, cement integrity Image logs: fracture distribution and stress orientation Core: confirm fault impact on GC and saturation. Geomechanical testing of core. DST/MDT: Confirm permeability (kH) DFIT: confirm stress and fracture pressures C&S

RISC agrees with Senex' views on the technical risks and deems that the proposed work programme is appropriate to begin to address the current technical uncertainties.

Senex has estimated a P50 GIIP of 680 Bcf for the Walloon Coal Measures in Artemis block[25]. No estimates have been made for the Permian Baralaba Coal Measures as these have not yet been drilled within the tenement area. Although no volumetric uncertainty range has been provided, RISC can support this estimate as a single deterministic best case value based on the data currently available. No recoverable volumes have been estimated.

3.6. Rockybar gas exploration permit subsurface review

No material subsurface data exists over ATP2058. A number of Queensland Government funded stratigraphic wells (Taroom and Munduburra) have been drilled within the tenement to assess the geology in the area. There is no seismic coverage.

Coal seams of the Permian Blackwater Group (Baralaba Coal Measures, Rangal Coal Measures) are the targets for CSG exploration in the Rockybar tenement. Other coal-bearing formations are likely to be too deep for economic extraction of hydrocarbons.

[24] Appendix C: PLR2018-1A Artemis Bid Document, Senex
[25] Appendix C: PLR2018-1A Response template 6.2.13, Artemis bid document, Senex.

Baralaba Coal Measures coals are commonly thick and of moderate to low ash content. The main difference between seams of the Baralaba Coal Measures and those of the Burngrove Formation (or lithostratigraphic equivalent, the so-called "Mid-Baralaba Coal Measures") is the general lack of tuffaceous bands in the Baralaba Coal Measures. Interbedded between the coal seams is a mix of siltstones and sandstones. The sandstones are off white, pale grey, fine to occasionally medium grained with significant calcareous cement and very low to poor visible porosity. The siltstones are medium to dark grey, occasionally argillaceous grading to claystone, moderately hard and sub blocky to sub fissile.

In drill core the top of the Baralaba Coal Measures formation is indistinct in many places, it is marked by the gradual appearance of the characteristic dull green colouration of the Rewan Group over an interval of about 5-6 metres. The base of the formation is taken as the top of a thick banded coal seam in conjunction with an increased wireline gamma log response. This coal seam is characterised by the presence of tuffaceous layers with bright white, waxy appearance containing rock shards (Kaloola Tuff).

The structural geology of the Rockybar tenement is uncertain due to the lack of data. In the absence of any seismic coverage, Senex has used the publicly available Magnetic Resonance Geophysical Dataset to interpret the structure within the tenement area, Figure 3-37 and believes that it has the potential to host a shallower equivalent to the Burunga hanging wall anticline that hosts the Scotia/Peat CSG fields. Senex notes that the Tardrum/Cockatoo structure between the Burunga anticline and the Rockybar tenement is compartmentalised by faults and there is a risk that similar structural compartmentalisation may also exist at Rockybar.

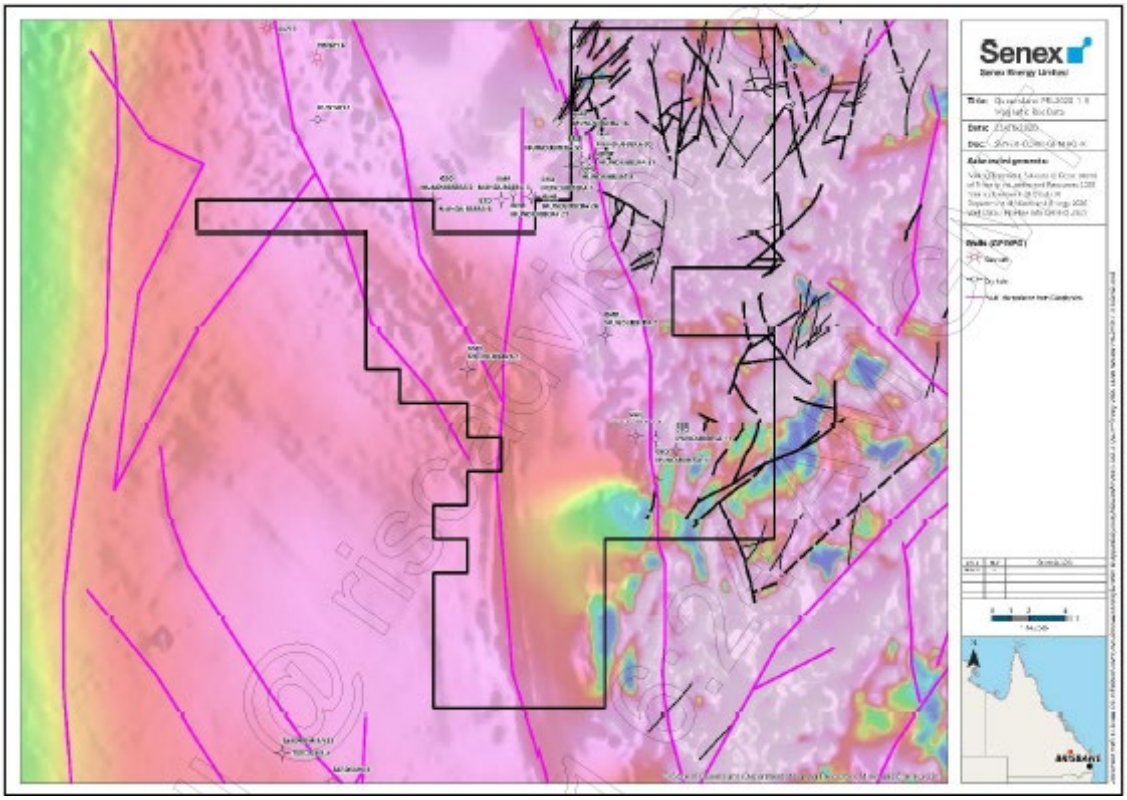

Figure 3-37: Rockybar permit outline and magnetic resonance data overlay with indicative fault planes

Senex proposes to acquire 45 km of high resolution 2D seismic during year 2 of its initial work programme, Figure 3-38. The lines will follow existing roads and tracks to minimise environmental impacts, and although this will provide some additional information it is insufficient to allow detailed regional structural mapping of the area.

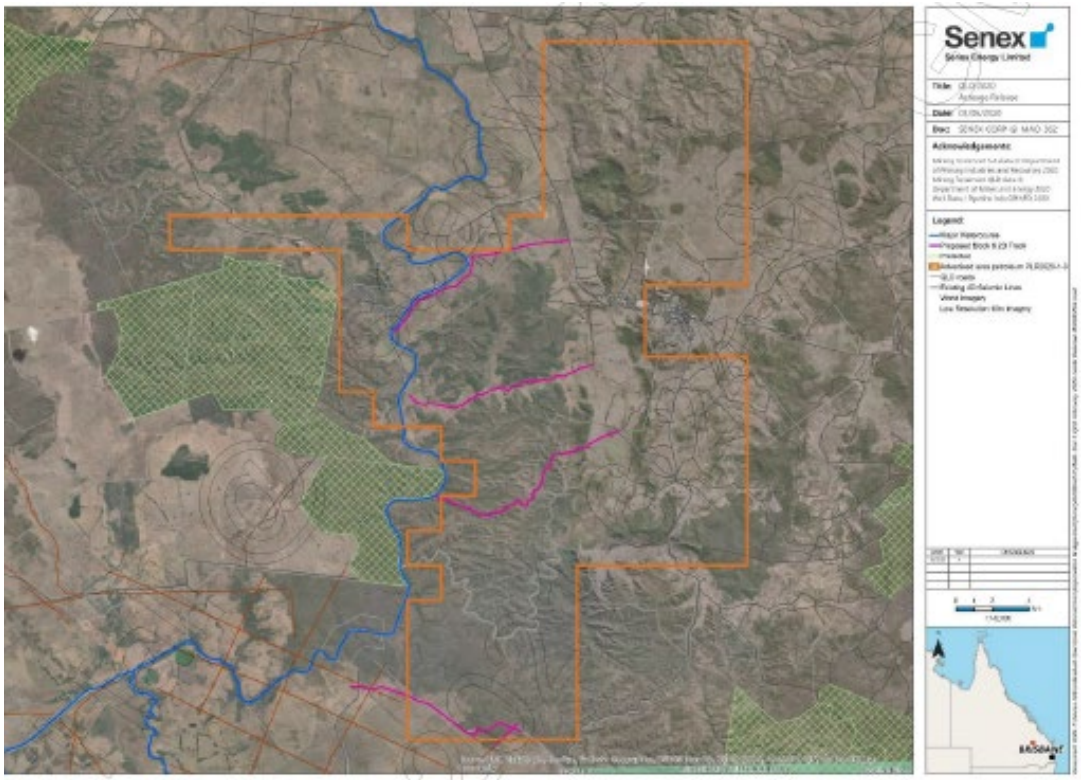

Figure 3-38: Proposed 2D seismic acquisition programme (purple lines)

The regional surface geology and offset well data provide additional useful geological insight to the possible CSG prospectivity of the area.

Figure 3-39[26] shows that the Blackwater Group outcrops or is at shallow overburden depth to the north of the tenement at Theodore South (where the coals have been mined). Areas east of this outcrop edge are too shallow for commercial CSG development and at Mundubbera 11 in the central east of the tenement basement rocks of the Camboon Andesite were intersected 180 m below ground level.

[26] Surface Geology Map, source GeoResGlobe, DoR, 2021

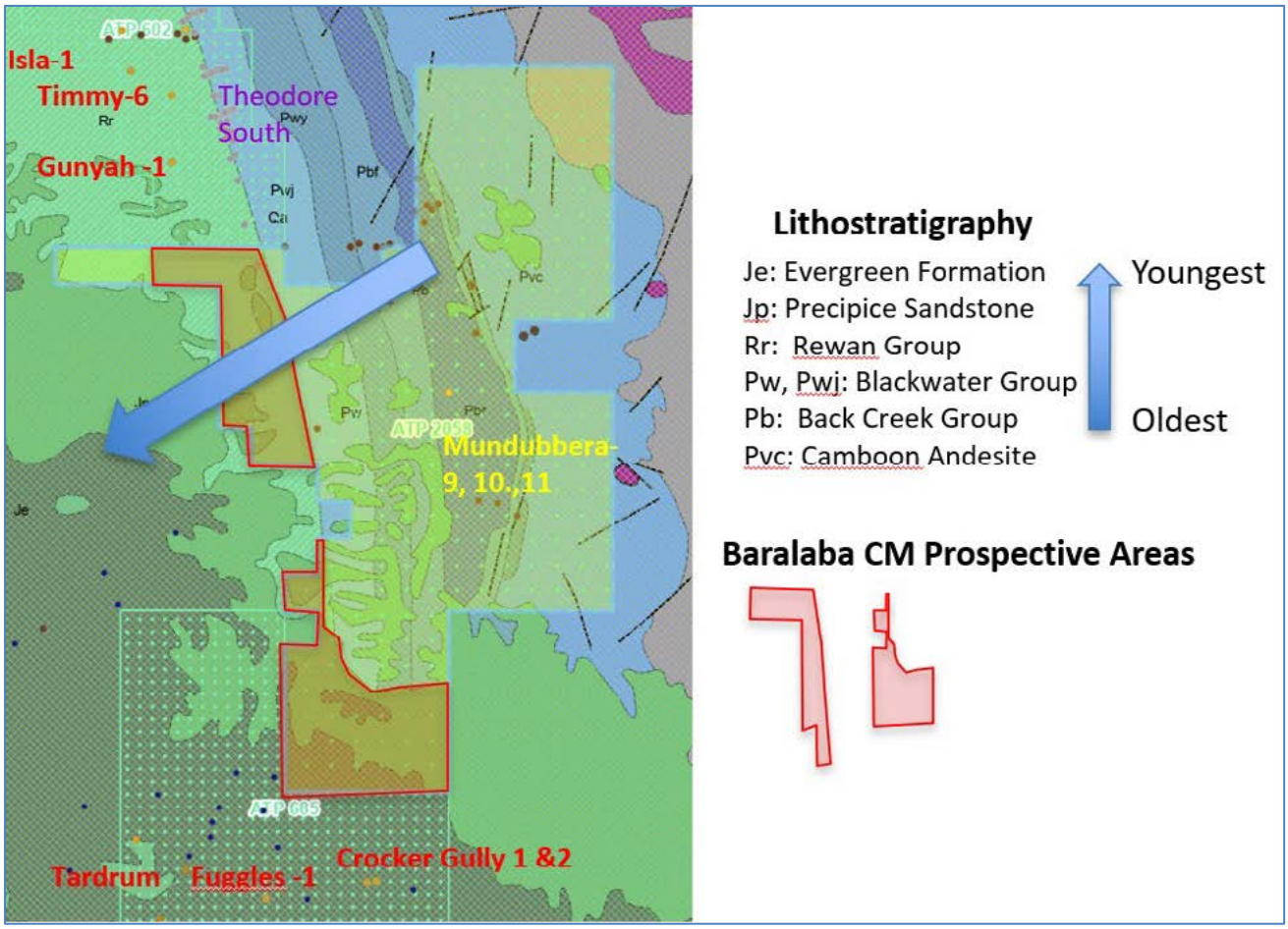

Figure 3-39: ATP2058 surface geology (modified from GeoResGlobe)

The Baralaba Coal Measures dip to the west and at Isla 1, Gunyah 1 and Timmy 6, all of which are approximately 3 km west of the outcrop edge, the overburden depth is at approximately 700 m, 530 m and 400 m respectively which gives an indication of the magnitude of the westerly structural dip in this area north of ATP2058.

South and southwest of the tenement, the Baralaba Coal Measures were intersected in CSG exploration wells Tardrum 3 and 4, Fuggles 1 and Crocker Gully 1 and 2, Figure 3-39. Overburden depths at these locations are 1030m, 1150 m, 1450m, 500 m and 380 m respectively. Senex is planning to drill an exploration well in Year 4 of its initial work programme to a depth of 600 m and which is similar to the depth at Crocker Gully. However, due to the absence of seismic in the tenement the overburden depth of the Baralaba Coal Measures is uncertain.

Average gas content data (as received basis) for Fuggles 1 and Crocker Gully 2 are 6.9 and 3.4 m3/tonne respectively, therefore in a 600 m well drilled in the Rockybar tenement the average gas content is likely to be in the 3-4 m^3/tonne range. Individual net seam thickness in these wells varies from 4 m to 7 m if a density cut off range of 1.3-1.8 g/cc is applied to the respective density logs.

From the available limited information, RISC has identified two prospective CSG areas within the Rockybar tenement, Figure 3-39. The eastern and western limits of the northern prospective area are depth controlled with the western limit defined by the permit boundary and likely overburden depth (based on the Isla 1,

Timmy 6 and Gunyah 1 information). The southern area is north of Crocker Gully where the coals are likely to be at sufficient thickness and overburden depth for commercial CSG development. The remaining (non-prospective) areas of the tenement are either too shallow (and likely to have low gas contents) or are absent east of the Baralaba Coal Measures zero edge.

Senex has estimated low and high side OGIP volumes of 21 Bcf and 522 Bcf respectively[27]. Senex' suggested recovery factors depend upon the absence (3%) or presence (68%) of a hanging wall structure. RISC has not independently calculated prospective resource volumes for the Rockybar tenement and supports a wide range in volumetric estimates as it reflects the current geological uncertainty.

Senex has proposed an initial 4-year work programme to appraise the tenement, Table 3-15.

Table 3-15: Rockybar proposed initial 4-year work programme

Year	ATP Work Programme
1	GGE: Subsurface Studies and Development Planning
	Seismic: Planning and Tendering
2	GGE: Subsurface Studies and Development Planning
	Seismic: Acquisition and Processing (approximately 45 km x 2D seismic lines)
3	GGE: Subsurface Studies and Development Planning
4	GGE: Subsurface Studies and Development Planning
	Drill: Drill and test 1 x approx. 600 m deep exploration well

The work programme includes a minor amount of 2D seismic (45 line km) in Year 2 and a 600 m exploration well in Year 4. The low level of activity reflects the relatively high technical and commercial risk currently assessed for the Rockybar tenement.

[27] PLR2020-1 Bid Document.pdf, Senex

4. Field development plans

4.1. Summary

Senex' timetable for the development of new stages of production is summarized in Figure 4-1.

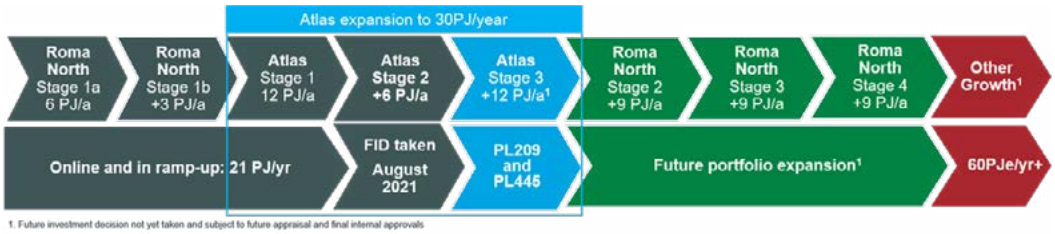

Figure 4-1: Senex' Surat Basin gas development expansion Stages

With the inclusion of the permits acquired from APLNG, PL209 and PL445, Senex' Surat Basin gas production is forecast to grow to 30 PJ p.a. in 2024. Senex is targeting[1] production growth to 60 PJe p.a. by the end of FY25. Whilst we do not consider the timetable for any individual development unreasonable, we note that with multiple new stages of development scheduled, together with additional wells for the existing developments, the timetable appears aggressive.

4.2. Roma North Gas Project

FID for the expansion of Stage 1 of the Roma North project to 9 PJ p.a. was taken in October 2020 and commissioning completed in August 2021. Senex[9] has announced the following timetable for further expansion:

- Stage 2 – expansion by a further 18 PJ p.a. – FEED completed, FID targeted for 1H FY22;
- Stage 3 – expansion by a further 9 PJ p.a. – FEED 1H FY23; and
- Stage 4 – expansion by a further 9 PJ p.a. – appraisal FY23.

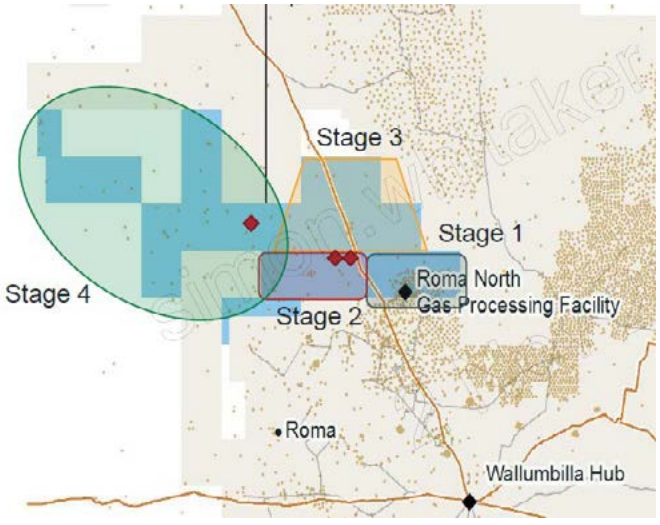

Figure 4-2: Target areas for Senex' Roma North expansion Stages

Senex indicates that drilling for Stage 3 will commence in FY23 with 65 wells, and for Stage 4 in FY24 with 60 well. Drilling for Stages 1 and 2 will be ongoing in FY22 and FY23 mainly in Region 1a and Region 2. By end FY23 124 of a total on 390 wells planned for Stages 1 and 2 will have been drilled. Appraisal of the Stage 3 and 4 areas will not have been achieved, and, noting the sparsity of the data in the Stage 3 and 4 areas, RISC considers that further early appraisal wells will be required if Senex' timetable is to be achieved.

4.3. Atlas region

During 1Q FY22 Senex announced[28] that the 50% expansion in nameplate capacity of the Atlas plant to 18 PJ/year (48 TJ/day) had been approved. Senex is finalising arrangements with Jemena to construct and fund the Atlas processing facility expansion under an extension of existing tolling arrangements with commissioning expected in 1Q FY23.

Senex also notes that Easternwell commenced a 30-well natural gas drilling programme across Senex' Atlas and Roma North developments with completion planned for early CY22.

At present Senex has identified the northern area within the PL445/PL209 area for development, Figure 1-1. RISC has only considered development within this area in its forecast. The northern area lies on the depth trend of the developments underway or planned in Atlas and further to the west by QCLNG, Figure 3-29. The southern area offers further potential but is not included in the forecast in this report.

No development has currently been identified by Senex in Regions 3 and 4 in PL445/PL209. Region 3 is on trend with QCLNG developments to the south of Atlas and represents an upside opportunity for future consideration.

Senex current plans show that 25 further wells will be drilled in Atlas prior to the start of drilling in the PL445/PL209 area. RISC considers that, with appropriate selection of the Atlas well locations PL445/PL209 can be appraised as development progresses. This "appraisal as part of development" has been done to date.

PL209 and PL445 are conveniently located close to the existing Atlas facility and various other natural gas pipelines, providing alternative routes to market for future gas production.

4.4. Artemis and Rockybar exploration permits

The Artemis and Rockbar permits are in the early stage of four-year exploration programmes. As such, no field development plan has been prepared for these assets at present.

4.5. Development risks and issues

There are a number of uncertainties with respect to gas development, however, having experience with the construction of facilities, the implementation of drilling programmes and operating 70 wells in Roma North and 45 wells in Atlas, Senex is well placed to understand and mitigate these. These issues include:

- well performance variations that will be experienced as a result of the natural underlying variation in reservoir properties, particularly the less well appraised areas of Roma North Stage 3 and 4 and PL445/PL209;
- time delays in finalising water offtake or land access agreements; and
- unexpected weather or social issues.

[28] Senex: Quarterly report for the quarter ended 30 September 2021

The latter two issues mentioned have some potential to impact the pace of a particular development but will have a limited impact as the concurrent developments offer the possibility of altering well schedules to offset any delays that are experienced.

We note that there is still appraisal required for Roma North Stage 3 and 4 and for PL445/PL209 where unfavourable results could impact development.

Whilst Senex has successfully managed two simultaneous developments, the proposed schedule requires management of multiple simultaneous developments for an extended period.

5. Production forecasts

5.1. Summary

Senex development wells for the Surat coals comprise a vertical well with slotted casing across the reservoir and interburden isolated by swell packers. For future developments this simple, but effective design is planned. A more complex design may be required for the deeper PL445/PL209 southern region however no development is currently scheduled for this region.

Senex builds up its forecasts for gas and water production using type curves generated using coal properties determined from different geo-domains. Wells are scheduled for production to build-up to then maintain the nominated design capacity of a facility. This method is common at this stage of a development. RISC has reproduced a number of these type curves and also matched historical gas production in neighbouring permits to confirm the veracity of the type curves.

RISC has generated low, best and high case forecasts for evaluation. The total gas production in RISC's mid case forecasts is close to the total from Senex forecasts although there are minor differences between the fields.

5.2. Gas production forecasting methods

5.2.1. Methods

Senex uses two methods to determine well production forecasts:

- New wells, and wells with insufficient production history, are forecast using a type curve; and
- Wells that have sufficient production data are forecast based on historical well performance.

5.2.1.1. Completion design

Well productivity will largely be determined by the variability in reservoir properties (thickness, gas content, permeability and saturation). However, the vertical configuration (completion design), areal configuration (spacing) and completion effectiveness (skin) are also critical determining factors.

Senex' completion design utilizes slotted casing over most of the target interval, Figure 5-1. Where practical the inter-Walloon sandstones, the Tangalooma and Juandah sandstones are isolated from the well inflow sections by Swell Packers. Most critically, the overlying Springbok Sandstone is isolated from the Walloon coals by both an External Casing Packer (ECP) and cement. The Springbok Sandstone is believed to have been a significant source of non-Walloon water in the Lacerta Pilot wells. As additional protection, the upper most Walloon coal seam is not included in the initial completed interval unless sufficient separation from the Springbok can be obtained. If not it is isolated behind blank pipe with an additional Swell Packer between it and the rest of the Upper Juandah coals. To date, all wells have found sufficient separation from the Springbok Sandstone and completion on the upper coal member has been possible.

RISC supports the completion design which has proved effective in wells to date. The approach maximises the chance of limiting the direct inflow of non-coal seam water into the wellbore which can lead to pump-off problems. The use of Swell Packers is a low cost installation option, but relies on good consistent hole diameter to achieve effective isolation.

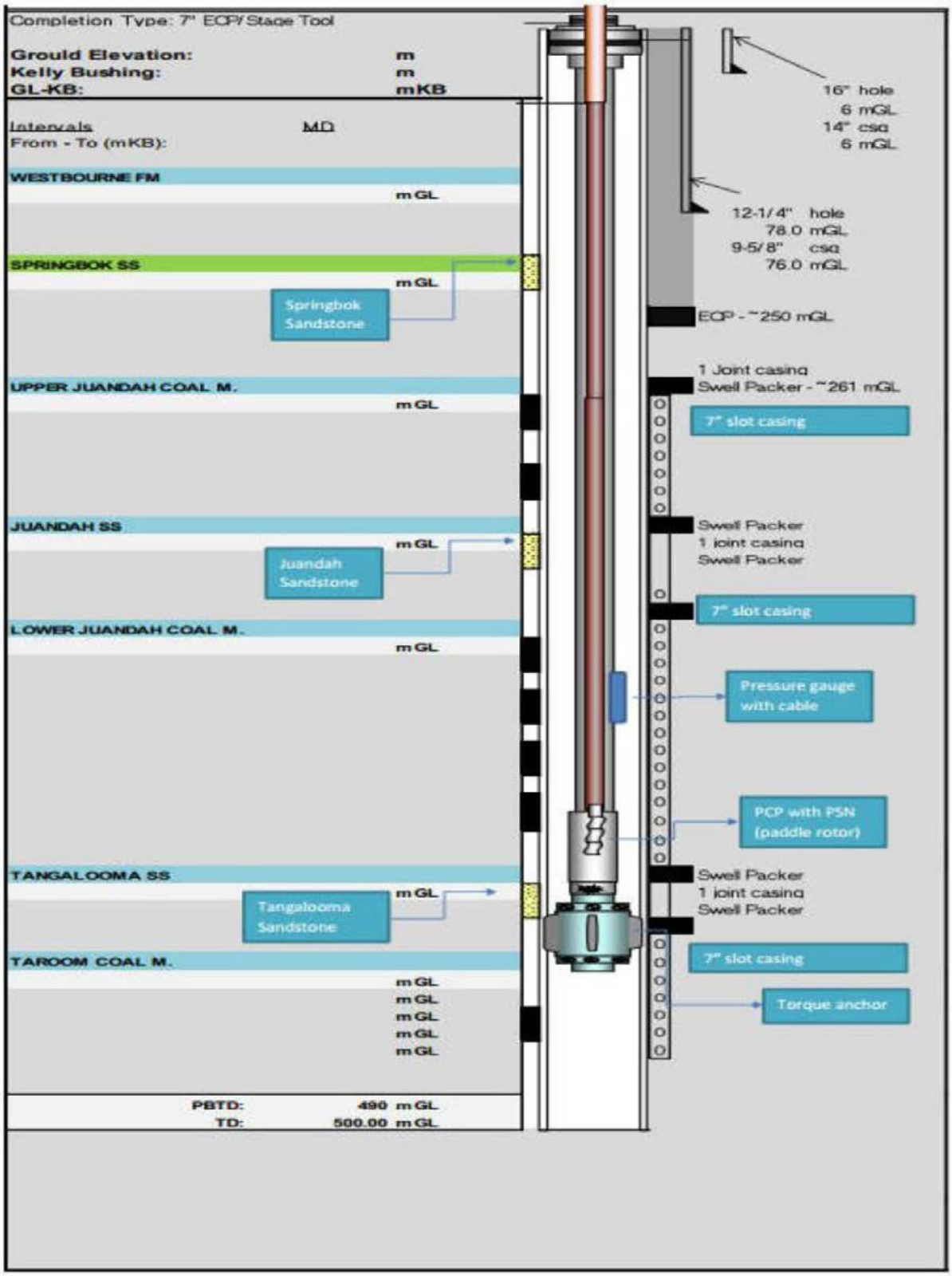

Figure 5-1: Senex' development well downhole configuration

Senex has generally used a development well spacing of 750m for the Roma North and Atlas development to date, which is consistent with the majority of the developments in the Surat Basin. The exception was the for the first 23 wells at Atlas where a 500 m well spacing was used to promote early de-watering of the wells. For Roma Stages 3 and 4, where development moves into shallower, more permeable regions Senex has developed type curves based on a 1000 m spacing.

5.2.1.2. Basis for well type curves

The basis for the type curves is the reservoir properties (e.g. coal thickness, gas content, permeability and gas saturation) from which type curves are generated using simulation models. As knowledge of the reservoir properties improves the models are updated and refined.

For Roma North, Senex introduced the latest version of its well type curves in early 2020. The type curves were introduced as actual production was out-performing forecasts based on the prior models. The detailed work underpinning the new type curves was supported by a number of PowerPoint reports[29, 30, 31, 32, 33] and comparisons with actual data. RISC has reviewed and accepted the models with summary descriptions.

In short, the latest type curves were based on the introduction of geo-domains (Regions 1 to 4) subdividing the Roma North project into 4 main regions based on geologic features, with a further subdivision of Region 1 based on proximity to the Hutton-Wallumbilla Fault, Figure 5-2. A further type curve was subsequently added to include the Don Juan region to the northwest.

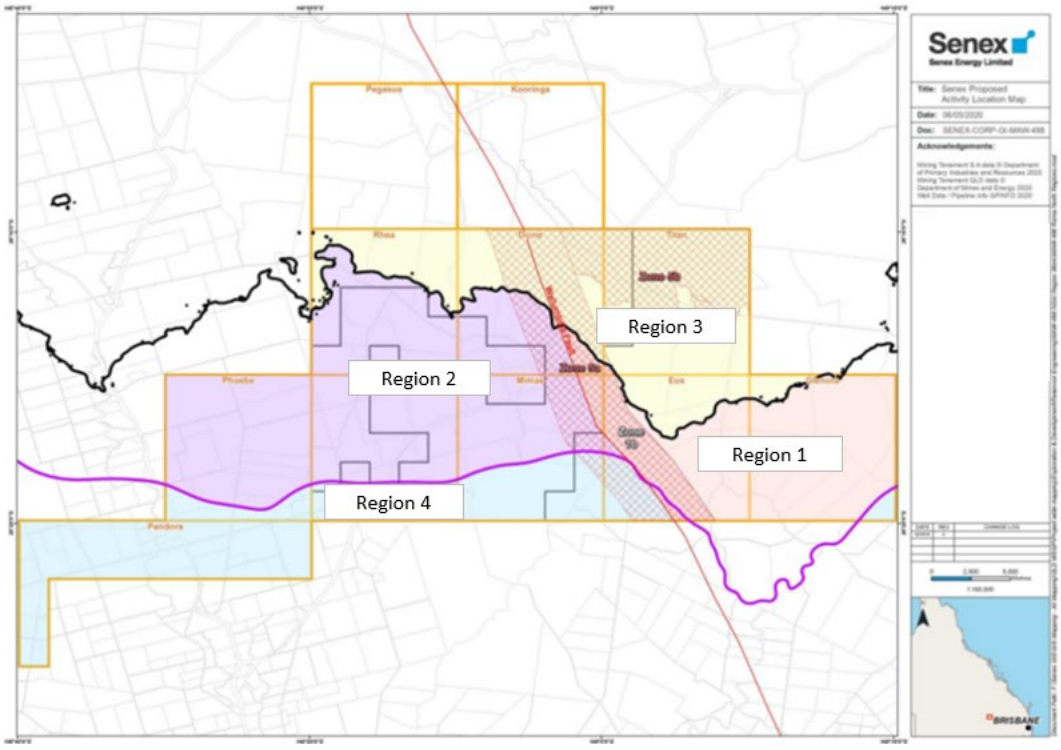

Figure 5-2: Senex' geodomains for the Roma North type curves

[29] Senex, Roma North TC Update March 2020
[30] Senex, TC_V5.2
[31] Senex, Type Curve v5.2 Assurance Actions
[32] Senex, R1-R4 Production Profiles 030720
[33] Senex, R1-R4_RISC

To date production has been concentrated in Region 1a with future development to continue in Region 1 to keep the existing plant at capacity before moving to Region 2 to supply the Stage 2 plant. There is no production from Regions 2, 3 or 4 at present.

Data are sparse in Regions 2, 3, 4 and Don Juan which results in considerable uncertainty in the type curves for these regions. However, as development progresses towards these regions the uncertainty can be addressed in a systematic manner. Acknowledging the uncertainty in the data, a wider uncertainty range has been included for the regions with lower data density.

RISC has independently generated type curves for Region 2 and 3 using the Rubis simulation software and has generated curves very similar to Senex using Senex' mean case parameters. Thus, we have independently verified Senex' method but acknowledge the uncertainty in the parameters due to limited data in some areas.

RISC has also compared Senex' type curves with type curves matched to the production from neighbouring permits with a longer production history than Senex' developments:

- for the Atlas-PL445/PL209 region RISC generated type curves based on the gas production from QCLNG's PL277 (which lies at a similar depth and is adjacent to Atlas, Figure 5-3); and
- for the Senex' Roma North development RISC generated type curves based on GLNG's Roma gas production performance (which is at a similar depth and adjacent to Senex' Roma North Region 4).

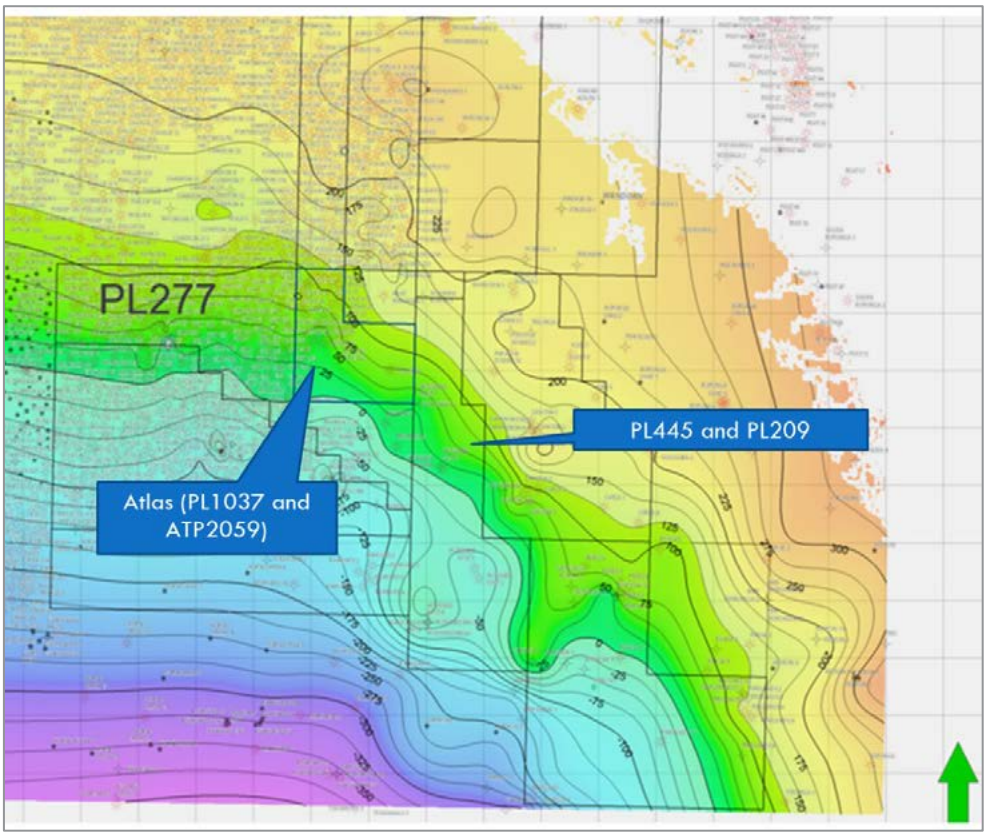

Figure 5-3: Depth structure map (mSS) at top Walloon CM illustrating the similarity of depth in PL277 with Atlas and PL445/PL209

For PL277, RISC found the gas production could be matched with a type curve that had a lower and later peak and slower decline than Senex Atlas type curve for new wells (TC3). The forecast gas production from RISC's type curve is 2.44 PJ per well, 9% greater than the forecast recovery from Senex' TC3 (2.25 PJ).

The peak rate in RISC's type curve is similar to that which Senex has generated for the existing Atlas wells.

As a comparison for Roma North RISC generated a type curve by matching the gas production of GLNG's Roma CSG area which lies immediately to the south of Senex' Roma North development. In this area the coals are increasingly deeper to the south and the GLNG's wells are therefore considered more representative of Senex' Region 4 than other regions, Figure 5-2. RISC again found that the production could best be matched with a type curve that had a lower and later peak than Senex' type curve however the difference was not as pronounced as for PL277 and Atlas (e.g. gas peak 335 GJ/d c.f. 355 GJ/d).

In practice there are many reasons why a well will take longer to reach peak rate than forecast, e.g. facilities constraints, delays awaiting workover, and this must be considered when comparing type curves based on actual production with those based on ideal performance.

Bearing this in mind RISC has used the performance based type curves for new wells at Atlas but retained Senex' Roma North Region 4 type curves where the differences were smaller.

Overall, RISC considers that Senex' mean type curves are reasonable but that they underestimate the time to reach peak rate and may underestimate the ultimate recovery achieved. Whilst there is uncertainty in the ultimate recovery it has been our observation that wells of the Walloon Coal Measures have generally been over-performing compared with expectation.

5.2.1.3. Forecasts based on historical well performance

For wells with sufficient production data, Senex uses a method based on a combination of water decline curves and average gas ramp up to predict future well production. Senex defines "*sufficient data is generally when water production can be characterised by an Arps decline curve equation and clearly identifiable gas production ramp"* and has advised that almost all wells on production for the Roma North and Atlas regions are currently being forecast with this method.

Senex' method is based on the observation that decline in water production in the CSG wells is generally defined earlier than the gas profile. The method takes the water decline to define the pressure decline in the reservoir which then determines the rate of gas release.

RISC has reviewed the forecasts generated by Senex and considers the forecasts to be reasonable. Forecasts for the developed wells comprise less than 9% of Senex' gas total gas production forecast.

5.2.1.4. Converting well forecast to full field forecasts

For each of the four development, Atlas, PL445/PL209, Roma North Stage 1and 2 and Roma North Stage 3 and 4, Senex has generated gas production forecasts for the full Field Development Plan (FDP) by scheduling the number of wells required to build gas production rates to the planned facility capacity and then maintain that plateau by scheduling additional wells until all well locations have been developed.

Forecasts are generated in volumetric terms (cubic feet from the type curves and well count) with allowances for fuel and flare, well availability and a volume (cubic foot) to energy (Joule) conversion based on the heating value of the gas.

This approach is commonly applied at this stage of development.

5.3. Field forecasts

Senex provided a single, best estimate, gas production forecast for Atlas, PL445/PL209, Roma Stage 1 and 2 and Roma Stage 3 and 4. RISC has generated low, mid and high case forecasts to incorporate the uncertainty estimated in the regions and to incorporate variations in type curves, Figure 5-4.

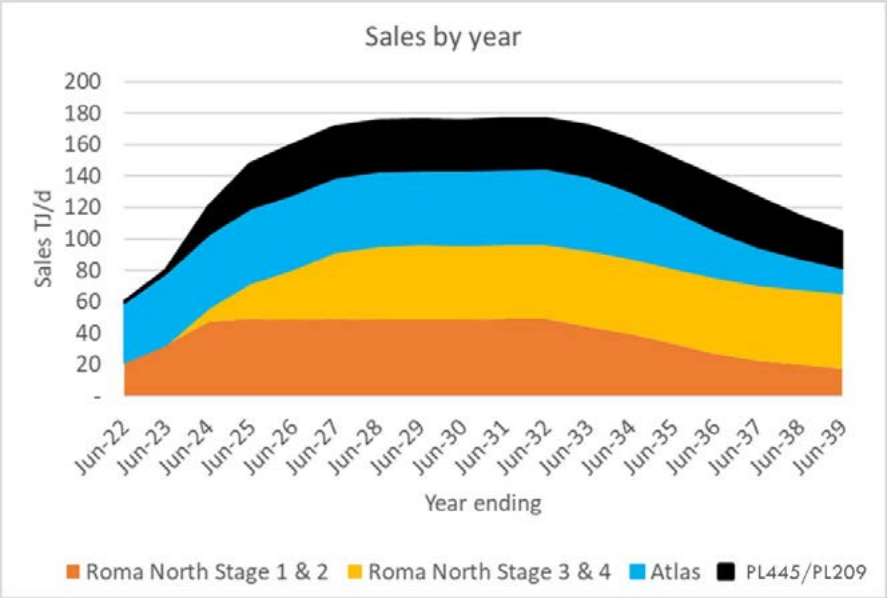

Figure 5-4: RISC's mid case gas production forecasts by field

RISC's mid case forecast builds at a similar rate to Senex' gas sales forecast but has a slightly longer plateau as a result of the slower decline in RISC's type curve than Senex type curve. RISC's low case forecast ramps more slowly than Senex' forecast due to lower type curves and limits placed on annual well numbers, whilst RISC's high forecast ramps more steeply and maintains the plateau for longer.

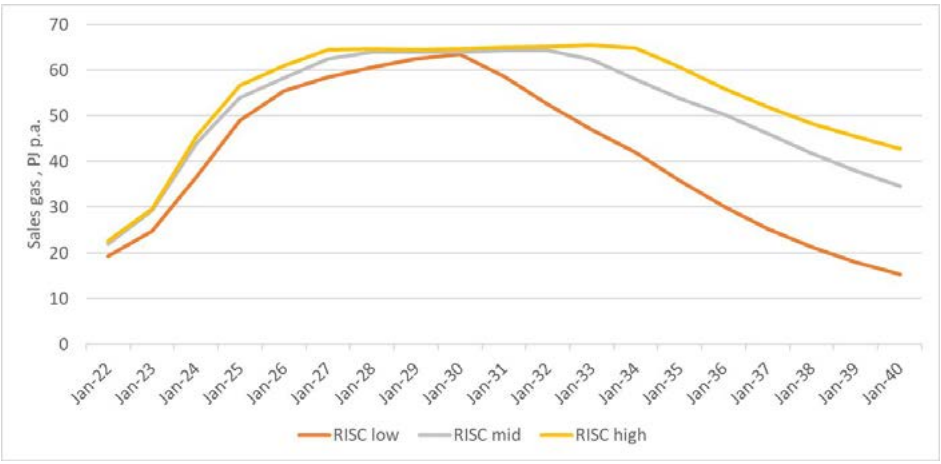

Figure 5-5: RISC's low, mid and high case gas forecasts

In addition to uncertainties in average well productivity (as described by the type curves), RISC's gas production and sales gas forecasts include a variation in well numbers where larger geological uncertainties in the coal properties exist, e.g. Roma North Region 3 and Don Juan. No well count variation has been introduced where the permit or region boundaries determine well numbers, e.g. Atlas and Roma North Region 1a.

During development of Atlas and Roma North Stage 1 Senex successfully drilled 10 wells per month using one dedicated rig and a workover rig for completions. For each forecast case RISC has therefore limited the maximum number of wells in a year to 120 wells.

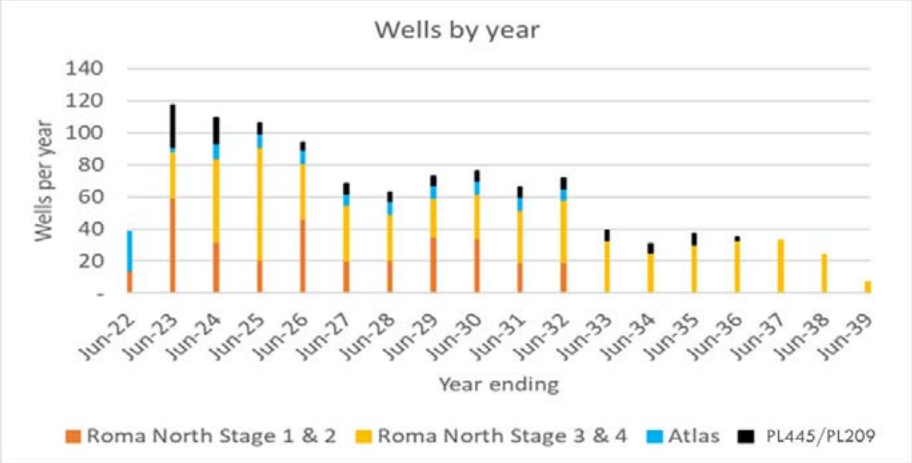

Figure 5-6: Well drilled per year for RISC's mid case forecast

5.4. Water production

5.4.1. Methods

Water production forecasts can be generated using water production type curves in a manner similar to gas production. Typically, water production from CSG wells starts at a high rate and declines as wells are de-watered and gas production commences. At Atlas, for example, the wells drilled on a 750m spacing had an initial average water production rate of around 500 bbl/d but this reduced to 250 bbl/d after 12 months. To cater for this behaviour water infrastructure is designed with sufficient dam storage to buffer the peak early water production, and with a relatively small treatment facility which steadily processes that stored water over time. The permeate is used for irrigation (landholder and dam bank) and construction, brine is collected in tanks.

Senex uses volumetric water balance models to investigate options for dam size and treatment and transfer design[34]. The models produces forecasts of future production and storage levels and allows sensitivities to be modelled to understand key risks and future water infrastructure requirements. The model is run on a quarterly basis and incorporates:

- Well water production forecasts;

[34] Senex: Surat Basin Water Forecast FY2021 Q3, 12/3/21 Rev 0, OPS-QLDS-WW-REP-001

- Irrigation and construction water demand forecasts;
- Water Treatment Plant capacity and availability;
- Current storage levels and interconnection between dams;
- Climatic data (e.g. rainfall and evaporation data).

RISC notes that, if properly maintained and calibrated, the use of such models provides assurance that potential issues can be identified early and acted upon in a timely manner.

5.4.2. Roma North water production forecasts

The Roma North water gathering network was designed and constructed for two fields, Glenora and Eos, to flow to their respective storages, the Eos and Glenora dams. Within the water gathering network a series of valves allows certain wells to flow to either storage, however due to system pressure limitations, wells in the western part of Eos cannot flow to Glenora dam.

Eos dam has a capacity of 180 Ml (million litres), whilst Glenora has 300 Ml capacity and a pivot irrigation system that takes ~450 Ml/year of water from the dam, consequently, the focus to date has been to divert as much water as possible to Glenora dam. The status of the water and brine storage at Roma North is shown in Table 5-1.

Table 5-1: Roma North water dam and tank status

Storage / demand	Glenora dam	Glenora tank	Eos dam	Tethys dam
Capacity (Ml)	300	42	180	550[3]
% Full	60	60	82	
Forecast Full Date[2]	Mar-24	Feb-25	Jul-24	-
Online	Filling	Shut	Shut[1]	-

Note 1 – Eos dam inlet valve closed – All water in Roma North flowing to Glenora Dam Storage
Note 2 -Forecast Full dates assume P_{50} rainfall (average rainfall)
Note 3 – Size TBC (Tethys dam does not yet exist)

Water production from Roma North Stage 1 peaked at ca. 18,000 bbl/d in April 2020 when well numbers first reached 60 wells. Water production has since declined to ca. 8,000 bbl/d, slightly above the water treatment capacity (ca, 7,750 bbl/d). The existing water disposal in the Eos and Glenora blocks requires a small increase in disposal capacity, and a new disposal facility is required in the Stage 2 area. Upgraded water disposal capacity is incorporated as part of the Roma North expansion project.

Concepts for Stage 2 water offtake at Mimas or Tethys have been investigated, however have not yet been agreed with the landholder (ACC) or progressed to specific design components. It is expected that a mutually beneficial arrangement can be made with ACC to allow progression of the project into the define phase for site works to commence.

For the Stage 3 expansion we consider that the facility site, close to the Stage 2 site, will enable some savings by using ullage in the Stage 2 facilities.

The Roma North Stage 4 facilities are distant from the Stage 1 to 3 facilities, forecast water production per well is higher than for Stage 1 and 2 wells, and a larger number of wells will be drilled with 50 wells drilled initially. As a result we foresee the need for a large, independent water treatment plant for this Stage.

5.4.3. Atlas region water production forecasts

The Atlas water treatment facilities comprises a treatment plant (1 Ml/d), two brine tanks and two storage tanks. The status of the water and brine storage at Atlas is shown in Table 5-2.

Table 5-2: Atlas water dam and tank status

Storage / demand	Atlas dam 1[2]	Atlas dam 2 C1	Atlas dam 2 C2	Atlas brine tank 1	Atlas brine tank 2
Capacity (Ml)	300	300	500	4	44
% Full	89	68	43	20	0.2
Forecast Full Date[1]	Always	Apr-22	Never	Jun-22	Jun-25
Status	Filling	Shut	Shut	Filling	Shut

- Note 1 - Storage Forecast Full dates assume P_{50} rainfall (average rainfall)
- Note 2 – Atlas values are based on Atlas 48 TJ/d case

A water balance model for the Atlas 48TJ/d case showed that, although the current produced water storages are adequate for the predicted flows additional brine storage will be required in mid 2024 and an increase the current water treatment plant capacity to 1.5 Ml/d of processing capacity is required.

The upgraded plant would be required for ~ 10 years and produce 1.32 Ml/d of permeate; and 0.18 Ml/d of brine.

As with the gas forecasts, RISC anticipates that the PL445/PL209 water production per well will be slightly lower than at Atlas. However, as the overall facility capacity of the Atlas plant is larger than PL445/PL209, and as there will be some ullage in the Atlas dams we anticipate a slightly lower facility size overall.

6. Development costs

6.1. Summary

Future capital costs are largely driven by the number of wells that are planned to be drilled. Development plans and RISC's methodology for estimating future well numbers is outlined in sections 4 and 5. The well and gathering cost forecast assumes that some modest improvements in drilling, completion and connection performance are achieved as a result of learnings acquired during campaign drilling resulting in a slight reduction in well costs from FY 2025. All costs reported in this section are nominal (money of the day) Australian dollars.

Capital costs do not include gas treatment facilities which are assumed to be constructed and operated by a third party.

RISC has used Senex' financial model as the basis for our operating cost forecasts. The model is based on field opex that is mainly related to well numbers, workover costs based on well numbers and estimated workover frequency, landholder costs and costs associated with regulation and compliance and water disposal costs. Water disposal costs are relatively minor, field and workover costs account for the majority of operating costs. RISC has modified Senex' operating costs by smoothing out the cost trends where step changes occur due to irregularities in the forecasting methodology. Overall operating costs are linked to well numbers though we do recognise that reductions will occur later in field life as production declines, some wells become uneconomic and are not maintained and marginal wells have less resources applied to them. Many wells will be free flowing by this stage and therefore pumps will not need to be maintained.

Overall, we note that Senex has been operating the ROMA North and Atlas fields for several years and this has provided historical data which RISC has used as the basis from which to assess future costs.

Senex has modelled all decommissioning costs to occur in the last quarter of the financial model (2060). While we doubt this will occur in reality we consider it to be a reasonable approximation as some wells will probably be P&A before 2060 and others are likely to be producing after this date.

6.2. Capital costs

6.2.1. Capital cost summary

Capital costs quoted in this section exclude gas treatment and evacuation facilities as such facilities are assumed to be constructed and operated by a third party as are Senex current facilities at Atlas and Roma North Stage 1. Capital costs do include some facility costs as Senex retains responsibility for gas and water gathering and water treatment and disposal. Abandonment costs are included in the table below.

Table 6-1: Capital costs for Senex' developments

Asset	Low	Best	High
	A$million	A$million	A$million
Atlas	200	191	186
RN1&2	651	675	683
RN3&4	957	1,126	1,219
PL209/445	203	240	245

Corporate	10	10	10
	2,021	2,242	2,343

Typically, for a CSG development, the well costs are the largest capital item, and this is particularly the case for the Senex developments where a third party is assumed to undertake the development of the gas treatment facilities.

Senex unit well costs have been demonstrated through the Atlas and Roma North developments to date. The primary uncertainties moving forward are a) whether additional "learnings" can provide further cost savings and b), the number of wells to be drilled.

Note here that the "High" case refers to a "High value" outcome, thus a "high" outcome refers to a lower well cost, not a higher well cost. This is the case with Atlas, however, for RN3&4, the "high" case has a higher cost as, the greater number of wells assumed overrides the cost savings per well.

Costs stated in the following sections refer to RISC's mid case forecasts and exclude abandonment costs.

6.2.2. Atlas region

Future capital costs (excluding abandonment, $26 million) are estimated to be A$166 million, of this $131 million (80%) is for 98 wells and associated gathering costs. The balance is for water handling (water treatment, storage and disposal), facilities, planning and ongoing 'stay in business' expenditure for small capital projects to upgrade and modify facilities periodically.

RISC has reviewed the costs provided and notes that Senex' costs are consistent with the recent Atlas development. RISC has assumed a small improvement in the unit well cost post 2025.

6.2.3. PL445/PL209

Future capital costs (excluding abandonment, $24 million) are estimated to be A$216 million, of this $169 million (~80%) is for 112 wells and associated gathering costs. Unit well costs in PL445/PL209 are forecast to be slightly higher than in Atlas mainly because of more difficult surface conditions. The balance of capital expenditure is for water handling (water treatment, storage and disposal), facilities, planning and ongoing 'stay in business' expenditure for small capital projects to upgrade and modify facilities periodically.

Senex' costs have been demonstrated through the recent Atlas developments. PL445/209 is adjacent to Atlas and at a similar depth, cost structures are therefore assumed to be similar.

6.2.4. Roma North Gas Project

Future capital costs (excluding abandonment, $200 million) are estimated to be A$1.6 billion (Stages 3&4 $1 billion, Stages 1&2 $0.6 billion), of this $1,286 million (80%) is for 905 wells and associated gathering costs. The balance is for water handling (water treatment, storage and disposal), facilities, planning and ongoing 'stay in business' expenditure for small capital projects to upgrade and modify facilities periodically.

RISC has reviewed Senex' cost estimates and the forecast costs are based on Senex'recent Roma North developments.

6.3. Operating costs

Operating costs quoted in this section are field operating costs and associated support costs, they exclude gas purchases, tariffs and royalties.

Table 6-2: Operating costs for Senex' developments

Asset	Low	Best	High
	A$million	A$million	A$million
Atlas	1,026	1,122	1,159
RN1&2	1,088	1,204	1,280
RN3&4	1,754	2,249	2,643
PL209/445	652	778	853
Corporate	326	326	326
	4,846	5,679	6,261

Costs stated in the following sections are for RISC's mid case forecasts.

6.3.1. Atlas region

Lifecycle field operating costs are forecast to be $359 million to 2060. Opex is forecast to plateau at around $20 million p.a. in 2029-30 when all wells are online before production starts decreasing. The unit operating cost is approximately $1.35/GJ over the period FY2022-2060.

The operating costs are dominated by the tariff payments. In the Atlas example above tariffs comprise roughly 50% of operating costs. This high proportion is the inevitable result of the development model selected by Senex where capital savings made by having a third party undertake the gas facility construction and operation are recouped by the tariffs paid over the lifetime of the field.

Senex forecast operating costs are based on costs established through the historical operating costs of the Atlas field.

6.3.2. PL445/PL209

Lifecycle field operating costs are forecast to be $235 million 2023 to 2060. Opex is forecast to plateau at around $10 million p.a. in mid 2030s when all wells are online before production starts decreasing. Unit operating cost is approximately $1.10/GJ over the period 2023-2060.

Forecast operating costs are based on the historical costs of the Atlas field.

6.3.3. Roma North Gas Project

Lifecycle field operating costs are forecast to be $1,708 million to 2060, and $649 million for stages 1&2 and $1,059 million in stages 3&4. Stage 1&2 Opex is forecast to plateau at around $30 million p.a. in early 2030s when all wells are online before production starts decreasing. Stage 3&4 Opex is forecast to plateau at around $50 million p.a. in early 2040s when all wells are online before production starts decreasing. Unit operating cost is approximately $2.6/GJ over the period FY2022-2060 across all phases.

Forecast operating costs are based on the historical operating costs of the Roma North field.

6.4. Royalties and tariffs

Government and third party royalties estimated to be paid by the projects to 2060 total $1,436 million, or approximately $1.20/GJ. Third party royalties are only applicable to PL445/PL209. Tariffs are estimated at $1,810 million, or approximately $1.50/GJ.

6.5. Decommissioning and abandonment costs

An assumption has been adopted of a unit abandonment cost of $100k/well (2021$). This includes plug and abandonment of the well and decommissioning, and where necessary, removal of the associated surface facilities. This results in total estimated money of the day decommissioning costs of approximately $250 million - $84 million in Roma North stages 1&2, $125 million in Roma North stages 3&4, $28 million in Atlas and $24 million in PL445/PL209.

7. Indicative valuation of exploration assets

7.1. Summary

RISC has reviewed the underlying prospectivity of the Artemis and Rockybar permits and, considered whether there are suitable analogue transactions and reviewed the value of the exploration work programme (ca. A$12 million).

Overall, RISC does not rate the permits as highly prospective and provides an indicative valuation range for the permits is between a low case estimate of -A$12 million to a high case estimate of +A$12 million.

The low case estimate is the value of the exploration work programme for the permits and represents the outcome of an unsuccessful 4-year work programme commitment, i.e. an investment of A$12 million with no value accretion. The high case represents the cost of the work programme, which once spent, represents the investment in the assets through the associated data or a small development in the northeast of Artemis block

The mid case outcome of zero largely reflects RISC low estimate of the prospectivity of the permits (mid point of low and high cases) and again could reflect a small development in Artemis block.

We note that the permits were awarded on the basis of a competitive tender process in which Senex' bid was successful. Although Senex' work programme represents only a part of the evaluation criteria, we consider that it will represent an important part in determining the preferred tenderer. Whilst the Government does not disclose the number of tenders received for any permit nor the value of the work programmes, we consider it is likely that the work programme of the preferred tenderer will be close to the highest dollar values tendered.

In the absence of any higher offers having been received from the wider petroleum community the offer of the preferred tenderer can be considered the highest value that the petroleum community places on the permit at the time of the bid. As Senex is early in the term of the permits and no significant work has yet been undertaken we do not believe that there is reason to change this view on the basis of results to date.

7.2. Considerations

7.2.1. Past exploration and geological considerations

The Artemis permit, ATP2042, was formerly part of ATP647 (north) and ATP632 (south) in which QGC drilled seven CSG exploration wells between 2001 and 2013. The entire Walloon Coal Measures was cored in Arvin 2 and found carbonate mineralization of 10-20% of the cleats to be common throughout the section, with some up to 50% filled, other coals had no visible cleats or fractures. Permeability (and gas deliverability) will be detrimentally affected as a result.

After expiry of the prior permits the block was offered as PLR2018-1-1 in the Queensland Government's 2018 Petroleum Land Releases (PLR) and Senex was awarded as ATP2042 in 2019[35]. These Queensland Government's releases make exploration acreage available for competitive public tender.

[35] Senex: ASX Announcement Release Date: 28 May 2019

In Section 3.5 we identify a number of technical risks for the Artemis block including the limited dataset, a permeability decline due to depth, the influence of basement structures on *in situ* stress, fracture density and fracture orientations which impact permeability and mineralization of cleats.

The Rockybar permit, ATP2058, had formerly been part of several older exploration permits held by a number of companies however no conventional or CSG wells have been drilled within the permit. Senex was awarded ATP2058 in 2020[36] after it was offered as PLR2020-1-9 in the Queensland Government's 2020 Petroleum Land Releases.

No material subsurface data exists over ATP2058, the Rockybar permit. A number of Queensland Government funded stratigraphic wells (Taroom and Munduburra) have been drilled within the tenement to assess the geology in the area. There is no seismic coverage. Coal seams of the Permian Blackwater Group (Baralaba Coal Measures, Rangal Coal Measures) are the targets for CSG exploration in the Rockybar tenement. Other coal-bearing formations are likely to be too deep for economic extraction of hydrocarbons.

In summary, from a technical point of view, RISC does not rank either of the exploration permits highly.

7.2.2. Comparative transactions

Details of several recent transactions involving CSG assets in Queensland are presented in Table 7-1. However, we do not consider any of these to provide a comparable transaction for the purpose of valuing either the Artremis or Rockybar permits based on geological considerations and appraisal/development status.

We describe both Artemis and Rockybar as in an early stage of exploration/appraisal, having no assessed reserves and a low geological chance of success. By comparison:

- Ironbark has had pilot production, has assessed reserves and (part of the permit) represents a viable CSG development as an extension of the Undulla Nose;
- the Mahalo Gas Project has pilot production and assessed reserves. The transaction represents a change of ownership to better align the development plans of the JV parties;
- the APLNG acquisition represents a major acquisition including both developed and undeveloped reserves, production, infrastructure and access to LNG exports; and
- Murrungama Permit, although without any wells at the time, was a highly prospective permit in the productive Undulla Nose region of the Surat Basin and has since been converted to a Petroleum Lease.

Table 7-1: Recent Queensland CSG transactions

Acquirer	Vendor	Target/asset	Interest acquired	100% implied consideration	2P	3P	Date	Development status
			%	A$ million	PJ gross	PJ gross		
APLNG	Origin Energy	Ironbark	100	231	129	192	Feb-19	Undeveloped
Comet Ridge	APLNG	Mahalo Gas Project	30	67	80	137	Aug-21	Undeveloped

[36] Senex: ASX Announcement Release Date: 21 September 2020

EIG Partners[37]	Origin Energy	APLNG	10	21,200	11,339	12,204	Oct-21	Dev and undev.
APLNG	Armour Energy	Murrungama	10	36.8	60	90	Aug-20	Undeveloped

7.2.3. Work programmes

Both Artemis and Rockybar were offered as petroleum tenures by the Queensland Government as part of its process to make exploration acreage available via competitive public tender. The competitive tendering process begins with the publication of a gazette notice stating that a call for tenders has commenced and specifying the tender areas that will be included in the process. The gazette notice is accompanied by a tender document that sets out details of the tender and the evaluation criteria used to assess submissions. Generally, the evaluation criteria relate to the:

- appropriateness of the tenderer's proposed exploration work programme;
- tenderer's technical and financial capability to deliver the proposed work programme;
- tenderer's history of, and commitment to, compliance with relevant resources, environmental, health, safety, cultural heritage and native title requirements; and
- the tenderer's proposed community consultation approach.

Other evaluation criteria may also be included in the tender document and used in the assessment process. Each tender submission is assessed against the evaluation criteria and ranked accordingly. When the evaluation process is complete, a tenderer may be appointed as the preferred tenderer for a tender area, subject to certain conditions. Preferred tenderers then have the exclusive right to apply for an exploration authority over the awarded tender area. The preferred tenderer must meet further environmental, native title and any other approval requirements before they can be granted an exploration authority. Once an exploration authority has been granted, the preferred tenderer must complete land access requirements and, depending on any applicable land use constraints, meet other approval requirements prior to commencing on-ground exploration activities.

Thus, although the work programme represents only a part of the evaluation criteria, we consider that it will represent an important part in determining the preferred tenderer as the Government seeks to unlock the State's resources. The Government does not disclose the number of tenders received for any permit nor the value of the work programmes, however, we consider it is likely that the work programme of the preferred tenderer will be close to the highest dollar values tendered.

Senex' annual work programmes for the Artemis and Rockybar permits is summarised in Table 7-2.

Table 7-2: Four-year work programme commitments for Artemis and Rockybar permits

Year	Artemis	Rockybar
1	$265,000	$115,000
2	$215,000	$557,144
3	$4,140,000	$75,000
4	$5,050,000	$1,135,000
Total	$9,670,000	$1,882,144

[37] Subsequently pre-emptive rights have been claimed by CoP. Origin Announcement,9 December 2021, ConocoPhillips pre-empts sale of 10% interest in Australia Pacific LNG

In the absence of any higher offers having been received from the wider petroleum community the offer of the preferred tenderer can be considered the highest value that the petroleum community places on the permit at the time of the bid. As Senex is early in the term of the permit and as no significant work has been undertaken to date we do not believe that there is reason to change this view on the basis of results to date.

8. Reserves and resources

The Roma North reserve as at 30 June 2021 estimated by NSAI[38,39] are 1P reserves of 120 PJ, 2P reserves of almost 500 PJ and 3P reserves of almost 750 PJ, Table 8-1. The reserves are stated for 9 sub-blocks in the WSGP region and 11 in the Don Juan region and are stated after the deduction of 8.9% for fuel.

Table 8-1: NSAI Roma North reserves estimates as at 30 June 2021

Region	Source	1P	2P	3P
		PJ	PJ	PJ
WSGP	NSAI	120	430	584
Don Juan	NSAI	0	68	162
Total – RN region	NSAI	120	497	746

The Atlas permits (PL1037 and ATP2059) reserves as at 30 June 2021 estimated by NSAI[40] are shown in Table 8-2. The reserves are stated after the deduction of 10.4% for "shrinkage".

Table 8-2: Reserves estimates as at 30 June 2021 for Atlas area permits

Region	Source	1P	2P	3P
		PJ	PJ	PJ
PL1037	NSAI	126	223	223
ATP2059	NSAI	15	47	47
Total – Atlas region	NSAI	141	270	270

Senex engaged NSAI to provide an independent estimate of reserves and contingent resources for the PL445/PL209 permits, Table 8-3.

Table 8-3: Reserves and contingent resource estimates as at 30 June 2021 for PL445/PL209 northern area permits[41]

Region	Source	1P	2P	3P
		PJ	PJ	PJ
Total	NSAI	0	75	130
		1C	2C	3C
Total	NSAI	54	72	134*1

Notes: *1 – The C3 contingent resource is in the southern region of PL209.

[38] NSAI, Reserve letter, WSGP, 30 July 2021
[39] NSAI, Reserve letter, Don Juan, 30 July 2021
[40] NSAI, Reserve letter, 30 July 2021
[41] NSAI, Reserves letter, PL209 and PL445, 17 August 2021

NSAI uses the North American certifiers' deterministic incremental ("paint by numbers") approach to assigning grid blocks as reserve or contingent resource status. With this method 1P (proven) reserves are limited to the area of existing and adjacent well locations with P2 (probable reserves), P3 (possible reserves) and contingent resources represent increasing expansion of the development beyond the 1P area. Figure 8-1 illustrates how this has been applied to the Roma North asset:

A. Proved reserves (1P) are assigned to existing wells and neighbouring well locations (red – producing wells, yellow – non-producing wells and blue - undeveloped locations);
B. Probable reserves are assigned to the next 'ring' of wells adjacent to the proved locations (pink);
C. Probable reserves are also assigned to locations surrounding successful exploration/appraisal wells; and
D. Possible reserves are assigned to locations further from the existing development or exploration/appraisal wells (green).

Although not used in this example, contingent resource categories (C1, C2 and C3) are sometimes assigned to the more distant locations.

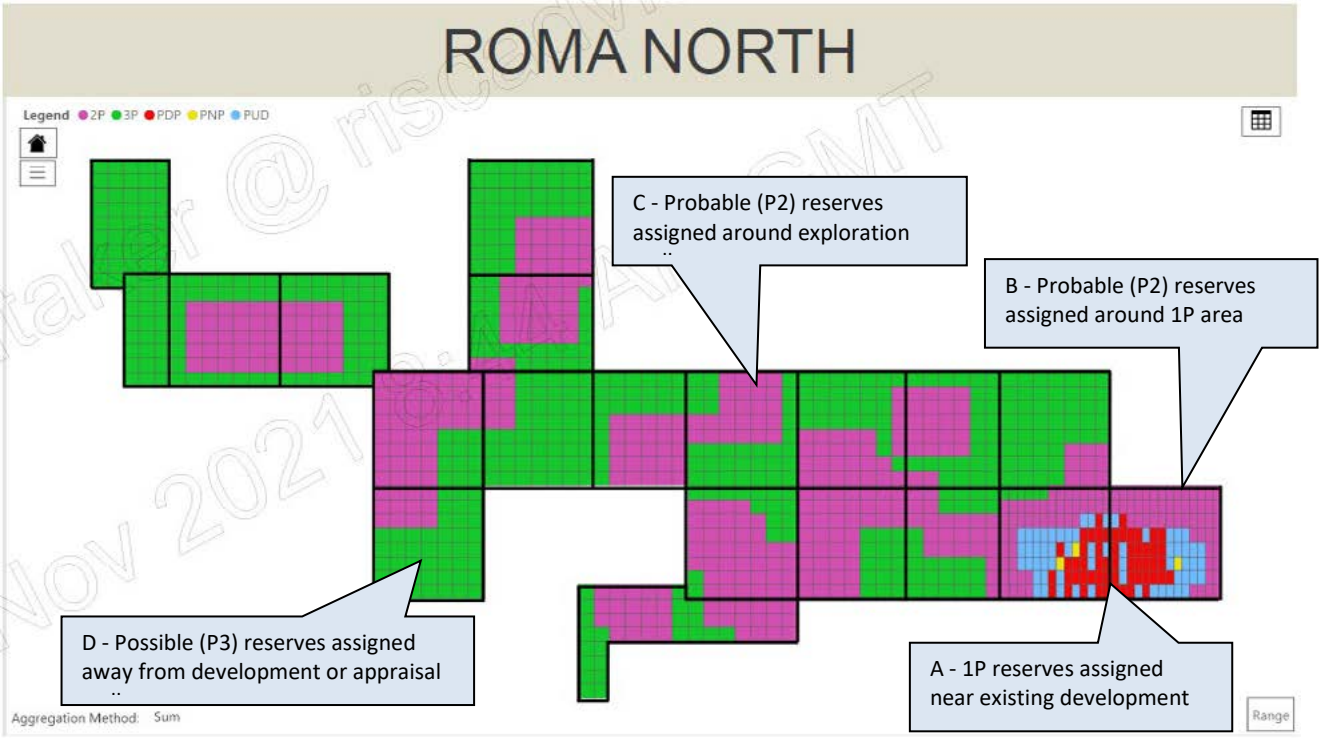

Figure 8-1: Application of the deterministic incremental approach to classifying and categorising CSG reserves

Although the method is simple to apply and is commonly used it has a number of weaknesses and does not strictly comply with the PRMS:

- With this method the 1P and 2P reserves tend to grow towards the 3P estimate (and beyond if there are contingent resource areas) as new wells convert the 3P area to 2P and then 1P. This is a contradiction

with the PRMS terminology which states that "it is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves (2P)[42].

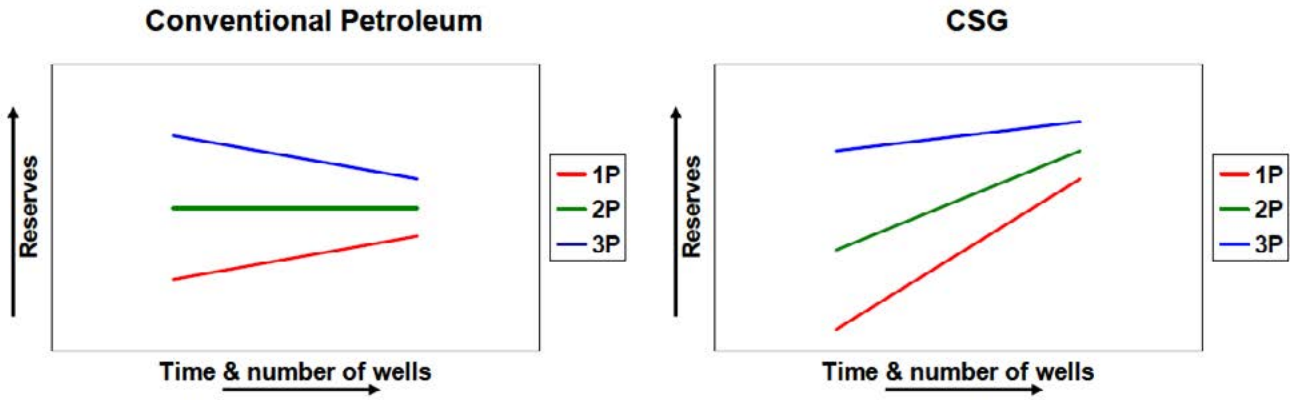

Figure 8-2: Comparison of reserve growth trends in conventional and CSG fields[43]

- The method uses a "best estimate" calculation for each grid block and so does not include uncertainties arising from gas content, coal thickness or areal extent. That is, low and high project cases are not evaluated.
- The method combines both classification and categorisation and thus does not differentiate between commercial risk and technical uncertainty which is the cornerstone of PRMS; and
- With the pre-assignment of the classification (either reserves or contingent resources) the method can by-pass the commercial considerations required by PRMS for the classification as a reserve:
    - Evidence of a technically mature, feasible development plan;
    - Evidence of financial appropriations being in place or having a high likelihood of being secured to implement the project;
    - Evidence to support a reasonable time-frame for development;
    - A reasonable assessment that the development projects will have positive economics and meet defined investment and operating criteria;
    - A reasonable expectation that there will be a market for forecasts sales quantities of the production required to justify development;
    - Evidence that the necessary production and transportation facilities are available or can be made available; and
    - Evidence that legal, contractual, environmental, regulatory and government approvals are in place or will be forthcoming, together with resolving any social and economic concerns.

With regard to the latter point on commercial considerations RISC would suggest that a classification of Senex' Roma North Stage 3&4 as a contingent resource would be appropriate pending further appraisal of these areas which, in turn, would enable the development plan to be firmed-up and a considered decision to be made with regard to development.

[42] Petroleum Resources Management System, 2018, SPE and others, page35
[43] SPE117124, Application of the PRMS to Coal Seam Gas, G J Barker, 2008

RISC understands that NSAI did not use a performance based method to determine developed reserves but used a volumetric estimate for all reserve classes and categories. NSAI's reserve letters do not specify the grid block size that has been assumed (which will affect the recovery factor and hence reserve estimate).

Table 8-4 compares the gas production to 4Q FY60 in each of the forecasts generated with the 2P and 3P reserve estimates of NSAI. Overall, RISC's mid case gas production forecast (1,216 PJ) is similar to NSAI's 3P gross reserve estimate (1,229 PJ) although there are some difference within the assets:

- For Atlas, RISC's mid case forecast is approximately 7% higher than NSAI's 3P reserve and Senex' forecast. This is a result of RISC's more optimistic view of well performance based on the observed production in the neighbouring permit as described in section 5.2.1.2;
- For the adjacent PL445/PL209 permit RISC's mid case is also slightly (4%) higher than NSAI's 3P reserve as RISC uses a similar performance based type curve;
- For Roma North Stages 1&2 3P NSAI's reserve is close to RISC's high case, although with the development to date and limited area, RISC's range is relatively low. RISC's mid case forecast is very similar to Senex' forecast; and
- For the Roma North Stage 3&4 development RISC's mid case is similar to NSAI's 3P reserve and Senex' forecast with a large range between the low and high forecasts reflecting the limited data in these areas.

Table 8-4: Production forecast cases to 4Q FY60 compared with NSAI reserves estimates [*2]

Development area	Senex	RISC low	RISC mid	RISC high	NSAI	
					2P gross	3P gross
	PJ	PJ	PJ	PJ	PJ	PJ
Atlas	265	240	290	312	270	270
PL445/PL209	173	138	210	253	75	202[*1]
RN S1&2	309	250	310	337	284	335
RN S3&4	402	285	406	498	213	411
Total	**1,168**	**913**	**1,216**	**1,402**	**842**	**1,229**

Note *1 PL445/PL209 3P figure also includes 72 PJ of 2C contingent resource in the northern region.

*2 Senex' and RISC's quantities are after removal of fuel, but prior to the application of economic cut-offs.

RISC considers that the 3P estimate is the most appropriate estimate with which to compare the mid case production forecasts for the following reasons:

- the method used by NSAI calculates a "best estimate" recovery for each grid block (even for P3 estimates) and is therefore equivalent to the mid case forecasts;
- the NSAI gross estimate is after the removal of fuel, as is the forecast shown; and
- the method has been applied over the full permit area, as illustrated in Figure 8-1, as is the full field development forecast.

In short, the 3P case of NSAI simply captures the best estimate of every well location to be developed, the total of the NSAI 3P estimate would equal to the total of the 2P estimate if PRMS was correctly applied.

9. Declarations

9.1. Terms of engagement

This report, any advice, opinions or other deliverables are provided pursuant to the Engagement Contract agreed to and executed by the Client and RISC.

9.2. Standard

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

9.3. Limitations

The assessment of petroleum assets is subject to uncertainty because it involves judgments on many variables that cannot be precisely assessed, including reserves/resources, future oil and gas production rates, the costs associated with producing these volumes, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

The statements and opinions attributable to RISC are given in good faith and in the belief that such statements are neither false nor misleading. In carrying out its tasks, RISC has considered and relied upon information obtained from Senex as well as information in the public domain. The information provided to RISC has included both hard copy and electronic information supplemented with discussions between RISC and key Senex staff.

While every effort has been made to verify data and resolve apparent inconsistencies, neither RISC nor its servants accept any liability, except any liability which cannot be excluded by law, for its accuracy, nor do we warrant that our enquiries have revealed all of the matters, which an extensive examination may disclose.

In particular, we have not independently verified property title, encumbrances, regulations that apply to this asset(s). RISC has also not audited the opening balances at the valuation date of past recovered and unrecovered development and exploration costs, undepreciated past development costs and tax losses.

We believe our review and conclusions are sound but no warranty of accuracy or reliability is given to our conclusions.

Our review was carried out only for the purpose referred to above and may not have relevance in other contexts.

9.4. Use of advice or opinion and reliance

a) The Report is confidential and is for the Sole benefit of the Client. ***It may not be relied upon by any 3rd party.***

b) RISC grants permission for the report to be disclosed, on condition of confidentiality:

i. to directors, officers, employees and contractors of the Client;

ii. to its professional advisers on a non-reliance basis;

iii. to a party in which the Client has a controlling interest on a non-reliance basis;

iv. to the extent required by law; or

v. as otherwise agreed to in writing by RISC in accordance with the Engagement Contract.

9.5. Independence

RISC has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of this report, or other interest in the assets evaluated, that could reasonably be regarded as affecting our ability to give an unbiased view of these assets.

RISC makes the following disclosures:

- RISC is independent with respect to Senex and confirms that there is no conflict of interest with any party involved in the assignment;
- Under the terms of engagement between RISC and Senex, RISC will receive a time-based fee, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, RISC has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report;
- Neither RISC Directors nor any staff involved in the preparation of this report have any material interest in Senex or in any of the properties described herein.

9.6. Copyright

10. List of terms

10.1. Abbreviations

The following table lists abbreviations commonly used in the oil and gas industry and which may be used in this report.

Abbreviation	Full Term
1P	Proved
2P	Proved plus Probable
3P	Proved plus Probable plus Possible
ATP	Authority to Prospect
Bbl(/d)	US barrels (per day)
bcf	Billion (10^9) cubic feet
bwpd	Barrels of water per day
CO_2	Carbon dioxide
CVR	Commercial Viability Report
DAF	Dry Ash Free
DST	Drill Stem Test
FBHP	Flowing Bottom Hole Pressure
FDP	Field Development Plan
FTHP	Flowing Tubing Head Pressure
GIIP	Gas Initially In Place
GJ	Gigajoules (10^9 J)
JV(P)	Joint Venture (Parties)
km^2	Square kilometres
kPa	Kilopascal
LNG	Liquefied Natural Gas
m	Metres
mD	Millidarcies
mKB	Metres below Kelly Bushing
mGL	Metres below Ground Level
MJ	Megajoules (10^6 J)
Ml (/d)	Megalitres (per day)
MMscf(/d)	Million standard cubic feet (per day)
MPa	Megapascal
Mscf(/d)	Thousand standard cubic feet (per day)
mSS	Metres subsea
OIIP	Oil initially In Place
PCA	Potential Commercial Area
PJ	Petajoules (10^{15} J)
PL	Production Lease
psi (a or g)	Pounds per square inch pressure (absolute or gauge)
RISC	Resource Investment Strategy Consultants
RT	Rotary Table or Real Terms, depending on context
scf	Standard cubic feet (measured at 60 F and 14.696 psia)
scm	Standard cubic metres (measured at 15 C and 101.325 kPa)
SPE	Society of Petroleum Engineers
SPE-PRMS	Society of Petroleum Engineers Petroleum Resources Management System
SUG	System Use Gas (fuel and flare)
Tcf	Trillion (10^{12}) cubic feet

Abbreviation	Full Term
TJ	Terajoules (10^{12} J)
UR	Ultimate Recovery
US$	United States dollars

10.2. Definitions

The following table lists some definitions for terms commonly used in the oil and gas industry and which may be used in this report.

Term	Definition
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources as defined in the SPE-PRMS.
Expectation	The mean of a probability distribution.
P90, P50, P10	90%, 50% & 10% probabilities respectively that the stated quantities will be equalled or exceeded. The P90, P50 and P10 quantities correspond to the Proved (1P), Proved + Probable (2P) and Proved + Probable + Possible (3P) confidence levels respectively if probabilistic techniques are used.
Possible Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
Probable Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations as defined in the SPE-PRMS.

Appendix C – Scheme

Scheme of arrangement made under section 411 of the Corporations Act

Date

Parties

Senex Energy Limited ACN 008 942 827 of Level 30, 180 Ann Street, Brisbane, Queensland 4000 (**Target**)

Each person registered as a holder of fully paid ordinary shares in the capital of Target on the Record Date.

Background

A. Target and Bidder have entered into the Implementation Agreement, pursuant to which, amongst other things, Target agreed to propose this Scheme to Target Shareholders and each of Target and Bidder agreed to take certain steps to give effect to this Scheme.

B. If the Scheme becomes Effective, Bidder will provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the provisions of this Scheme, and Bidder will acquire all Scheme Shares and Target will enter Bidder in Target Share Register as the holder of the Scheme Shares.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

Unless the context requires otherwise, in this Scheme:

Aggregate Scheme Consideration means the aggregate amount of the Scheme Consideration payable to Scheme Shareholders for all Scheme Shares under the Scheme.

ACCC means the Australian Competition and Consumer Commission.

ATO means the Australian Tax Office.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it known as the Australian Securities Exchange.

Bidder means POSCO INTERNATIONAL Corporation of 165, Convensia-daero, Yeonsu-gu Incheon, Republic of Korea.

Bidder Nominee has the meaning given in clause 4.3 of the Implementation Agreement.

Business Day means a day which is a "Business Day" within the meaning given in the Listing Rules.

CHESS means the Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited, a wholly-owned subsidiary of ASX.

Condition means each condition specified in clause 3.1 of the Implementation Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Sydney Registry of the Federal Court of Australia or such other court of competent jurisdiction as Target and Bidder agree in writing.

DAWE means the Commonwealth Department of Agriculture, Water and the Environment.

Deed Poll means a deed poll to be executed by Bidder in favour of the Scheme Shareholders, substantially in the form set out in Annexure B to the Implementation Agreement or in such other form as Target and Bidder agree in writing.

DES means the Queensland Department of Environment and Science.

DOR means the Queensland Department of Resources.

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date means 30 June 2022 or such other date agreed in writing between Target and Bidder.

FIRB means Foreign Investment Review Board.

Implementation Agreement means the scheme implementation agreement between Target, and Bidder, dated [●] December 2021.

Implementation Date means the date which is 5 Business Days after the Record Date or such other date as Target and Bidder agree in writing.

Listing Rules means the official listing rules of the ASX.

Marketable Parcel has the meaning given to that term in the Listing Rules.

Record Date means 7.00 pm (Sydney time) on the date which is 5 Business Days after the Effective Date or such other time and date agreed in writing between Bidder and Target.

Registered Addresses means in relation to a Scheme Shareholder, the address of the Scheme Shareholder as recorded in Target Share Register.

Regulatory Authority means:

(a) a government or governmental, semi-governmental, administrative, fiscal or judicial entity or authority;

(b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;

(c) any regulatory organisation established under statute; and

(d) in particular, FIRB, ASX, ASIC, ACCC, ATO, DAWE, DES, DOR or WHSQ.

Related Body Corporate has the meaning given to it in section 50 of the Corporations Act.

Relevant Amount has the meaning given in clause 5.6(a).

Representatives means, in relation to a party, all directors, officers, employees, professional advisers (including financiers, financial advisers, corporate advisers, legal advisers or technical or other expert advisers or consultants) and agents of the party or of its Related Bodies Corporate.

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act, subject to any alterations or conditions that are made or required by Court under section 411(6) of the Corporations Act and agreed to in writing by Bidder and Target.

Scheme Consideration means the amount of $4.60 per Scheme Share.

Scheme Meeting means the meeting of Target Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act.

Scheme Share means a Target Share on issue as at the Record Date.

Scheme Shareholder means each person registered in the Target Share Register as the holder of one or more Scheme Shares as at the Record Date.

Scheme Transfer means one or more proper instruments of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which may be or include a master transfer of all or part of the Scheme Shares.

Second Court Date means the first day of hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Security Interest has the meaning given in section 12 of the Personal Property Securities Act 2009 (Cth).

Separate Account has the meaning given in clause 5.2(d).

Share Registry means Computershare Investor Services Pty Limited of Level 1, 200 Mary Street, Brisbane, Queensland 4000.

Target Performance Rights has the same meaning given in the Implementation Agreement.

Target SARs has the meaning given in the Implementation Agreement.

Target Share Register means the register of members of Target maintained by or on behalf of Target in accordance with section 168(1) of the Corporations Act.

Target Shareholder means a person who is registered in the Target Share Register as a holder of Target Shares.

Target Shares means fully paid ordinary shares in the capital of Target.

Trust Account means an Australian dollar denominated trust account which is operated by or on behalf of Target as trustee for the Scheme Shareholders, details of which Target must notify to Bidder no later than 10 Business Days before the Implementation Date.

WHSQ means Workplace Health and Safety Queensland.

Withholding Amount has the meaning given in clause 5.6(a).

1.2 Business Day

If the day on which any act to be done under this Scheme is a day other than a Business Day, that act must be done on the immediately preceding Business Day except where this Scheme expressly specifies otherwise.

1.3 Listing rules are law

A Listing Rule or business rule of a financial market or securities exchange will be regarded as a law for the purposes of this Scheme and a reference to legislation (as appropriate).

1.4 Interpretation

In this Scheme headings are for convenience only and do not affect interpretation and, unless the contrary intention appears:

(a) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;

(b) the word **including** or any other form of that word is not a word of limitation;

(c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(d) a reference to a **person** includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;

(e) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;

(f) a reference to a document (including this Scheme) is to that document as varied, novated, ratified or replaced from time to time;

(g) a reference to a party, clause, schedule, exhibit, attachment, or annexure is a reference to a party, clause, schedule, exhibit, attachment, or annexure to or of this Scheme, and a reference to this Scheme includes all schedules, exhibits, attachments, and annexures to it;

(h) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;

(i) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;

(j) a reference to **$** or **dollar** is to Australian currency;

(k) if a word or phrase is not given a defined meaning in clause 1.1 but is defined in or for the purposes of the Corporations Act, it has the same meaning when used in this Scheme;

(l) a reference to a date or time is to that date or time in Sydney, Australia; and

(m) this Scheme (including any term or condition of it) must not be construed adversely to a party solely on the basis that the party prepared it or caused it to be prepared.

2. Preliminary matters

2.1 Target

(a) Target is a public company limited by shares, incorporated in Australia and registered in the State of Western Australia.

(b) Target is admitted to the official list of ASX and Target Shares are officially quoted on the ASX.

(c) As at the date of the Implementation Agreement the following securities were on issue in Target:

(i) 185,267,605 Target Shares;

(ii) Target Performance Rights; and

(iii) Target SARs.

2.2 Bidder

(a) Bidder is a public company listed on the Korea Stock Exchange, incorporated and validly existing under the laws of the Republic of Korea.

(b) Pursuant to clause 4.3 of the Implementation Agreement, Bidder may nominate a subsidiary of Bidder (**Bidder Nominee**) to pay the Scheme Consideration and to which the Scheme Shares are to be transferred in accordance with this Scheme.

2.3 Implementation Agreement

Bidder and Target have agreed, by executing the Implementation Agreement, to implement this Scheme (among other things). In particular, Target and Bidder have agreed that each of them will perform their respective obligations under the Scheme which relate to each of them respectively and have agreed to take certain steps to give effect to the Scheme (and if Bidder nominates a Bidder Nominee, then Bidder guarantees the performance by Bidder Nominee of all its obligations).

2.4 Deed Poll

Bidder and Bidder Nominee have agreed, by executing the Deed Poll, to perform their respective obligations under this Scheme, including the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Scheme.

3. Conditions precedent

3.1 Conditions

(a) The Scheme is conditional on, and will have no force or effect unless and until, each of the following conditions precedent is satisfied:

(i) all of the Conditions in clause 3.1 of the Implementation Agreement (other than the condition in clause 3.1(g) (Court Approval)) are satisfied or waived in accordance with the terms of the Implementation Agreement by no later than 8.00am on the Second Court Date;

(ii) neither the Implementation Agreement nor Deed Poll is terminated in accordance with their respective terms before 8.00am on the Second Court Date;

(iii) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Target and Bidder (such agreement not to be unreasonably withheld or delayed);

(iv) such other conditions made or required by the Court under section 411(6) of the Corporations Act, as are agreed to by Target and Bidder

(such agreement not to be unreasonably withheld or delayed) are satisfied; and

(v) the orders of the Court made under section 411(4)(b) (and, if applicable section 411(6)) of the Corporations Act approving the Scheme coming into effect, under section 411(10) of the Corporations Act, on or before the End Date.

3.2 Certificates

(a) On the Second Court Date, Target and Bidder must each provide to the Court a certificate, or such other evidence as the Court may require or request, confirming (in respect of matters within their knowledge) whether or not as at 8.00am on the Second Court Date all of the Conditions in clause 3.1 of the Implementation Agreement (other than the conditions in clause 3.1(g) (**Court Approval**) of the Implementation Agreement) have been satisfied or waived.

(b) The certificates given by Target and Bidder under clause 3.2(a) constitute conclusive evidence that the Conditions in clause 3.1 of the Implementation Agreement (other than the conditions in clause 3.1(g) (**Court Approval**) of the Implementation Agreement) have been satisfied or waived.

3.3 End Date

Without limiting any rights under the Implementation Agreement, this Scheme will lapse and be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Implementation Agreement or the Deed Poll is terminated in accordance with its terms,

unless Target and Bidder otherwise agree in writing (and, if required, as approved by the Court).

4. Implementation of the Scheme

4.1 Lodgement of Court orders

for the purposes of section 411(10) of the Corporations Act, Target must lodge with ASIC an office copy of the orders made by the Court under section 411(4)(b) of the Corporations Act approving this Scheme as soon as possible following such approval and, in any event, by no later than 5.00pm on the first Business Day after the Court approves this Scheme (or such later date as is agreed between the parties in writing).

4.2 Consequences of this Scheme becoming Effective

If this Scheme becomes Effective:

(a) in consideration for the transfer of each Scheme Share to Bidder (or Bidder Nominee), Bidder (or Bidder Nominee) will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll;

(b) subject to Bidder (or Bidder Nominee) fulfilling its obligations under clauses 4.2(a) and 5.2(a), all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Bidder (or Bidder Nominee); and

(c) Target will enter, or procure the entry of, the name of Bidder (or Bidder Nominee) in the Target Share Register in respect of all the Scheme Shares in accordance with this Scheme.

4.3 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to Bidder providing or procuring the provision of the Scheme Consideration in the manner contemplated by clause 5.2(a) of this Scheme and the Deed Poll, all of the Scheme Shares, together with all rights and entitlements attaching to them at the Implementation Date, must be transferred to Bidder (or Bidder Nominee), without the need for any further act by any Scheme Shareholder (other than acts performed by Target or its officers as agent and attorney of the Scheme Shareholders under clause 8.5 of this Scheme or otherwise) by:

(i) Target delivering to Bidder a duly completed and executed Scheme Transfer to transfer all of the Scheme Shares to Bidder (or Bidder Nominee), executed on behalf of the Scheme Shareholders by Target (or any of its officers) as their agent and attorney; and

(ii) Bidder (or Bidder Nominee) duly executing such Scheme Transfer and delivering the executed and, if necessary, stamped, Scheme Transfer to Target for registration; and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.3(a)(ii), Target entering, or procuring the entry of, the name of Bidder (or Bidder Nominee) in the Target Share Register in respect of all the Scheme Shares.

5. Scheme Consideration

5.1 Entitlement to Scheme Consideration

Each Scheme Shareholder will be entitled to the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder in accordance with the terms of this Scheme.

5.2 Provision of Scheme Consideration

(a) Subject to clause 5.6, the obligation of Bidder to provide, or procure the provision of, the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll will be satisfied by Bidder (or Bidder Nominee):

(i) paying, or procuring the payment, into the Trust Account, of an amount in cleared funds equal to the Aggregate Scheme Consideration by no later than one Business Day before the Implementation Date to be held by or on behalf of Target on trust for the Scheme Shareholders (except that any interest on the amount deposited less bank fees and other charges will be for the account of Bidder); and

(ii) providing Target with written confirmation that payment has been made in accordance with clause 5.2(a)(i) above.

(b) Subject to Bidder (or Bidder Nominee) complying with its obligations under clause 5.2(a), Target must on the Implementation Date pay, or procure the payment, from the Trust Account to each Scheme Shareholder an amount equal to the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder as set out in the Target Register on the Record Date, less any amount retained by Target under clause 5.5 or Bidder under clause 5.6.

(c) Target's obligations under clause 5.2(b) will be satisfied by Target:

(i) where a Scheme Shareholder has, on or before the Record Date, made an election in accordance with the requirements of the Share Registry to receive dividend payments from Target by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount to that Scheme Shareholder in Australian currency by electronic means in accordance with that election; or

(ii) whether or not a Scheme Shareholder has made an election referred to in clause 5.2(c)(i), dispatching, or procuring the dispatch of, a cheque in Australian currency for the relevant amount to that Scheme Shareholder by prepaid post to the Registered Address of that Scheme Shareholder, such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with clause 5.7).

(d) If either:

(i) a Scheme Shareholder does not have a Registered Address and no account has been notified in accordance with clause 5.2(c)(i) or a deposit into such an account is rejected or refunded; or

(ii) a cheque issued under this clause 5 has been cancelled in accordance with clause 5.3(a),

(**Unclaimed Consideration**),

Target as the trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Target (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with as Unclaimed Consideration in accordance with clause 5.3. To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with as Unclaimed Consideration in accordance with clause 5.3. Until such time as the amount is dealt with as Unclaimed Consideration in accordance with clause 5.3, the Target must hold the amount on trust for the relevant Scheme Shareholder but any interest or other benefit accruing from the amount will be to the benefit of the Bidder. The Target must maintain records of the amounts paid, the people who are entitled to the amount and any transfers of the amount(s).

(e) If this Scheme lapses after Bidder has provided some or all of the Scheme Consideration in accordance with clause 5.2(a), but prior to Bidder being entered into the Target Share Register as the holder of the Scheme Shares in accordance with clause 4.3(b), Target must refund (or procure the refund) to Bidder of the amount deposited into the Trust Account in accordance with 5.2(a), together with any interest thereon (less bank fees and charges).

5.3 Unclaimed, returned and other dealings with Scheme Consideration

(a) To the extent that a cheque properly despatched by or on behalf of Target pursuant to clause 5.2(c) is returned to Target (or its agents) as undelivered or the cheque is not presented by a Scheme Shareholder earlier than six months after the Implementation Date Target may cancel (or procure the cancellation of) a cheque sent under clause 5.2(c)(ii).

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Target (or the Share Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Target must reissue a cheque that was previously cancelled under clause 5.3(b).

(c) Target must deal with the Unclaimed Consideration in accordance with any applicable unclaimed moneys legislation.

(d) Any interest or other benefit accruing from Unclaimed Consideration (less bank fees and other charges) will be to the benefit of Bidder.

(e) Subject to Target complying with its obligations under clause 5.3(b), Target is discharged from liability to any Scheme Shareholder in respect of the Unclaimed Consideration.

5.4 Treatment of surplus amounts

To the extent that there is a surplus in the amount held by Target as the trustee for the Scheme Shareholders in the Trust Account, that surplus may, at the election of Bidder, either remain with Target or be paid by Target as trustee for the Scheme Shareholders to Bidder (or Bidder Nominee) following the satisfaction of Target's obligation as the trustee for the Scheme Shareholders under this clause 5.

5.5 Amounts to be withheld or retained

If written notice is given to Target (or the Share Registry) or Bidder (or Bidder Nominee) of an order or direction made by a court of competent jurisdiction or another Regulatory Authority that:

(a) requires payment to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which amount would otherwise be payable to that Scheme Shareholder by Target in accordance with clause 5, then Target will be entitled to make that payment (or procure that it is made) in accordance with that order or direction; or

(b) prevents Target from making a payment to a particular Scheme Shareholder in accordance with clause 5, or such payment is otherwise prohibited by applicable law, Target will be entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with clause 5 is permitted by that order or direction or otherwise by law,

and the payment or retention by or on behalf of Target will constitute the full discharge of Target's obligations under this Scheme with respect to the amount so paid or retained until, in the case of clause 5.5(b), it is no longer required to be retained.

5.6 Foreign resident capital gains withholdings

(a) If Bidder, having regard to professional advice, is required by law to withhold any amount from a payment to a Scheme Shareholder or is liable to pay an amount to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of Scheme Shares from a Scheme Shareholder (the **Relevant Amount**), then Bidder shall be entitled to withhold an amount, in Australian dollars, equal to the amount of the Relevant Amount from the amount otherwise required to be paid into the Trust Account under clause 5.2(a) (**Withholding Amount**).

(b) The Bidder must notify the Target at least 3 Business Days prior to the Implementation Date of each Scheme Shareholder which will be subject to a Withholding Amount and the Withholding Amount applying to each such Scheme Shareholder.

(c) The payment of the reduced amount by Bidder into the Trust Account in accordance with clause 5.6(a) will constitute the full discharge of Bidder's obligations under clause 5.2(a) with respect to payment of Scheme Consideration to the relevant Scheme Shareholder, subject to Bidder paying the Withholding Amount to the relevant taxation authority and meeting its obligations under clause 5.6(b).

(d) Bidder must pay any Withholding Amount so withheld to the relevant taxation authority, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment to the relevant Scheme Shareholder.

5.7 Joint holders

In the case of Scheme Shares held in joint names:

(a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent at the sole discretion of Target, either to the holder whose name appears first in the Target Share Register as at the Record Date or to the joint holders (unless the joint holders have nominated a bank account under clause 5.2(c)(i), in which case the amount must be deposited directly to the nominated bank account of the joint holders);

(b) any other document required to be sent under this Scheme will be forwarded at the sole discretion of Target, either to the holder whose name appears first in Target Share Register as at the Record Date or to the joint holders.

5.8 Rounding

Where the calculation of the Scheme Consideration to be provided to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded up to the nearest whole cent.

6. Dealings in Target Shares

6.1 Dealings in Target Shares by Target Shareholders

To establish the identity of the Scheme Shareholders, dealings in Target Shares or other alterations to the Target Share Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Target Share Register as the holder of the relevant Target Shares on or before the Record Date; and

(b) in all other cases, registrable transmission applications or transfers in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Record Date at the place where the Target Share Register is kept,

and Target must not accept for registration nor recognise for any purpose (except a transfer to Bidder (or Bidder Nominee) pursuant to this Scheme and any subsequent transfer by Bidder (or Bidder Nominee) or its successors in title) any transfer or transmission application or other request received after the Record Date or received prior to the Record Date but not in registrable or actionable form.

6.2 Target Share Register

(a) Target must maintain the Target Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been provided to the Scheme Shareholders and the Target Share Register in this form will solely determine entitlements to the Scheme Consideration.

(b) Target must register valid registrable transmission applications or transfers of the kind referred to in clause 6.1(b) by no later than the Record Date (provided that for the avoidance of doubt nothing in this clause 6.2(b) requires Target to register a transfer that would result in a Target Shareholder holding a parcel of Target Shares that is less than a Marketable Parcel).

(c) Target will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Target Shares received after the Record Date, other than to Bidder (or Bidder Nominee) in accordance with this Scheme.

(d) If the Scheme becomes Effective, from the Record Date, no Scheme Shareholder may dispose of, purport or agree to dispose of, or otherwise deal with any Scheme Shares or any interest in them in any way except as set out in this Scheme and any attempt to do so will be void and have no effect and Target will be entitled to disregard any such disposal, purported disposal, agreement or other dealing.

6.3 Information made available to Bidder

As soon as practicable after the Record Date and in any event at least 2 Business Days before the Implementation Date, Target will ensure that details of the names, Registered Addresses and holdings of Target Shares for each Scheme Shareholder as shown in the Target Share Register as at the Record Date are available to Bidder (or as it directs) in the form Bidder reasonably requires.

6.4 Effect of share certificates and holding statements

(a) Each entry which is current on the Target Share Register as at the Record Date is the sole evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.

(b) All certificates and statements of holding for Target Shares (other than statements of holding in favour of Bidder and its successors in title) will cease to have effect after the Scheme Record Date as documents of title (or evidence thereof) in respect of those shares and, as from that date, each entry current at that date on the Target Share Register (other than entries in respect of Bidder or Bidder Nominee) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Target Shares relating to that entry.

7. Quotation of Target Shares

7.1 Suspension of trading

Subject to the Scheme becoming Effective, Target will apply to the ASX to suspend trading in Target Shares with effect from the close of trading on the Effective Date.

7.2 Removal of Target from official list of ASX

On a date after the Implementation Date to be determined by Bidder, Target will apply:

(a) for termination of the official quotation of Target Shares on the ASX; and

(b) to have itself removed from the official list of ASX.

8. General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

(a) Target may, by its counsel or solicitors, consent on behalf of all persons concerned to those alterations or conditions to which Bidder has consented in writing; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which Target, by its counsel or solicitors, has consented to.

8.2 Binding effect of the scheme

This Scheme binds Target and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

8.3 Agreement of Scheme Shareholders

Each Scheme Shareholder irrevocably:

(a) agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares, in accordance with terms of this Scheme;

(b) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme;

(c) agrees to, on the direction of Bidder, destroy any share certificates or holding statements relating to their Scheme Shares;

(d) acknowledges and agrees that this Scheme binds Target and all Scheme Shareholders (including those who did not attend the Scheme Meeting, those who did not vote at that Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target to the extent of any inconsistency; and

(e) irrevocably consents to Bidder (or Bidder Nominee) and Target doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or expedient to the implementation and performance of this Scheme,

without the need for any further act by the Scheme Shareholder.

8.4 Warranties by Scheme Shareholders

(a) Each Scheme Shareholder is deemed to have warranted to Target and Bidder (and if applicable, Bidder Nominee), and appointed and authorised Target as its attorney and agent to warrant to Bidder (and if applicable, Bidder Nominee) that:

(i) all Scheme Shares held by that Scheme Shareholder, together with all rights and entitlements attaching to those Scheme Shares, which are transferred to Bidder (or Bidder Nominee) under this Scheme will, at the time of transfer to Bidder (or Bidder Nominee), be:

A. fully paid;

B. free from all Encumbrances and third party rights or interests of any kind; and

C. free from all restrictions on transfer of any kind;

(ii) it has full power and capacity to sell and to transfer their Scheme Shares, together with all rights and entitlements attaching to their Scheme Shares, to Bidder; and

(iii) it has no existing right to be issued any Target Shares, options or rights exercisable into Target Shares, or any other form of Target security.

(b) Target undertakes that it will provide such warranty to Bidder (and if applicable, Bidder Nominee) as agent and attorney for each Scheme Shareholder.

8.5 Authority given to Target

Upon this Scheme becoming Effective, each Scheme Shareholder without the need for any further act:

(a) irrevocably appoints Target and each of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:

(i) enforcing the Deed Poll against Bidder (or if applicable, Bidder Nominee);

(ii) doing and/or executing all acts, matters, things and documents necessary, desirable, incidental or expedient to give full effect to this Scheme and the transactions contemplated by it, including executing and delivering the Scheme Transfer,

and Target accepts such appointment; and

(b) will be deemed to have authorised Target to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary, desirable, incidental or expedient to give full effect to this Scheme and the transactions contemplated by it, including executing and delivering the Scheme Transfer as agent and attorney of each Scheme Shareholder.

8.6 Appointment of sole proxy

Upon the provision of the Scheme Consideration to the Scheme Shareholders and until Target registers Bidder (or Bidder Nominee) as the holder of all Scheme Shares in the Target Share Register, each Scheme Shareholder:

(a) is deemed to have irrevocably appointed Bidder (or Bidder Nominee) as its attorney and agent (and directed Bidder (or Bidder Nominee) in such capacity) to appoint any director, officer, secretary or agent nominated by Bidder as its sole proxy and, where applicable, corporate representative to:

(i) attend shareholders' meetings of Target;

(ii) exercise the votes attaching to the Scheme Shares registered in their name; and

(iii) sign any Target Shareholders' resolutions, whether in person, by proxy or by corporate representative;

(b) undertakes not to otherwise attend or vote at any of those meetings or sign or vote on any resolutions, whether in person, by proxy or by corporate representative, other than as pursuant to clause 8.6(a);

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as Bidder (or Bidder Nominee) reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 8.6(a), Bidder and any director, officer, secretary or agent nominated by Bidder under clause 8.6(a) may act in the best interests of Bidder (or Bidder Nominee) as the intended registered holder of the Scheme Shares.

8.7 Title to Target Shares

(a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to them) will be transferred to the Bidder (or Bidder Nominee) free from all Encumbrances and third party rights or interests of any kind and free from all restrictions on transfer of any kind.

(b) Upon the Scheme Consideration being provided to the Scheme Shareholders and until Target registers Bidder (or Bidder Nominee) as the holder of all Scheme Shares in the Target Share Register, Bidder (or Bidder Nominee) will be beneficially entitled to all of the Scheme Shares.

9. General

9.1 Stamp duties

Bidder (or if applicable, Bidder Nominee) must pursuant to its obligations under the Deed Poll:

(a) pay all stamp duties and any related fines and penalties in respect of the transfer of the Scheme Shares to Bidder (or Bidder Nominee) pursuant to this Scheme or the Deed Poll and is authorised to apply for and retain the proceeds of any refund due in respect of stamp duty paid under this clause; and

(b) indemnify each Scheme Shareholder against any liability from a failure to comply with clause 9.1(a).

9.2 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at the registered office of the Target.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Target Shareholder may not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.3 Further acts and documents

Target must do all further acts and execute and deliver all further documents (on its own behalf and on behalf of each Scheme Shareholder) required by law or necessary to give effect to this Scheme and the transactions contemplated by it.

9.4 No liability when acting in good faith

None of Target or Bidder, nor any of their respective directors, officers, secretaries, employees or Related Bodies Corporate, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

10. Governing law and jurisdiction

10.1 Governing law

This Scheme is governed by the law applying in New South Wales, Australia.

10.2 Jurisdiction

Each party irrevocably:

(a) submits to the non exclusive jurisdiction of the courts of New South Wales, Australia the courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Scheme; and

(b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings

have been brought in an inconvenient forum, if that venue falls within clause 10.2(a).

Appendix D – Deed Poll

Deed poll dated 3 February 2022

By **POSCO INTERNATIONAL Corporation** of 165, Convensia-daero, Yeonsu-gu Incheon, Republic of Korea (**Bidder**)

K-A Energy 1 Pty Ltd (ACN 656 318 759) of POSCO INTERNATIONAL CORP. SYDNEY OFFICE, Suite 5, Level 24, 1 Market Street Sydney NSW 2000 (**Bidder Nominee**)

In favour of Each person registered as a holder of fully paid ordinary shares in the capital **Senex Energy Limited ACN 008 942 827** of Level 30, 180 Ann Street, Brisbane, Queensland 4000 (**Target**) on issue as at the Record Date (**Scheme Shareholders**)

Background

A. Target and Bidder have entered into the Implementation Agreement, pursuant to which, amongst other things, Bidder (or Bidder Nominee):

(i) is to pay the Scheme Consideration to each Scheme Shareholder and acquire all Scheme Shares held by Scheme Shareholders under the Scheme; and

(ii) agreed to enter into this deed poll.

B. Bidder and Bidder Nominee are entering into this deed poll for the purposes of covenanting in favour of the Scheme Shareholders to procure and undertake the actions attributed to them under the Scheme.

It is declared as follows

1. Definitions and interpretation

1.1 Definitions

Unless the context requires otherwise, in this deed poll:

(a) **First Court Date** means the first day of the hearing of an application made to the Court for an order pursuant to section 411(1) of the Corporations Act convening the Scheme Meeting or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

(b) **Implementation Agreement** means the scheme implementation agreement between Target and Bidder, dated 11 December 2021; and

(c) **Scheme** means the proposed scheme of arrangement under Part 5.1 of the Corporations Act between the Target and its shareholders, in substantially the same form as set out in Annexure A to the Implementation Agreement, subject to any alterations or conditions made or required by Court under section 411(6) of the Corporations Act and agreed to by Bidder and Target in writing.

1.2 Terms defined in the Scheme

Capitalised words and phrases used but not defined in this deed poll have the meaning given to them in the Scheme, unless the context requires otherwise.

1.3 Interpretation

The provisions of clauses 1.2, 1.3 and 1.4 of the Scheme form part of this deed poll as if set out in full in this deed poll, except that references to "Scheme" in those clauses will be taken to be references to "deed poll".

1.4 Nature of this deed poll

Each of Bidder and Bidder Nominee acknowledge and agree that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not a party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints Target and all of its directors, secretaries and officers (jointly and severally) as its attorney and agents to enforce this deed poll against Bidder and Bidder Nominee.

2. Condition Precedent

2.1 Condition

The obligations of Bidder and Bidder Nominee under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of the Bidder and Bidder Nominee under this deed poll will automatically terminate and this deed poll will be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Implementation Agreement is terminated in accordance with its terms,

unless Target and Bidder otherwise agree in writing (and, if required, as approved by the Court).

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition to and without prejudice to any other rights, powers or remedies available to it:

(a) Bidder and Bidder Nominee are released from their respective obligations to further perform this deed poll; and

(b) each Scheme Shareholder retains the rights it has against Bidder and Bidder Nominee in respect of any breach of this deed poll which occurs before it was terminated

3. Scheme Obligations

Subject to clause 2, Bidder Nominee undertakes, and Bidder undertakes to procure Bidder Nominee, in favour of each Scheme Shareholder to:

(a) provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and

(b) undertake all other actions attributed to it under the Scheme, as if named a party to the Scheme,

in each case subject to and in accordance with the terms of the Scheme.

4. Warranties

Each of Bidder and Bidder Nominee represents and warrants to each Scheme Shareholder that:

(a) it is a company properly incorporated and validly existing under the laws of its place of incorporation;

(b) it has the legal right and full corporate power to execute, deliver and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) this deed poll constitutes (or will when executed constitute) valid legal and binding obligations on it and is enforceable against it in accordance with its terms;

(e) this deed poll does not conflict with or result in a breach of or default under:

(i) the constitution or equivalent constituent documents of Bidder or any of its Subsidiaries; or

(ii) any writ, order or injunction, judgment, law, rule, obligation or regulation to which Bidder or any of its Subsidiaries is party, or by which Bidder or any of its Subsidiaries is bound.

5. Continuing obligations

This deed poll is irrevocable and remains in full force and effect, subject to clause 2 of this deed poll, until the earlier of:

(a) the time at which Bidder and Bidder Nominee have fully performed their obligations under this deed poll; and

(b) the termination of this deed poll under clause 2.

6. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this agreement

(a) must be given to a party:

(i) by hand delivery, courier service, prepaid express post or email; and

(ii) using the address or other details for the party set out in the below table (or as otherwise notified by that party to each other party from time to time under this clause 6):

Party name	Attention	Address	Email address
Target	Company Secretary Senex Energy Limited	Level 30, 180 Ann Street Brisbane, Queensland 4000	Companysecretary @senexenergy.com.au
Bidder and Bidder Nominee	Leader, Asset/Corp Acquisition Team, Dong Kyoon Kim	165, Convensia-daero, Yeonsu-gu, Incheon, 21998, Korea	dk-kim@poscointl.com

(b) must be in legible writing and in English;

(c) (in the case of communications other than email) must be signed by the sending party or by a person duly authorised by the sending party;

(d) (in the case of email) must:

(i) state the name of the sending party or a person duly authorised by the sending party and state that the email is a communication under or in connection w th this deed; and

(ii) if the email contains attachments, ensure the attachments are in PDF or other non-modifiable format the receiving party can open, view and download at no additional cost,

and communications sent by email are taken to be signed by the named sender.

6.2 When notice taken to be received

Without limiting the ability of a party to prove that a notice has been given and received at an earlier time, each communication (including each notice, consent, approval, request and demand) under or in connection with this deed: is taken to be given by the sender and received by the recipient:

(a) (in the case of delivery by hand or courier service) on delivery;

(b) (in the case of prepaid express post sent to an address in the same country) on the fourth Business Day after the date of posting;

(c) (in the case of prepaid express post sent to an address in another country) on the tenth Business Day after the date of posting;

(d) (in the case of email, whether or not containing attachments) the earlier of:

(i) the time sent (as recorded on the device from which the sender sent the email) unless, within 4 hours of sending the email, the party sending the email receives an automated message that the email has not been delivered;

(ii) receipt by the sender of an automated message confirming delivery; and

(iii) the time of receipt as acknowledged by the recipient (either orally or in writing),

provided that:

(e) the communication will be taken to be so given by the sender and received by the recipient regardless of whether:

(i) the recipient is absent from the place at which the communication is delivered or sent;

(ii) the communication is returned unclaimed; and

(iii) (in the case of email) the email or any of its attachments is opened by the recipient;

(f) if the communication specifies a later time as the time of delivery then that later time will be taken to be the time of delivery of the communication; and

(g) if the communication would otherwise be taken to be received on a day that is not a working day or after 5.00 pm, it is taken to be received at 9.00 am on the next working day ("working day" meaning a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally, in the place to which the communication is delivered or sent).

6.3 Notices sent by more than one method of communication

If a communication delivered or sent under this clause 6 is delivered or sent by more than one method, the communication is taken to be given by the sender and received by the recipient whenever it is taken to be first received in accordance with clause 6.2.

7. General

7.1 Amendments

This deed poll may only be amended by another deed poll entered into by Bidder and Bidder Nominee, and then only:

(a) if before the First Court Date, if the amendment is agreed to by the Target in writing; and

(b) if on or after the First Court Date, if the amendment is agreed to by the Target in writing and the Court indicates that the amendment would not preclude approval of the Scheme.

7.2 Assignment

(a) The rights of each Scheme Shareholder under this deed poll are personal and cannot be assigned, novated, transferred or otherwise dealt with without the prior written consent of Bidder or Bidder Nominee.

(b) Any purported assignment, novation, transfer or other dealing in contravention of clause 7.2(a) of this deed poll is invalid.

7.3 Cumulative rights

The rights, powers and remedies of Bidder, Bidder Nominee and each Scheme Shareholder under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by the law independently of this deed poll.

7.4 Waiver

(a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement of, a right, power or remedy provided by law or under this

deed poll by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this deed poll.

(b) A waiver or consent given by a party under this deed poll is only effective and binding on that party if it is given or confirmed in writing by that party.

(c) No waiver of a breach of a term of this deed poll operates as a waiver of another breach of that term or of a breach of any other term of this deed poll.

7.5 Stamp Duty

Bidder and Bidder nominee must:

(a) pay all stamp duties and any related fines and penalties in respect of the transfer of the Scheme Shares to Bidder (or Bidder Nominee) pursuant to this Scheme or the Deed Poll and is authorised to apply for and retain the proceeds of any refund due in respect of stamp duty paid under this clause; and

(b) indemnify each Scheme Shareholder against any liability from a failure to comply with clause 7.5(a) of this deed poll.

7.6 Further assurances

Bidder and Bidder Nominee must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

7.7 Counterparts

This deed poll maybe executed in counterparts, all of which taken together constitute one document.

8. Governing law and jurisdiction

8.1 Governing law

This deed poll is governed by the law applying in New South Wales, Australia.

8.2 Jurisdiction

Bidder and Bidder Nominee irrevocably:

(a) submits to the non exclusive jurisdiction of the courts of New South Wales, Australia the courts having jurisdiction in that state and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this deed poll; and

(b) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 8.2(a).

Executed and delivered as a deed poll.

Executed by POSCO INTERNATIONAL Corporation

Signature of President/CEO

Si-Bo Joo

Full name of President/CEO

Executed by K-A Energy 1 Pty Ltd ACN 656 318 759:

Signature of director

JHOON SOO JHO

Full name of director

Signature of ~~company secretary~~/director

STUART RICHARD JOHNSTON

Full name of ~~company secretary~~/director

Corporate Directory

Senex Energy Limited

ACN 008 942 827
Level 30, 180 Ann St
Brisbane QLD 4000

Postal address
PO Box 2233
Brisbane QLD 4001
Telephone: (07) 3335 9000
Facsimile: (07) 3335 9999

Senex Directors

Trevor Bourne – Chairman
Ian Davies – Chief Executive Officer
Ralph Craven
Tim Crommelin
Margaret Kennedy
Glenda McLoughlin
John Warburton

Senex Registry

Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane QLD 4000

Financial Advisers

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney NSW 2000
Rothschild & Co Australia Limited
Level 34, 88 Phillip Street
Sydney NSW 2000

Legal Adviser

Clayton Utz
Level 15, 1 Bligh Street
Sydney NSW 2000

Independent Expert

Lonergan Edwards & Associates Limited
Level 7, 64 Castlereagh Street
Sydney NSW 2000

Tax Adviser

PriceWaterhouseCoopers (ABN 52 780 433 757)
480 Queen Street
Brisbane QLD 4000

Senex Shareholder Information Line

1300 527 403 (within Australia)
+61 2 9066 6158 (outside Australia)
Operating hours: on Business Days between 8.30am and 5.30pm AEDT (Sydney, Melbourne), Monday to Friday

Senex

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

SXY

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9.00am AEST (Brisbane)/10.00am AEDT (Sydney, Melbourne) on Sunday, 13th March 2022.**

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.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form: XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to 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.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **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.

I 9999999999 I N D

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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 Scheme Meeting of Senex Energy Limited to be held in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane, QLD and virtually through the Computershare meeting platform via https://meetnow.global/MJZX2TC on Tuesday, 15th March 2022 at 9.00am AEST (Brisbane) /10.00am AEDT (Sydney, Melbourne) and at any adjournment or postponement of that meeting.

Step 2 Item 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.

		For	Against	Abstain
1	"That, pursuant to and in accordance with section 411 of the Corporations Act, the proposed scheme of arrangement between Senex and the holders of its fully paid ordinary shares, the terms of which are contained and more particularly described in the Scheme Booklet of which this Notice of Scheme Meeting forms part, is approved (with or without modification as approved by the Federal Court of Australia)."	☐	☐	☐

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	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	**Director**	**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

Computershare