

# ASX Announcement

15 March 2022



## Scheme Meeting - Chairman's Address

Senex Energy Limited ("**Senex**") refers to the proposed acquisition of 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.

In accordance with ASX Listing Rule 3.13.3, attached to this announcement are the following documents to be presented at the Scheme Meeting commencing at 9.00 am AEST (Brisbane) / 10.00am AEDT (Sydney, Melbourne) tomorrow, 15 March 2022:

- copy of the address to be delivered by the Chair; and
- the Scheme Meeting presentation slides.

Senex Shareholders (or their proxies, attorneys or corporate representatives) will be able to attend and vote at the Scheme Meeting 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 who participate in the Scheme Meeting via the online platform will be able to listen to the Scheme Meeting, ask questions and make comments.

The voting results of the Scheme Meeting will be communicated to the ASX shortly after the conclusion of the Scheme Meeting.

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

### Approved for release by the Senex Board

#### Contact details:

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### About Senex

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

## **Senex Energy Limited**

### **Scheme Meeting - Chairman's Address**

**Tuesday, 15 March 2022 – 9.00 am (Brisbane), 10.00 am (Sydney, Melbourne)**

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Good morning and welcome to this Scheme Meeting of Senex Energy Limited. My name is Trevor Bourne and I have the privilege of being the Chairman of your company and will be chairing today's Scheme Meeting.

Today's Scheme Meeting has been convened pursuant to an order of the Federal Court of Australia made on 7 February 2022.

As the COVID-19 pandemic still poses ongoing health risks, the Scheme Meeting is being held in person at Pullman Hotel King George Square, Connaught Room, Corner Ann & Roma Street, Brisbane and virtually through Computershare's online meeting platform.

Before we begin today, I would like to acknowledge the traditional owners of the country on which we meet today, and we pay our respects to their Elders past, present and emerging.

As it is now just after 9.00 am in Brisbane, where I am facilitating this meeting, and our Company Secretary has informed me that a quorum is present, I declare the Senex Scheme Meeting open.

On behalf of the Senex Board, I'd like to welcome Senex Shareholders, their proxies, attorneys or representatives present - thank you for attending today.

#### **SENEX DIRECTORS**

I would like to begin by introducing my fellow directors who are joining us today:

- with me in person, are my fellow independent non-executive directors:
  - Dr Ralph Craven;
  - Margaret Kennedy;
  - Glenda McLoughlin; and
  - Dr John Warburton.
- Tim Crommelin is joining the Scheme Meeting online
- Also with me in Brisbane is our:
  - Chief Executive Officer and Managing Director Ian Davies,
  - Chief Financial Officer Simon Ellinor and
  - Company Secretaries, David Pegg and Tara Hogan.

I would also like to welcome Jessie Yerma from Computershare who will be the Returning Officer for this meeting. Finally, we have representatives from our financial advisors, Macquarie Capital, Rothschild and legal advisors, Clayton Utz joining us online.

#### **PROCEDURAL MATTERS**

Before commencing the business of the formal procedures of the Scheme Meeting, I would like to explain the logistics of today's meeting, including how to ask questions and vote.

If you need any assistance during today's meeting, please call Senex's registry, Computershare Investor Services on +61 03 9415 4024. You can also refer to the 'Online Meeting Guide' prepared by Computershare for the Scheme Meeting which is available on the online platform to download.

#### **HOW TO ASK A QUESTION**

Senex Shareholders and their proxies, attorneys or representatives are entitled to ask questions at today's Scheme Meeting. If you have a question that you would like to ask today, there are two ways to do so.

When we issued the notice of meeting we also invited shareholders to submit their questions before the Scheme Meeting. We thank all shareholders who submitted questions for their interest and engagement. Those questions will be addressed at the relevant time.

### **Asking a question online**

You may submit questions through the online platform. To do this, select the Q&A icon and type your question into the text box. Once you have finished typing, please hit the send button.

Questions received through the platform will be put to the meeting during question time later in today's proceedings. Written questions may be moderated or amalgamated to avoid repetition, and if questions are particularly lengthy, we may need to summarise them in the interest of time.

### **Asking a question verbally**

For online attendees, you may also ask a verbal question by following the instructions written below the broadcast. Please note you will not be able to see the speaker or the presentation slides while you are queuing to ask your question. You will however still be able to listen to the meeting.

For those shareholders in the room in Brisbane, we ask that you raise your hand if you would like to ask a question and we will provide you with a microphone.

We will take any questions or comments from our shareholders; firstly from the floor, then via phone calls and finally questions submitted online. Questions must be relevant to the business of today's meeting, being the approval of the Scheme. Please ask one question at a time and keep your questions brief so that as many people as possible have the chance to ask a question.

### **HOW TO VOTE**

Voting today will be conducted by way of a poll. To provide you with enough time to vote, I will shortly open voting.

If you are eligible to vote at this meeting, once I declare voting open, press the vote icon on the resolution and they will be activated with voting options. To cast your vote simply select one of the options. There is no need to press submit or press enter as the vote is automatically recorded.

You can change your vote up until the time I declare voting closed.

If there is someone at the meeting in person in Brisbane who believes they are entitled to vote but has not registered to vote, please see a member of the Computershare team at the registration desk.

**I now declare voting open.** The polling icon will soon appear. Please submit your votes at any time. I will give you a warning before I move to close voting.

Jessie Yerma from Computershare Investors Services will act as the Returning Officer for the purposes of conducting and determining the results of the poll, and the results will be communicated to the ASX as soon as available today.

With that explanation, I will now move on to provide an overview of the Scheme.

### **OVERVIEW OF THE SCHEME**

The purpose of today's meeting is for Senex Shareholders to consider and, if thought fit, approve a scheme of arrangement under which K-A Energy 1 Pty Ltd, the subsidiary nominated by POSCO INTERNATIONAL Corporation, which I will now refer to as "K-A Energy", will acquire all of the issued capital of Senex (which I will now refer to as the **Scheme**).

K-A Energy is a company owned 50.1% by POSCO INTERNATIONAL Corporation and 49.9% by Hancock Energy Corporation Pty Ltd, a wholly owned subsidiary of Hancock Prospecting Pty Limited. Further information about K-A Energy is contained in Section 9 of the Scheme Booklet which is available on the online platform.

The cash amount payable by K-A Energy for each Senex Share under the Scheme is \$4.60, in the context of shareholders also receiving the dividend of \$0.05 per Senex Share for the half year ended 31 December 2021, which was paid on 10 March 2022.

### **Directors' Unanimous Recommendation**

As set out in the Scheme Booklet, your directors unanimously recommend that shareholders vote in favour of the resolution at today's meeting. This recommendation is made in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude the Scheme is fair and reasonable and therefore in the best interests of Senex Shareholders.

The key reasons for the Senex Board's unanimous recommendation to vote are set out in detail in the Scheme Booklet and are summarised on screen. They include:

- 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 therefore in the best interests of Senex Shareholders.
- 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 Booklet also identifies some reasons why you may wish to vote against the Scheme. These include that:

- 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 disagree with the Senex Board and the opinion of the Independent Expert and consider that the Scheme is not in your best interests;
- the tax consequences of the Scheme may not be suitable for you; and/or
- you may believe there is potential for a Superior Proposal to emerge.

I would like to emphasise that the Senex Board, in making its recommendation, considered a broad range of matters and its overarching responsibility to act in the best interests of all Senex Shareholders. Throughout our discussions with POSCO INTERNATIONAL Corporation, the Senex Board was focused on maximising value for Senex Shareholders and the Scheme reflects an attractive value for Senex and the opportunity for Senex Shareholders to realise a certain cash price for their shares.

I would also note that the Senex Board's recommendation has always been subject to any Superior Proposal which may be received from a third party. However, no such proposal has been received and the Senex Board is not aware of any competing proposal.

#### **Uplift in value over prior proposals**

The Senex Board notes that the offer from POSCO INTERNATIONAL Corporation at \$4.60 per Senex Share in November 2021, which led to the Senex Board entering into the Scheme Implementation Agreement with POSCO INTERNATIONAL Corporation in December 2021, had followed three prior earlier offers from POSCO INTERNATIONAL Corporation. The first of these was in July 2021 at \$4.00 per Senex Share; the second was in August 2021 at \$4.20 per Senex Share and the third was in September 2021 at \$4.40 per Senex Share. At the time of the third offer the Senex Board decided the price had reached a point where it was in Senex Shareholders interest to allow POSCO INTERNATIONAL Corporation a period of exclusivity to enable it to submit a further improved proposal.

Ultimately, at POSCO INTERNATIONAL Corporation's revised proposal of \$4.60 per Senex Share, the Senex Board came to the view that the offer was strong, credible and worthy of shareholder consideration. The \$4.60 offer represents a 25% premium to the 30-day VWAP and a 34% premium to the 90-day VWAP up to and including 15 October 2021, the last trading day before the offer was announced.

#### **Independent Expert's Report**

The Senex Board's view is supported by the Independent Expert's Report, which was prepared by Lonergan Edwards & Associates Limited. A copy of the Independent Expert's Report is included as Appendix B to the Scheme Booklet. The Independent Expert's Report concluded that the Scheme is fair and reasonable and therefore in the best interests of Senex Shareholders in the absence of a superior proposal. In that Report, the expert 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.

#### **Status of Conditions and Indicative Timetable**

The Scheme was subject to two regulatory approvals - being Foreign Investment Review Board approval and Korean foreign exchange approval - which have both now been obtained. If the Scheme is approved at today's meeting, Senex will then seek approval of the Federal Court of Australia to implement the Scheme. If that approval is obtained, the Scheme will be unconditional.

The indicative timetable for implementation of the Scheme, if it is approved at this meeting and by the Court on the Second Court Date, is shown on the slide. The Second Court Hearing is scheduled for this Friday, 18 March 2022 and, if the Court approves the Scheme, the trading of Senex Shares on the ASX

will be suspended from close of trading on that date. The record date for participation in the Scheme is Friday, 25 March 2022.

The Implementation Date, being the date on which the Scheme Consideration of \$4.60 per Senex Share will be paid by K-A Energy to Senex Shareholders is anticipated to be Friday, 1 April 2022.

### **Recent events overseas**

Since the announcement of the scheme implementation agreement on 13 December, there has been an increase in energy spot prices due to the war in Ukraine. The long term forward oil prices have also increased between \$7 to \$10. There is turmoil in European gas markets and the prices of Australian oil & gas company stocks have also increased. We have given these issues careful consideration.

The recent events overseas, as well as causing commodity price increases (certainly in the short-term) also come with higher volatility and uncertainty. It would be a brave person who would predict where the global oil and gas prices might settle in the medium to longer term. This uncertainty and volatility goes to the heart of the decision before shareholders about whether to accept the proposal from POSCO INTERNATIONAL Corporation OR choose to leave Senex as a stand-alone entity and remain exposed to market forces and the risks outlined in the Scheme Booklet.

Specifically, in relation to our domestic gas production from Atlas, which is sold into the Australian east-coast gas market: In the short term, production is largely contracted at fixed prices and the east coast gas market is more closely tied to local factors than to overseas markets. Our Roma North production is sold to GLNG. About 30% of Senex's revenue portfolio is exposed to oil prices and for the rest of this year is largely offset by Senex's hedge position.

All four proxy advisors, who provide their independent advice to institutional shareholders, have recommended their clients vote in favour of the Scheme, notwithstanding the macroeconomic changes that I've just referred to. The Independent Expert, Lonergan Edwards continues to be of the view that the Scheme remains "fair" and "reasonable" to Senex Shareholders in the absence of a superior proposal. Your directors unanimously recommend you vote for the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude the Scheme is fair and reasonable and therefore in the best interests of Senex Shareholders.

Whether you consider the Scheme Consideration reflects fair value, all things considered, is a judgement call for each shareholder to make. The decision, outlined extensively in the Scheme Booklet, is between a cash certain amount now, at fair value, versus remaining as a shareholder of a standalone business subject to the risks and uncertainties the business will be exposed to (some of which relate to commodity prices). The Board considered the offer by POSCO INTERNATIONAL Corporation was sufficient in value and certainty, to put to our shareholders for their consideration. We, as a Board, think it is a fair and reasonable proposal, however it is your view and your vote that counts today.

### **FORMAL BUSINESS**

We will now proceed the formal business of today's Scheme Meeting. The sole item of business today is the Scheme Resolution.

#### **Scheme Resolution**

The Scheme Resolution is also now shown on screen and is as follows:

*"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 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 (again whether in person or by proxy, attorney or, in the case of a body corporate, corporate representative).

#### **Proxy Results**

The proxy votes received prior to the relevant cut off time are on the screen before you. You can see that on the basis of votes lodged and proxies received the resolution is supported. However, the final outcome will be determined by the votes cast in the poll at this meeting by the shareholders and proxy holders online, including the proxy holder votes shown on the screen.

I will be casting the undirected proxies given to me in favour of the Scheme Resolution, which are shown on the screen.

### **Questions**

I would now like to give Shareholders an opportunity to raise any questions. I will now ask the Company Secretary to moderate any questions or comments from our shareholders; firstly from those we received prior to the meeting, then from the floor, then via phone calls and finally questions submitted online.

### **Voting**

If you haven't already done so, I ask you to please complete your voting. I will now pause for 2 minutes to allow you time to finalise your votes. If you have a voting card, a representative from Computershare will collect it from you shortly.

Thank you. I now declare voting and the poll closed.

### **Close of Scheme Meeting**

That concludes the formal business proceedings of today's meeting.

As I noted at the beginning of this meeting, the results of the poll will not be available during the meeting, but will be available on the ASX and on our website as soon as practicable after the meeting.

On behalf of the Senex Board and management, I'd like to thank Senex Shareholders for their consistent support and for being with us throughout this journey. I would also like to thank Ian, his executives and employees, who have demonstrated time and again their capacity to deliver for all our stakeholders.

Thank you for attending and participating in today's Scheme Meeting.

I now declare the Scheme Meeting of Senex Energy Limited closed.

# Senex Scheme Meeting

15 March 2022



**Senex**   
Senex Energy Limited

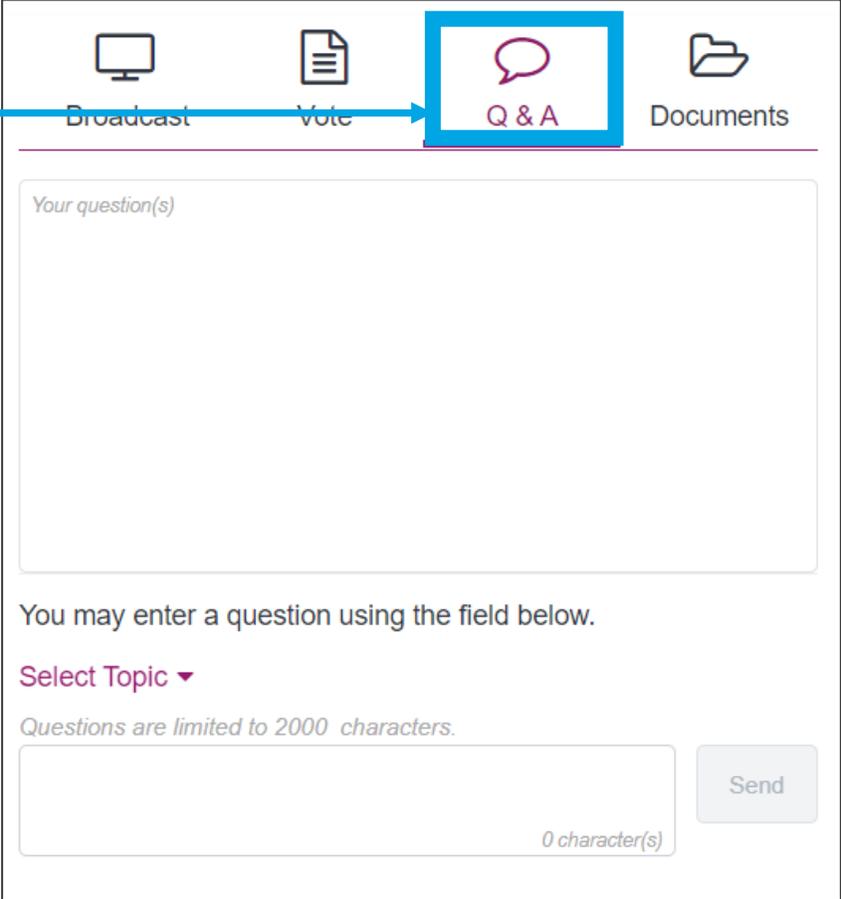
# **Welcome to the Scheme Meeting**

# Today's meeting



# How to ask a question

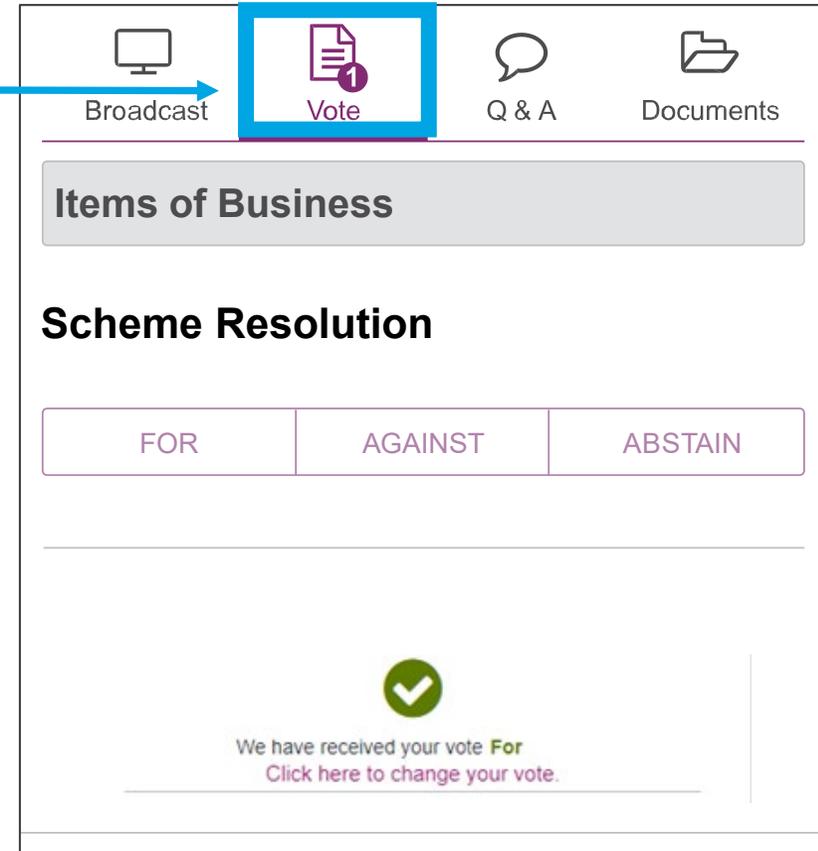
- To ask a written question select the Q&A icon
- Select the topic your question relates to from the drop-down list
- Type your question in the text box and **press** the send button
- To ask a verbal question follow the instructions below the broadcast window



The screenshot shows a navigation bar with four icons: a monitor for 'Broadcast', a document for 'Vote', a speech bubble for 'Q & A', and a folder for 'Documents'. The 'Q & A' icon is highlighted with a blue box, and a blue arrow points from the text 'select the Q&A icon' in the list to this icon. Below the navigation bar is a large text input field with the placeholder text 'Your question(s)'. Below this field is the instruction 'You may enter a question using the field below.' followed by a dropdown menu labeled 'Select Topic ▼'. Below the dropdown is a smaller text input field with the placeholder text '0 character(s)' and a 'Send' button to its right. A note above the smaller field states 'Questions are limited to 2000 characters.'

# How to vote

- When the poll is open, select the Vote icon at the top of the screen
- To vote, select either For, Against or Abstain
- You will see a vote confirmation
- To change or cancel your vote “click here to change your vote” at any time until the poll is closed





# Overview of the Scheme

# Advantages and disadvantages of the Scheme

Reasons for Senex shareholders to vote in <u>favour</u> of the Scheme	Reasons Senex shareholders may want to vote <u>against</u> the Scheme
✓ The Scheme Consideration of \$4.60 per Senex share represents a premium to the recent trading price of Senex shares	× You may disagree with the Senex Board's unanimous recommendation
✓ The Independent Expert has concluded that the Scheme Consideration is fair and reasonable and in the best interests of Senex shareholders	× You may disagree with the Independent Expert's conclusion and believe that the Scheme is not in your best interests
✓ 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	× 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
✓ No Superior Proposal has emerged as at the date of the Scheme Booklet	× 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 Senex share price may fall if the Scheme is not implemented	× The tax consequences of the Scheme may not suit certain Senex shareholders
✓ Senex shareholders will not incur any brokerage fees on the transfer of their Senex shares if the Scheme proceeds	× You may believe there is potential for a Superior Proposal to be made in the foreseeable future

The Senex Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and risks.  
Refer to section 3.2 of the Scheme Booklet for further information

# Premium to Senex share price

The Scheme Consideration of \$4.60 in cash per Senex share represents a significant premium to recent historical trading prices prior to announcement of the offer

25%

premium to the 30-day VWAP up to and including 15 October 2021

32%

premium to the 60-day VWAP up to and including 15 October 2021

34%

premium to the 90-day VWAP up to and including 15 October 2021

20%

premium to the closing price of Senex Shares on 15 October 2021

## Interim dividend

- In addition to the Scheme Consideration, Senex declared an **unfranked Interim Dividend of \$0.05 per Senex share** in respect of the half year ended 31 December 2021.
- Senex's dividend reinvestment plan did not 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 occurred on 10 March 2022 and was not dependent on the Scheme becoming effective.

# Key dates

EVENT	DATE AND TIME
<b>First Court Date</b>	4 February 2022
<b>Last Date for Proxy Forms</b>	13 March 2022
<b>Meeting Record Date</b>	13 March 2022
<b>Scheme Meeting</b>	15 March 2022
<b>If the Scheme is approved by Senex Shareholders at the Scheme Meeting</b>	
EVENT	DATE AND TIME
<b>Second Court Date</b> to seek Court orders approving the Scheme	18 March 2022 at 10.15am
<b>Effective Date</b>	18 March 2022
<b>Record Date</b> Time and date for determining entitlements to Scheme Consideration	25 March 2022 at 7.00pm
<b>Implementation Date</b> The date on which the Scheme will be implemented and Scheme Consideration will be paid	1 April 2022

# Formal business



# 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).*

# Proxy results

	Number of votes cast	% of votes cast	Number of Shareholders <sup>3</sup>	% of Shareholders
For <sup>1</sup>	98,631,539	<b>93.78%</b>	1,058	<b>76.11%</b>
Against	6,534,138	6.21%	328	23.60%
Undirected <sup>1</sup>	13,922	0.01%	4	0.29%
<b>TOTAL</b>	<b>105,179,599</b>	<b>100%</b>	<b>1,390</b>	<b>100%</b>
Abstain <sup>2</sup>	77,653	-	8	-
Requisite majority for resolution to pass	At least 75%		More than 50%	

Notes:

1. Undirected proxies given to the Chairman have been included in the FOR category
2. Votes related to a Shareholder who abstains from voting are not counted in determining the requisite majorities
3. If a proxy has split votes, the proxy has not been included in the count of number of shareholders

# Q&A



# Thank you

