

ASX Announcement

18 October 2021



Senex advises of discussions with POSCO International in relation to a potential transaction

Senex Energy Limited (Senex, ASX:SXY) advises that it is in discussions with POSCO International Corporation ("POSCO International") in relation to a potential change of control transaction.

On 2 September 2021, POSCO International submitted a revised non-binding and indicative proposal to acquire 100% of Senex for a cash offer price of A\$4.40 per share ("Revised Proposal"). This followed the submission of two prior non-binding proposals on 30 July 2021 (offer price: A\$4.00 per share) and 27 August 2021 (offer price: A\$4.20 per share).

The Senex Board met and carefully considered this Revised Proposal and the prior proposals, including consulting with external advisers. On 15 September 2021, Senex granted POSCO International a period of exclusivity¹ (subject to the usual fiduciary carve-outs) in order to complete their due diligence enquiries and further advance the proposal.

Following further discussions between the parties, Senex has now agreed to extend POSCO International's exclusivity period¹ to 5 November 2021, in order to provide POSCO International with additional time to assess a further revised proposal at a price higher than A\$4.40 per share.

The Revised Proposal offer price represents a 40% premium to the 30-day VWAP on 2 September 2021, being the date prior to the receipt of the Revised Proposal, and represents a 19% premium to the 30-day VWAP on 15 October 2021 (being the last trading day prior to the date of this release).

POSCO International has indicated that if a transaction proceeds, it is likely to be implemented by way of an off-market takeover offer which would be subject to a 50.1% minimum acceptance condition and Foreign Investment Review Board ("FIRB") approval; however, the transaction would not be subject to a financing condition.²

Any such offer from POSCO International is subject to various pre-conditions before it can be made or implemented, these pre-conditions include: the negotiation and execution of a bid implementation agreement, the parties agreeing to the terms and conditions of an off-market offer, POSCO International implementing its proposed financing arrangements and board approval of both Senex and POSCO International.

The Senex Board believes it is in the best interests of its shareholders to continue to engage with POSCO International and will assess any proposal received on its merits. Senex has appointed Macquarie Capital and Rothschild & Co as financial advisers and Clayton Utz as legal adviser.

¹ The exclusivity terms include a 'no shop' provision, a 'no talk' provision (subject to a fiduciary out), a 'no due diligence' provision (subject to a fiduciary out) and a 'notification' obligation (subject to a fiduciary out for the identification of the counter bidder), each on customary terms.

² POSCO International has advised that the transaction would also be subject to a number of other conditions, including: no regulatory impediment, no material adverse change, no prescribed occurrences, no material acquisitions, commitments or disposals, compliance with an agreed pre-completion conduct of business regime and any other required approvals or consents; it is possible that POSCO International might seek further conditions after the date of this announcement.

There is no certainty that discussions between POSCO International and Senex will result in any binding agreement on a transaction. Senex's shareholders do not need to take any action at this time. This announcement does not constitute a proposal to make a takeover bid for the purpose of section 631 of the Corporations Act.

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

Background to POSCO International

POSCO International (047050.KS) is listed on the Korea Stock Exchange with a market capitalisation of US\$2.4 billion as of 15 October 2021. POSCO International specialises in oil & gas exploration and production, LNG, agri-resources and steel trading; it owns an extensive global network of 105 overseas branches and subsidiaries in 45 countries, including an office in Sydney.

POSCO International is majority owned by POSCO, who has a 62.9% equity interest in the company. POSCO is the sixth largest steel producer globally by production and listed on the Korean and New York stock exchanges with a market capitalisation of US\$24.2 billion as of 15 October 2021. POSCO has a BBB+ (Positive) and a Baa1 (Stable) corporate credit rating with Standard & Poors and Moody's respectively.

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

Approved for release by the Senex Board

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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.