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**MARENICA ENERGY LIMITED****ACN 001 666 600****NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11.00am (WST)**DATE:** Monday, 30 November 2015**PLACE:** The Len Warren Conference Room  
AMRC (Australian Minerals Research Centre) Building  
7 Conlon Street  
Waterford WA 6152

**This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.**

**Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on +61 8 6555 1816.**

**MARENICA ENERGY LIMITED**  
**ACN 001 666 600**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the Shareholders of Marenica Energy Limited ("Marenica" or "the Company") will be held as follows:

**TIME: 11.00am**

**DATE: Monday, 30 November 2015**

**LOCATION: The Len Warren Conference Room  
AMRC (Australian Minerals Research Centre) Building  
7 Conlon Street, Waterford, Western Australia**

**This Notice of Annual General Meeting should be read in its entirety.  
If Shareholders are in doubt as to how they should vote, they should seek advice from their  
professional advisers without delay.**

**If you wish to discuss any aspects of this document with the Company, please contact  
the Company Secretary on +61 8 6555 1816.**

Words and phrases used in the Resolutions are defined in Section 8 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of Annual General Meeting as defined in the Explanatory Statement.

## **AGENDA**

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### **ORDINARY BUSINESS**

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#### **Financial Statements and Reports**

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 including the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

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#### **Resolution 1: Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding** resolution:

**"That, for the purpose of section 250R(2) of the Corporations Act, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015."**

*Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.*

### **Voting Prohibition Statement for Resolution 1**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described in sub-paragraphs (a) or (b) above; or
- (d) the person is the chair of the Annual General Meeting voting an undirected proxy which expressly authorises the chair to vote the proxy on a resolution connected with the remuneration of a member of Key Management Personnel.

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### **Resolution 2: Re-election of Director – Nelson Chen**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

**"That Mr Nelson Chen a Director of the Company who retires by rotation in accordance with clause 7.3(a) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."**

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### **SPECIAL BUSINESS**

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### **Resolution 3: Approval for Issue of Shares to Mr Murray Hill (or nominee) in Lieu of a Portion of his Salary**

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

**"That, pursuant to ASX Listing Rule 7.1, approval be given to issue Shares to Mr Murray Hill or his nominee on the terms and conditions set out in the Explanatory Statement."**

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Hill and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the Resolution is passed and any Associates of those persons. However, the Company will not disregard a vote if (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or (b) it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **Resolution 4: Approval of Grant of Options to Mr Alan Douglas Buerger (or nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**"That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval is given for the issue of Options to Alan Douglas Buerger or his nominee on the terms and conditions set out in the Explanatory Statement."**

### **Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by Mr Buerger and any associate of Mr Buerger. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**Resolution 5: Approval of Grant of Options to Mr Gavin Becker (or nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval is given for the issue of Options to Gavin Becker or his nominee on the terms and conditions set out in the Explanatory Statement.”**

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by Mr Becker and any associate of Mr Becker. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**Resolution 6: Approval of Grant of Options to Mr David Sanders (or nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval is given for the issue of Options to David Sanders or his nominee on the terms and conditions set out in the Explanatory Statement.”**

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by Mr Sanders and any associate of Mr Sanders. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**Resolution 7: Approval of Grant of Options to Mr Nelson Chen (or nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval is given for the issue of Options to Nelson Chen or his nominee on the terms and conditions set out in the Explanatory Statement.”**

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by Mr Chen and any associate of Mr Chen. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **Resolution 8: Approval of Grant of Options to Mr Lou Guo Qing (or nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, approval is given for the issue of Options to Lou Guo Qing or his nominee on the terms and conditions set out in the Explanatory Statement.”**

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by Mr Lou and any associate of Mr Lou. However, the Company need not disregard a vote if (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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#### **Resolution 9: Approval of 10% Placement Facility**

To consider and, if thought fit, to pass, the following resolution as a special resolution:

**“That, pursuant to ASX Listing Rule 7.1A, approval be given to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”**

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit except a benefit solely in the capacity of a holder of Shares if this Resolution is passed and any Associates of those persons. However, the Company will not disregard a vote if (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or (b) it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **Questions and Comments**

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about or make comments on the management of the Company.

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## EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting for further explanation of the Resolutions.

## PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- delivering it to the registered office of the Company at Bennett + Co, Ground Floor, BGC Centre, 28 The Esplanade, Perth Western Australia 6000, Australia;
- posting it to the Company to Marenica Energy Limited, c/- PO Box 5745, St Georges Terrace, Perth, WA 6831, Australia; or
- faxing it to the Company on facsimile number +61 8 6316 2211; or
- emailing it to the Company at [info@marenicaenergy.com.au](mailto:info@marenicaenergy.com.au).

To be effective, a Proxy Form and, if the Proxy Form is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of that authority) must be received by the Company not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

## CORPORATE REPRESENTATIVES

A body corporate that is a shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

## DATE FOR DETERMINING HOLDERS OF SHARES

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the Annual General Meeting. For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding at 11.00am (WST) on 28 November 2015. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Dated this 29 October 2015

By order of the Board

A handwritten signature in black ink, appearing to read 'S. Hunter'.

Susan Hunter  
Company Secretary

# MARENICA ENERGY LIMITED

## ACN 001 666 600

### EXPLANATORY STATEMENT TO SHAREHOLDERS

#### 1. ACTION TO BE TAKEN BY SHAREHOLDERS

This Explanatory Statement sets out information about the Resolutions to be considered by the Shareholders at the Annual General Meeting. Defined terms used in this Explanatory Statement are set out in Section 8. Accompanying this Explanatory Statement is the Notice of Annual General Meeting convening the Annual General Meeting and a Proxy Form.

Shareholders are encouraged to attend and vote on the Resolutions to be put to the Annual General Meeting. If a Shareholder is not able to attend and vote at the Annual General Meeting, the Shareholder may complete the Proxy Form and return it not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

#### 2. ANNUAL FINANCIAL REPORTS

The Corporations Act requires the Company's financial statements and reports of the Directors and of the auditor for the year ended 30 June 2015 to be laid before the Annual General Meeting. The financial statements and the reports of the Directors and of the auditor are contained in the Company's 2015 Annual Report, a copy of which is available on the Company's website at [www.marenicaenergy.com.au](http://www.marenicaenergy.com.au).

Whilst no Resolution is required in relation to this item, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered.

A representative from the Company's auditors will be invited to the meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

#### 3. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2015.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the Annual General Meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

If at least 25% of the votes cast on the Resolution are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2016 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company ("Spill Resolution"). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("Spill Meeting") within 90 days of the Company's 2016 annual general meeting. All of the Directors who were in office when the Company's 2016 Directors' Report was approved, other than the Managing Director of the Company, if any, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Company's Shareholders have approved the Remuneration Report at each previous annual general meeting.

A Spill Resolution will not be required at this Annual General Meeting as the votes against the Remuneration Report at the Company's 2014 annual general meeting were less than 25%.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Annual General Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

#### **4. RESOLUTION 2: RE-ELECTION OF DIRECTOR – NELSON CHEN**

It is a requirement under clause 7.3(a) of the Company's Constitution that no Director may hold office without re-election past the third annual general meeting following the Director's appointment or 3 years, whichever is longer. Accordingly, Mr Chen retires from office, and being eligible, offers himself for re-election as a Director of the Company. Mr Chen was last re-elected a Non-executive Director of the Company on 30 November 2012. Mr Chen's qualifications and background information is included below.

##### **Nelson Chen – Master of Applied Finance, CA**

Mr Chen is a Director of Hanlong Mining Investment Pty Ltd. He holds postgraduate degrees in finance and accounting and is a Chartered Accountant. Prior to joining Hanlong, Mr Chen spent over 11 years with PricewaterhouseCoopers, Sydney office, in their audit and mergers and acquisitions advisory practice. Mr Chen has served on the board of Australia China Business Council, NSW for over six years.

Mr Chen is currently Non-executive Chairman of ASX listed Moly Mines Limited and a Non-executive Director of NYSE and TSX listed General Moly Inc.

Mr Chen was appointed to the Board as a Non-executive Director of Marenica on 29 November 2011 and is currently a member of both the Audit and Risk Management Committee and the Remuneration and Nomination Committee.

The Board unanimously supports the re-election of Mr Chen.

#### **5. RESOLUTION 3: APPROVAL FOR ISSUE OF SHARES**

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 to issue Shares to Marenica's Chief Executive Officer (CEO) Murray Hill in lieu of part cash payment (20%) of Mr Hill's monthly salary (including superannuation) for the months of November and December 2015 equating to \$4,745.00 worth of Shares each month.

The Shares to be issued in lieu of part cash payment (20%) of Mr Hill's monthly gross salary (including superannuation) for November and December 2015 will be issued at issue prices equal to the higher of (i) the monthly volume weighted average share price for Marenica Shares for the relevant month that the payment relates to or (ii) 80% of the volume weighted average price of Marenica Shares calculated over the last 5 days on which sales in the Shares are recorded before the day on which the issue is made.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) Number of Shares to be Issued: The formula for calculating the number of Shares to be issued in relation to Mr Hill's salary for November and December 2015 is the monthly salary entitlement to be paid in shares of \$4,745 divided by the higher of (i) the monthly volume weighted average share price for Marenica Shares for the relevant month that the payment relates to or (ii) 80% of the volume weighted average price of Marenica Shares calculated over the last 5 days on which sales in the Shares are recorded before the day on which the issue is made.
- (b) Issue Price: The Shares will be issued at issue prices equal to the higher of (i) the monthly volume weighted average share price for Marenica Shares for the relevant month that the



- payment relates to or (ii) 80% of the volume weighted average price of Shares calculated over the last 5 days on which sales in the Shares are recorded before the day on which the issue is made.
- (c) Allottee: The Shares will be issued to Murray Hill or nominee. Murray Hill is not a Related Party of the Company.
  - (d) Terms: The Shares to be issued will rank equally in all respects with the existing Shares on issue. The Company will apply to ASX for official quotation of the Shares.
  - (e) Intended Use of Funds: The Shares will be issued in lieu of part cash payment (20%) of Mr Hill's monthly salary (including superannuation) for November and December 2015 and consequently no funds will be raised by the issue. This proposed issue of Shares allows the Company to preserve the Company's cash resources for application in other areas.
  - (f) Date of Issue: The issue will occur no later than 3 months after approval of the Resolution or such later date to the extent permitted by an ASX waiver of the Listing Rules. The Company will issue the Shares on a single date no later than 3 months after the date of the Annual General Meeting.
  - (g) Voting Exclusion: An appropriate voting exclusion statement is included in the Notice of General Meeting.

The Directors recommend that the Shareholders vote in favour of this Resolution.

## **6. RESOLUTIONS 4 TO 8: APPROVAL OF GRANT OF OPTIONS TO ALAN BUERGER, GAVIN BECKER, DAVID SANDERS, NELSON CHEN AND LOU GOU QING**

### **Background**

Resolutions 4 to 8 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of Options to Directors (or their nominees).

The purpose of the proposed grant of the Options is to replace the obligation of the Company to pay outstanding Directors' fees to 31 December 2015 owed to the Directors with an obligation for the Company to fund the exercise price of Options in the future should the directors choose to exercise the Options. The issue of Options provides a means by which the Company can satisfy the outstanding Directors' fees owed to the Directors to 31 December 2015 thereby preserving the Company's cash resources for application in other areas.

### **Reason approval required**

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Directors are Related Parties of the Company.

If Shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### **Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act**

Listing Rule 10.13 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant:

- (a) The number of Options that will be issued to each Director if the relevant Resolutions are passed will be that number of Options which will lead to the exercise price of those Options being equal to the amount of Directors fees outstanding as at 31 December 2015. The actual exercise price will be 1.48 times the average market price for Shares on the five trading days immediately prior to the issue date of the Options. The accrued and unpaid Directors' fees (including superannuation) that will be owing to each of the Directors as at 31 December 2015 is set out in (l) below.
- (b) Each Option will be granted for no monetary consideration and will be exercisable at 1.48 times the average market price for Shares on the five trading days immediately prior to the issue of the Options at any time within 4 years after the issue date. The Company will announce the exercise price of the Options to ASX once it has been calculated.

- (c) The Options will vest immediately.
- (d) The Options will be unlisted and transferable only with the consent of the Company.
- (e) The full terms of the Options are set out in Schedule 1.
- (f) The Company will issue the Options on a single date no later than one month after the date of the Annual General Meeting.
- (g) Each of the Directors has an interest in Resolutions 4 to 8 and therefore believe it inappropriate to make a recommendation.
- (h) The dilution effect if Resolutions 4 to 8 are approved and all Options are exercised and no additional Shares are issued is as follows:

Current Number of Shares on Issue	15,567,325
Number of Options to be offered <sup>1</sup>	1,123,547 <sup>1</sup>
Dilution Effect if all Options exercised	7.2%

<sup>1</sup> The number of Options included in the table above is based on an exercise price of \$0.2489 being 1.48 times \$0.1682, being the average market price for Shares on the five trading days immediately prior to 8 October 2015, being the date of lodgement of this Notice of Annual General Meeting and Explanatory Statement with ASIC. The actual number of Options that will be issued to each Director if the relevant Resolutions are passed will be that number of Options which will lead to the exercise price of those Options being equal to the amount of Directors fees outstanding as at 31 December 2015. The actual exercise price will be 1.48 times the average market price for Shares on the five trading days immediately prior to the issue date of the Options.

- (i) The current relevant interests in security holdings of the Directors are as follows:

Director	Fully Paid Ordinary Shares	Options
Alan Buerger	117,334	136,980 <sup>1, 4</sup>
Gavin Becker	133,750	136,980 <sup>1, 4</sup>
David Sanders	112,917	136,980 <sup>1, 4</sup>
Nelson Chen	19,720	108,421 <sup>2, 4</sup>
Lou Guo Qing	-	13,350 <sup>3, 4</sup>

<sup>1</sup> These Options are exercisable at \$0.355 each on or before 26 November 2018.

<sup>2</sup> 95,071 Options exercisable at \$0.355 each on or before 26 November 2018 and 13,350 Options are exercisable at \$0.40 each on or before 17 September 2019.

<sup>3</sup> These Options are exercisable at \$0.40 each on or before 17 September 2019.

<sup>4</sup> In the event the Director chooses to exercise these Options, the Company has an obligation to fund the exercise price as previously approved by Shareholders.

- (j) A voting exclusion statement is included in the Notice.
- (k) No funds will be raised by the grant of the Options or the exercise of the Options.
- (l) The current remuneration of each of the Directors is as follows:
  - Mr Buerger is entitled to receive Director's fees of \$60,000 per annum including superannuation.

- Messrs Becker, Sanders, Chen and Lou are each entitled to receive Director's fees of \$45,000 per annum including superannuation.

The accrued and unpaid Directors' fees (including superannuation) that will be owing to each of the Directors as at 31 December 2015 is as follows:

<b>Name of Director</b>	<b>Fees Owing</b>
Alan Buerger	\$70,000
Gavin Becker	\$52,500
David Sanders	\$52,500
Nelson Chen	\$52,500
Lou Guo Qing	\$52,151

The number of Options that will be issued to each Director if the relevant Resolutions are passed will be that number of Options which will lead to the exercise price of those Options being equal to the amount of Directors fees outstanding as at 31 December 2015.

- (m) On the basis of the assumptions below the Company has received a valuation from Stanton International who have determined the technical value of one Option approximates \$0.1063 as at 6 October 2015. Based on an exercise price of \$0.2489 being 1.48 times \$0.1682, being the average market price for Shares on the five trading days immediately prior to the date of the valuation, this valuation imputes a total value of up to approximately \$119,434 (respectively to \$29,895 for Mr Buerger, \$22,422 for each of Messrs Becker, Sanders and Chen and \$22,273 for Mr Lou) for the proposed Options. The actual number of Options that will be issued to each Director if the relevant Resolutions are passed will be that number of Options which will lead to the exercise price of those Options being equal to the amount of Directors fees outstanding as at 31 December 2015. The actual exercise price will be 1.48 times the average market price for Shares on the five trading days immediately prior to the issue date of the Options.

The value may go up or down as it will depend in part on the future price of a Share.

Black & Scholes methodology has been used, together with the following assumptions:

- (i) interest rate set at 2.08% which is the five year Australia Government bond rate;
- (ii) the date of valuation for the purposes of setting the current market value of a Share and the exercise price of an Option is 6 October 2015;
- (iii) a Share price of \$0.15 being the closing price on ASX on 6 October 2015 (the last sale price before the date of the valuation);
- (iv) an exercise price of \$0.2489 being 1.48 times the average market price of Marenica Shares traded on the ASX during the five trading days up to 6 October 2015 being the date of the valuation; and
- (v) volatility of 100% which is based on an option volatility calculator, the Company's share price over the last 12 months and the general trend in shares of companies in similar businesses trading a ASX over that last 3 to 6 months.

- (n) There is no cash cost to the Company in issuing the Options or in funding the exercise of the Options. The value of the Options at the time of their issue are, however, recorded as an expense in the Company's accounts. If the Options are exercised and the Shares are trading at that time above the exercise price there may be a perceived cost to the Company as the Company may have been able to issue the Shares at a higher price.
- (o) Historical Share price information for the last three months prior to the date of lodgement of this Explanatory Statement with ASIC is as follows:

	Price	Date
<b>Highest</b>	\$0.22	13 July 2015
<b>Lowest</b>	\$0.09	11 August 2015
<b>Last</b>	\$0.15	7 October 2015

Other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to consider Resolutions 4 to 8.

## 7. RESOLUTION 9: APPROVAL OF 10% PLACEMENT CAPACITY

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued capital through placements over a 12 month period after the annual general meeting ("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Based on the number of Shares on issue as at 7 October 2015 and the closing price of the Company's Shares on the ASX on 7 October 2015 of \$0.15 per Share, the Company's market capitalisation is approximately \$2.335 million. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A2 (set out below).

The Company intends to use the funds raised under the 10% Placement Facility towards further development and commercialisation of the Company's patented *U-pgrade™* process and/or for general working capital. In addition, the Company may use the cash consideration for the acquisition of new assets and investments.

The Directors recommend that the Shareholders vote in favour of this Resolution.

### 7.1 Description of Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

#### (b) Equity Security

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Annual General Meeting, the Company has one class of Equity Security, being Shares.

**(c) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

**(A x D) – E**

**A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (set out above).

**(e) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded in that class immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) ("10% Placement Period").

**7.2 Listing Rule 7.1A**

The effect of this Resolution will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### 7.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of the Company's Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded in that class immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
  
- (b) If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of the consideration for the acquisition of a new asset;which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The formula in Listing Rule 7.1A(2) is outlined above.

The table also shows:

- (i) Two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
  
- (ii) Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A2		Dilution		
		\$0.075 50% decrease in Issue Price	\$0.15 Issue Price	\$0.225 50% increase in Issue Price
Current Variable A 15,567,325 Shares	10% Voting Dilution	1,556,732	1,556,732	1,556,732
	Funds Raised	\$116,754.90	\$233,509.80	\$350,264.70
50% increase in current Variable A 23,350,988 Shares	10% Voting Dilution	2,335,099	2,335,099	2,335,099
	Funds Raised	\$175,132.43	\$350,264.85	\$525,397.28
100% increase in current Variable A 31,134,650 Shares	10% Voting Dilution	3,113,465	3,113,465	3,113,465
	Funds Raised	\$233,509.88	\$467,019.75	\$700,529.63

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options or Performance Rights are exercised into Shares before the date of the issue of Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
  - (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
  - (vii) The issue price is \$0.15, being the closing price of the Shares on the ASX on 7 October 2015 (the last sale price before the date of lodgement of this Notice of Annual General Meeting and Explanatory Statement with ASIC on 8 October 2015).
- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) Non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) Cash consideration to use the funds raised under the 10% Placement Facility towards further development and commercialisation of the Company's patented **U-pgrade™** process and/or for general working capital. In addition, the Company may use the cash consideration for the acquisition of new assets and investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:



- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Annual General Meeting but may include existing substantial Shareholders and/or new Shareholders who are not Related Parties or Associates of a Related Party of the Company.

- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice of Annual General Meeting. At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class or existing security holder to participate in an issue of Equity Securities pursuant to the Resolution. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

## 8. DEFINITIONS

In this Explanatory Statement:

**\$** means Australian dollars.

**Annual General Meeting** means the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of Annual General Meeting.

**Associate** has the meaning set out in sections 11 to 17 of the Corporations Act.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**Board** means the Board of Directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** or **Marenica** means Marenica Energy Limited, ACN 001 666 600.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Annual General Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of the ASX.

**Notice of Annual General Meeting** means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

**Option** means an option to subscribe for a Share.



**Proxy Form** means the form of proxy accompanying this Notice of Annual General Meeting.

**Related Party** means a party so defined by section 228 of the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2015.

**Resolution** means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.

**Section** means a section of the Notice of Annual General Meeting.

**Securities** means Shares, Options, Performance Rights and convertible notes.

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

**Shareholder** means a person entered in the Company's register as a holder of a Share.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means the volume weighted average price.

**WST** means Western Standard Time.

## SCHEDULE 1

### Terms of the Options Proposed to be Issued Under Resolutions 4 to 8

- (a) Each Option gives the holder (**Optionholder**) the right to subscribe for one (1) Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with these terms and conditions.
- (b) The Options will vest immediately on issue.
- (c) The Options will expire at 5:00pm (WST) on the date which is 4 years from their issue date (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) The amount payable upon exercise of each Option will be 1.48 times the average market price for shares on the five trading days immediately prior to the issue of the Options (**Exercise Price**).
- (e) The Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (f) Optionholders may exercise their Options by lodging with the Company, before the Expiry Date, a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**). The Company has the obligation to fund the Exercise Price of the Options should the Optionholder choose to exercise them.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of ordinary shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (i) The Options will not be transferable without the consent of the Company.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 Business Days after the allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

**MARENICA ENERGY LIMITED**  
**ACN 001 666 600**  
**PROXY FORM**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

SRN / HIN: \_\_\_\_\_

**Appointment of a proxy**

I/We being a member(s) of Marenica Energy Limited hereby appoint:

\_\_\_\_\_  
 (Write here the name of the person you are appointing)

or failing the person named, or if no person is named, the Chairman as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Marenica Energy Limited to be held at The Len Warren Conference Room, AMRC (Australian Minerals Research Centre) Building, 7 Conlon Street, Waterford WA at 11.00am (WST) on Monday, 30 November 2015 and at any adjournment of that meeting.

**IMPORTANT - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default and you do not mark any of the boxes below you are expressly authorising and directing the Chairman of the Meeting to exercise your proxy in accordance with the Chairman's voting intentions as set out below even though the Chairman may have a personal interest in the Resolution.**

**The Chairman of the Meeting intends to vote all available proxies in favour of all Resolutions.**

**Votes on items of business**

(Voting directions to your proxy – please mark **X** to indicate your directions)

		FOR	AGAINST	ABSTAIN*
<b>Resolution 1</b>	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	Re-election of Director – Nelson Chen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	Approval for Issue of Shares to Murray Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	Approval for Grant of Options – Alan Buerger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b>	Approval for Grant of Options – Gavin Becker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b>	Approval for Grant of Options – David Sanders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7</b>	Approval for Grant of Options – Nelson Chen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 8</b>	Approval for Grant of Options – Lou Guo Qing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 9</b>	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

**Appointment of a second proxy**

If two proxies are being appointed, the proportion of voting rights this proxy represents is  %.

**Authorised signature(s)**

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

**INDIVIDUAL/SECURITY HOLDER 1**

Individual/Sole Director and  
Sole Company Secretary

**SECURITY HOLDER 2**

Director

**SECURITY HOLDER 3**

Director/Company Secretary

**Contact Email address**

**Contact Telephone Number**

(    )

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## Voting By Proxy - How to complete the Proxy Form

### Your Name, Address and Shareholder Details

Please complete your name, address and your SRN or HIN as it appears on the share register of Marenica Energy Limited.

### Appointment of a Proxy

Please write the name of that person you wish to appoint as proxy in the space indicated. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy and vote on your behalf. A proxy need not be a shareholder of Marenica Energy Limited.

### Votes on Items of Business

You may direct your proxy how to vote by placing a mark one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy will vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form.

To appoint a second proxy you must state the percentage of your voting rights on each of the first Proxy Form and the second Proxy Form and return both forms together.

### Authorised Signature/s

You must sign this form as follows in the spaces provided:

- **Joint Holding** in the case of joint holders the Proxy Form must be signed by all holders.
- **Power of Attorney** if signed under a Power of Attorney, you must have already lodged it with the Company, or alternatively, attach the Power of Attorney or a copy to this Proxy Form when you return it.
- **Companies** a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also the sole Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the meeting and a Proxy Form is not used, then an appropriate "Certificate of Appointment of Representative" should be produced prior to admission.

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### Lodgement of Proxy Form

This Proxy Form and any Power of Attorney or other authority under which it is signed (or a copy or facsimile which appears on its face to be an authentic copy of the proxy, power or authority) must be received no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by:

- **delivering it to the registered office of the Company at Bennett + Co, Ground Floor, BGC Centre, 28 The Esplanade, Perth WA 6000 Australia; or**
- **posting it to Marenica Energy Limited, c/- PO Box 5745, St Georges Terrace, Perth, WA 6831, Australia; or**
- **faxing it to the Company on facsimile number +61 8 6316 2211; or**
- **emailing it to the Company at [info@marenicaenergy.com.au](mailto:info@marenicaenergy.com.au).**