
MARENICA ENERGY LTD

ACN 001 666 600

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 12:00 PM (WST)

DATE: Wednesday, 22 November 2017

PLACE: The Len Warren Conference Room
AMRC (Australian Minerals Research Centre) Building
7 Conlon Street
Waterford WA 6152

The business of the Meeting affects your shareholding and your vote is important.

This Notice of 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.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 PM (WST) on 20 November 2017.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. 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 purposes of section 250R(2) of the Corporations Act and for all other purposes, 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 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either 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 (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. 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, for the purpose of clause 7.3(d) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Nelson Chen, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RATIFICATION OF PRIOR SHARE ISSUE

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 7.4 and for all other purposes, Shareholders ratify the issue of 81,192 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

5. RESOLUTION 4 – PLACEMENT OF SHARES TO HANLONG IN LIEU OF OUTSTANDING INTEREST

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 for all other purposes, approval is given for the Company to issue that number of Shares, when multiplied by the issue price, will equal \$132,053.71 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 Hanlong Energy Limited (and their nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

6. RESOLUTION 5 – PLACEMENT OF SHARES TO HANLONG ON CONVERSION OF CONVERTING LOAN

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 for all other purposes, approval is given for the Company to issue 1,384,616 Shares 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 Hanlong Energy Limited (and their nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

7. RESOLUTION 6 – ISSUE OF RELATED PARTY SECURITIES TO DOUGLAS BUERGER IN LIEU OF DIRECTOR FEES

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Shares in lieu of Director fees to Douglas Buerger (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Douglas Buerger (or his nominee) and any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 7 – ISSUE OF RELATED PARTY SECURITIES TO DAVID SANDERS IN LIEU OF DIRECTOR FEES

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Shares in lieu of Director fees to David Sanders (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by David Sanders (or his nominee) and any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 8 – ISSUE OF RELATED PARTY SECURITIES TO LOU GUO QING IN LIEU OF DIRECTOR FEES

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Options in lieu of Director fees to Lou Guo Qing (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Lou Guo Qing (or his nominee) and any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

10. RESOLUTION 9 – ISSUE OF RELATED PARTY SECURITIES TO NELSON CHEN IN LIEU OF DIRECTOR FEES

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Options in lieu of Director fees to Nelson Chen (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Nelson Chen (or his nominee) and any of their associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 9 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

11. RESOLUTION 10 – ISSUE OF RELATED PARTY SECURITIES TO MURRAY HILL IN LIEU OF SALARY

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Shares in lieu of salary to Murray Hill (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Murray Hill (or his nominee) and any of their associates (**Resolution 10 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 10 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

12. RESOLUTION 11 – ISSUE OF RELATED PARTY SECURITIES TO JOHN SESTAN IN LIEU OF CONSULTANCY FEES

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue Shares in lieu of consultancy fees to John Sestan (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by John Sestan (or his nominee) and any of their associates (**Resolution 11 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 11 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 11 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

13. RESOLUTION 12 – ISSUE OF OPTIONS TO SHANE MCBRIDE IN LIEU OF SALARY

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 7.1 and for all other purposes, approval is given for the Company to issue Options in lieu of salary to Shane McBride (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any 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 ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

Dated: 18 October 2017

By order of the Board



**Shane McBride
Company Secretary**

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

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

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.marenicaenergy.com.au.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

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 a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, 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 of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – NELSON CHEN

2.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Nelson Chen, who was elected as a director on 30 November 2015, retires by rotation and seeks re-election.

2.2 Qualifications and other material directorships

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

2.3 Independence

If elected the board does not consider Nelson Chen will be an independent director.

2.4 Board recommendation

The Board supports the re-election of Nelson Chen and recommends that Shareholders vote in favour of Resolution 12.

3. RESOLUTION 3 – RATIFICATION OF PRIOR SHARE ISSUE

3.1 General

On 9 June 2017, the Company issued 81,192 Shares at an issue price of \$0.13 per Share to raise \$10,554.96.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did

not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 81,192 Shares were issued;
- (b) the issue price was \$0.13 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to professional and sophisticated investors as part of the tranche 2 placement of shares as announced to ASX on 12 April 2017 and approved by shareholders on 2 June 2017, but these Shares were in addition to the number of Shares authorised by that approval.
- (e) the funds raised from this issue was used for working capital.

4. RESOLUTION 4 – PLACEMENT OF SHARES TO HANLONG IN LIEU OF OUTSTANDING INTEREST

4.1 General

The Company and Hanlong Energy Limited (**Hanlong**) are parties to a funding deed (as varied) (**Funding Deed**). The Company and Hanlong agreed to vary the Funding Deed such that the outstanding interest due on 14 November 2017 will be settled via the issue of Shares (**Interest Placement**).

The minimum issue price is \$0.13 per share or where 80% of the volume weighted average price for Shares calculated over the previous 20 days prior to the date of the 2017 Annual General Meeting is higher than \$0.13 per share, that issue price (**Issue Price**).

Resolution 3 seeks Shareholder approval for that number of Shares, when multiplied by the Issue Price, will equal the outstanding interest amount of \$132,053.71 (**Outstanding Interest**).

Set out below are worked examples of the number of Shares that may be issued to Hanlong based on issue prices of \$0.13, \$0.15 and \$0.20 (assuming no further Shares are issued or Options exercised).

Assumed Issue Price	Interest	Number of Shares – Resolution 4 ¹	Dilution effect on existing Shareholders ¹	Total Number of Shares (Resolutions 4 & 5) ²	Dilution effect on existing Shareholders ²
\$0.13	\$132,053.71	1,015,798	2.27%	2,400,414	5.20%

Assumed Issue Price	Interest	Number of Shares – Resolution 4 ¹	Dilution effect on existing Shareholders ¹	Total Number of Shares (Resolutions 4 & 5) ²	Dilution effect on existing Shareholders ²
\$0.15	\$132,053.71	880,358	1.97%	2,264,974	4.92%
\$0.20	\$132,053.71	660,269	1.49%	2,044,885	4.46%

Note:

1. Assumes that no other Shares are issued or Options exercised and is based on a capital structure of 43,784,852.
2. Assumes that no other Shares are issued or Options exercised (other than the 1,384,616 Shares the subject of Resolution 5 and shares to be issued under Resolution 4) and is based on a capital structure of 43,784,852 Shares.

The Company has obtained a waiver of ASX Listing Rule 10.13.5 to enable the Shares to be issued under this Resolution to state the Issue Price set out above the terms of which are set out in Schedule 3.

4.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a person (including an entity) whose relationship with the entity or a related party is, in ASX'S opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Interest Placement involves the issue of Shares to Hanlong which ASX has determined will require shareholder approval under Listing Rule 10.11, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to this Resolution:

- (a) the Shares will be issued to Hanlong Energy Limited (or its nominee);
- (b) the maximum number of Shares to be issued is that number of Shares, when multiplied by the Issue Price, will equal \$132,053.71;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) ASX considers that the relationship between the Company, its directors, Nelson Chen and Lou Guo Qing, and Hanlong are such that in ASX's opinion shareholder approval under Listing Rule 10.11 must be obtained;
- (e) the minimum issue price is \$0.13 per share or where 80% of the volume weighted average price for Shares calculated over the previous 20 days prior to the date of the 2017 Annual General Meeting is higher than \$0.13 per share, that issue price (**Issue Price**);
- (f) the number of Shares to be issued under this Resolution will be calculated based on the amount of Outstanding Interest divided by the Issue Price;

- (g) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (h) no funds will be raised as the Shares are being issued in lieu of outstanding interest due under the Funding Deed.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Interest Placement as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Hanlong (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 5 – PLACEMENT OF SHARES TO HANLONG ON CONVERSION OF CONVERTING LOAN

5.1 General

The Company and Hanlong are parties to the Converting Loan Agreement dated on or about 31 July 2017 (**Convertible Loan Agreement**) pursuant to which Hanlong advanced A\$180,000 (**Loan**) to the Company. Funds received from the Loan were used towards for working capital.

The Converting Loan Agreement provides that the Loan may convert, subject to shareholder approval, into 1,384,616 Shares at a deemed issue price of \$0.13 per Share. The parties have agreed to convert the Loan.

Resolution 4 seeks Shareholder approval for the issue of 1,384,616 Shares on the conversion of the Loan.

5.2 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 4.2.

As the Loan involves the issue of Shares to Hanlong which ASX has determined will require shareholder approval under Listing Rule 10.11, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.3 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to this Resolution:

- (a) the Shares will be issued to Hanlong Energy Limited (or its nominee);
- (a) the maximum number of Shares to be issued is 1,384,616;
- (b) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) ASX considers that the relationship between the Company, its directors, Nelson Chen and Lou Guo Qing, and Hanlong are such that in ASX's opinion shareholder approval under Listing Rule 10.11 must be obtained;
- (d) the issue price will be \$0.13 per Share;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares as the Shares are being issued on conversion of the Loan pursuant to the Converting Loan Agreement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of Shares on conversion of the Loan as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Hanlong (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTIONS 6 TO 11 – ISSUE OF SECURITIES TO DIRECTORS

6.1 Background

Resolutions 6 to 11 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of Shares in lieu of salary to Director, Murray Hill (or his nominee), for the issue of Shares in lieu of Director fees to the Directors, David Sanders and Douglas Buerger (or their nominees), the issue of Shares in lieu of consultancy fees to director, John Sestan (or his nominee) and the grant of Options in lieu of Director fees to directors, Nelson Chen and Lou Guo Qing (or their nominees).

The purpose of the proposed issue to the Directors is:

- (a) to issue the Shares and Options (**Related Party Securities**) to replace the obligation of the Company to pay Director fees, salary and consultancy fees owed to certain Directors for certain periods;
- (b) to grant Options to replace the obligation of the Company to pay Director fees owed to certain 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; and
- (c) the issue of the Related Party Securities provides a means by which the Company can satisfy the fees and salary owed to the Directors in the future thereby preserving the Company's cash resources for application in other areas.

If Resolutions 6 to 11 are approved, the Company intends to calculate the number of Shares to be issued to the Directors based on the volume weighted average market price for Shares on the five trading days on which trades actually occurred, immediately prior to the issue date (**VWAP**).

Subject to obtaining Shareholder approval, the Company will issue Shares as follows:

- (a) Mr Doug Buerger (or his nominee) is to be issued Shares in lieu of 100% of unpaid fees (including superannuation) for the period 1 August 2017 to 31 March 2018 (inclusive), being \$40,000;
- (b) Mr David Sanders (or his nominee) is to be issued Shares in lieu of 100% unpaid fees (including superannuation, less tax) for the period 1 August 2017 to 30 November 2017 (inclusive), being \$7,950;

- (c) Mr Murray Hill (or his nominee) is to be issued Shares in lieu of 30% of his salary which is unpaid (including superannuation, less tax) for the period 1 August 2017 to 31 March 2018 (inclusive), being \$27,560; and
- (d) Mr John Sestan (or his nominee) is to be issued Shares in lieu of unpaid consulting fees for the period 1 October 2017 to 31 December 2017, being \$20,000,

Subject to obtaining Shareholder approval, the Company will issue Options as follows:

- (a) Mr Lou Guo Qing (or his nominee) is to be issued up to 101,351 Options in lieu of 100% of unpaid fees of \$15,000 for the period 1 August 2017 to 30 November 2017 (inclusive); and
- (b) Mr Nelson Chen (or his nominee) is to be issued up to 202,702 Options in lieu of 100% unpaid fees of \$30,000 for the period 1 August 2017 to 31 March 2018 (inclusive).

The issue price for the Shares will be equal to the VWAP (**Issue Price**) except that the issue price for Shares issued to Mr Buerger will be a 0.01% discount of the Issue Price (**Discounted Issue Price**).

The issue price for the Options will be nil. The Options are exercisable at 1.48 times the VWAP and expire on or before 4 years from the date of issue. The Company will pay the exercise price of these Options. Full terms and conditions of the Options is set out in Schedule 1.

Set out below are worked examples of the number of Shares that may be issued to the Directors based on issue prices of \$0.10, \$0.12 and \$0.15 (assuming no further Shares are issued or Options exercised).

Director	Assumed Issue Price	Salary/fees	Number of Shares ¹	Dilution effect on existing Shareholders ¹
M Hill	\$0.10	\$27,560	257,600	0.59%
	\$0.12	\$27,560	229,666	0.52%
	\$0.15	\$27,560	183,733	0.42%
D Sanders	\$0.10	\$7,950	79,500	0.18%
	\$0.12	\$7,950	66,250	0.15%
	\$0.15	\$7,950	53,000	0.21%
D Buerger	\$0.10	\$40,000	400,000	0.91%
	\$0.12	\$40,000	333,333	0.76%
	\$0.15	\$40,000	266,666	0.61%
J Sestan	\$0.10	\$20,000	200,000	0.46%
	\$0.12	\$20,000	166,666	0.38%
	\$0.15	\$20,000	133,333	0.30%

Note:

- Assumes that no Shares are issued to the Directors and is based on a capital structure of 43,784,852 Shares.

The Company has obtained a waiver of ASX Listing Rule 10.13.5 to enable the Shares to be issued under Resolutions 6 to 11 to state the Issue Price as set out above the terms of which are set out in Schedule 3.

Resolutions 6 to 11 seeks Shareholder approval for the grant of the Related Party Securities to the Directors (or their nominees). To the extent Shareholders do not approve the issue of the Related Party Securities to the Directors, the Directors will be entitled to be paid their respective Director fees, salary and consulting in cash for the relevant periods.

6.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Securities constitutes giving a financial benefit and Messrs Murray Hill, David Sanders, Douglas Buerger, Nelson Chen, Lou Guo Qing and John Sestan are related parties of the Company by virtue of being directors of the Company.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Securities to the Directors.

6.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Securities involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

6.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6 to 11:

- (a) the Related Party Securities will be granted to Messrs Buerger, Sanders, Qing, Chen, Hill and Sestan (or their nominees);
- (b) the maximum number of Shares to be issued will be calculated based on the value of the salary and fees payable for the relevant period (as

set out in sub-paragraph (c) below) divided by the Issue Price, or the Discounted Issue Price with respect to Mr Buerger;

- (c) the total fees payable to each Director for the relevant period who will be issued Shares in lieu of those fees is set out as follows:

Name of Director	Fees	Relevant Period
Douglas Buerger (100% of fees)	\$40,000 ²	1 August 2017 to 31 March 2018 (inclusive)
David Sanders (100% of fees)	\$7,950 ¹	1 August 2017 to 30 November 2017 (inclusive)
Murray Hill (30% of salary)	\$27,560 ¹	1 August 2017 to 31 March 2018 (inclusive)
John Sestan (100% consulting fees)	\$20,000	1 October 2017 to 31 December 2017
Total	\$95,510	

Note:

1. Amount includes superannuation, less tax
2. Gross amount payable

- (d) the maximum number of Options to be issued is:
- (i) up to 101,351 Options to Mr Lou Guo Qing (or his nominee) in lieu of 100% of unpaid gross Director fees for the period 1 August 2017 to 30 November 2017 (inclusive);
 - (ii) up to 202,702 Options to Mr Nelson Chen (or his nominee) in lieu of 100% unpaid gross Director fees for the period 1 August 2017 to 31 March 2018 (inclusive);

The number of Options to be issued under this Resolution is the maximum number proposed to be issued based on an exercise price of \$0.148 being 1.48 times the assumed minimum VWAP of \$0.10. The actual number of Options that will be issued to each of Messrs Lou and Chen 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 to Mr Lou Guo Qing being \$15,000 for the period 1 August 2017 to 30 November 2017 (inclusive) and Mr Nelson Chen being \$30,000 for the period 1 August 2017 to 31 March 2018 (inclusive). If the actual exercise price of the Options is greater than \$0.148 then the number of Options to be issued to each Director will be less than the maximum number of Options proposed to be issued as set out above;

- (e) the issue price for the Shares will be, with respect to fees and salary for the applicable period, equal to the VWAP or, in the case of Mr Buerger, the Issue Price will be equal to the VWAP discounted by 0.01%;
- (f) the issue price for the Options will be nil and will be exercisable at 1.48 times the VWAP. The Options will be exercisable at any time within 2 years after the issue date. The Company will pay the exercise price of these Options. The Company will announce the exercise price of the Options to ASX once it has been calculated;

- (g) the Related Party Securities will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Related Party Securities will occur on the same date.
- (h) no funds will be raised because the Related Party Securities will be issued in lieu of salary, Director fees or consulting fees;
- (i) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (j) the terms and conditions of the Options are set out in Schedule 1;
- (k) the value of the Options and the pricing methodology is set out in Schedule 2;
- (l) the relevant interests of the Directors in securities of the Company are set out below:

Related Party	Shares	Options
Douglas Buerger	955,097 ¹	Nil
David Sanders	319,687	427,678 ²
Lou Guo Qing	548,782 ³	Nil
Nelson Chen	1,031,707 ⁴	Nil
Murray Hill	2,267,437 ⁵	Nil
John Sestan	2,092,145 ⁶	Nil

¹ 955,097 fully paid ordinary shares held by Buerger Investments Pty Ltd ATF D&F Super Fund A/C Trust. Mr Buerger is a director of the trustee and beneficiary of the account.

² Consisting of 136,980 Options exercisable at \$0.355 each on or before 26 November 2018 and 290,698 Options exercisable at \$0.1806 each on or before 1 December 2019.

³ Held by Pershing Australia Nominees Pty Ltd ATF Phillip Securities (HK) A/C of which Lou Quing is a beneficiary.

⁴ Held by BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP> of which Nelson Chen is a beneficiary.

⁵ Consisting of 1,643,148 fully paid ordinary shares held by Carol Ann Hill the wife of Murray Hill and 624,289 fully paid ordinary shares held by Murray Philip Hill & Carol Ann Hill ATF Carmu Super Fund A/C of which Murray Hill is a director and beneficiary.

⁶ Consisting of 984,712 fully paid ordinary shares held directly by John Sestan, 7,433 fully paid ordinary shares held by John Ivan Sestan ATF OHJN Trading A/C, of which Mr Sestan is a director and beneficiary and 1,100,000 fully paid ordinary shares held by Unisoft Pty Ltd ATF John Sestan Super Fund A/C. Mr Sestan is a director and shareholder of Unisoft Pty Ltd and a beneficiary of the John Sestan Super Fund A/C.

- (m) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Proposed Financial Year (2018) ¹	Previous Financial Year (2017) ²
Douglas Buerger	\$60,000	\$60,000
David Sanders	\$45,000	\$45,000
Lou Guo Qing	\$45,000	\$45,000
Nelson Chen	\$45,000	\$45,000
Murray Hill	\$270,000	\$339,568
John Sestan ³	\$93,150	\$357,625

Notes:

1. Includes superannuation
2. Includes superannuation and other benefits
3. Mr Sestan became a non-executive director 1 September 2017. Prior to that his salary as an executive director was \$35,650 and it is proposed that his non-executive director fees will be \$37,500 for the year ended 2018 bringing the total for the 2018 year to \$73,150, plus anticipated consulting fees of \$20,000 have been allowed for the 2018 year.

- (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) if the Shares are issued, and assuming an issue price of \$0.12, a total of 795,915 Shares would be issued to Messrs Doug Buerger, David Sanders, Murray Hill and John Sestan. This will increase the number of Shares on issue from 43,784,852 to 44,580,767 (assuming that no Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.81%, comprising 0.76% by Mr Buerger, 0.15% by Mr Sanders, 0.52% by Mr Hill, 0.38% by Mr Sestan

If the Options are issued a total of 304,053 Options will be issued to Messrs Lou Guo Qing and Nelson Chen. If the Options are subsequently exercised (assuming that no other Options are exercised and no other Shares issued), the number of Shares on issue will increase to 44,884,820 with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.68%, comprising 0.45% to Mr Chen and 0.23% to Mr Qing.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (p) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	22 cents	1 March 2017
Lowest	10 cents	23 August 2017
Last	11 cents	4 October 2017

- (q) the Board acknowledges the issue of Related Party Securities to certain Directors is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the issue of Related Party Securities to the Directors reasonable in the circumstances for the reason set out in paragraph (r);
- (r) the issue of the Related Party Securities is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors bearing in mind that the recipient is foregoing cash director's fees and salary and replacing them with securities in the Company and it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Securities upon the terms proposed.
- (s) the primary purpose of the issue of the Related Party Securities to the Directors is set out in section 6.1;
- (t) each of the Directors has an interest in Resolutions 6 to 11 and therefore believe it inappropriate to make a recommendation; and
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 to 11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Securities to the Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Securities to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

7. RESOLUTION 12 – ISSUE OF OPTIONS TO SHANE MCBRIDE IN LIEU OF SALARY

7.1 General

Resolution 12 seeks Shareholder approval for the issue of up to 282,131 Options being \$18,000 worth of Options to Mr McBride or his nominee in lieu of 20% of his salary for the period 1 October 2017 to 31 March 2018. The terms of the Options are set out in Schedule 1.

The actual number of Options that will be issued to Mr McBride or his nominee, if this resolution is passed, will be that number of Options which when multiplied by the Black Scholes valuation at the date of issue, will result in the total value of

those Options being equal to the amount of \$18,000, at the time of issue, except that number shall not exceed the maximum number of 282,131. The actual exercise price will be 1.48 times the VWAP and expire on or before 4 years from the date of issue.

A summary of ASX Listing Rule 7.1 is set out in section 3.1 above.

The effect of Resolution 12 will be to allow the Company to issue the Options to Mr McBride or his nominee during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to this Resolution:

- (a) the maximum number of Options to be issued is 282,131;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be issued to Mr McBride, who is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue of the Options to Mr McBride as the Options are being issued in lieu of 20% of his salary for the period 1 October 2017 to 31 March 2018.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Marenica Energy Ltd (ACN 001 666 600).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

VWAP has the meaning in clause 6.1.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be 1.48 times the volume weighted average market price for Shares on the five trading days on which trades actually occurred, immediately prior to the issue date (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST):

- (i) 4 years from the date of issue with respect to the Options issued to Nelson Chen and Lou Guo Qing; and
- (ii) 4 years from the date of issue with respect to Options issue to Shane McBride,

(**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Directors pursuant to Resolutions 8 and 9 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	3 October 2017
Market price of Shares	11.8 cents
Exercise price	17.5 cents
Expiry date (length of time from issue)	4 years
Risk free interest rate	2.87%
Volatility (discount)	100%
Indicative value per Related Party Option	7.52 cents
Total Value of Related Party Options	\$44,082
Mr Lou Guo Qing	\$7,622
Mr Nelson Chen	\$15,244

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 3 – TERMS OF WAIVER OF LISTING RULE 10.13.5

"DECISION

1. Based solely on the information provided, ASX Limited ("ASX") grants Marenica Energy Limited (the "Company") waiver from listing rule 10.13.5 to the extent necessary to permit the Company's notice of general meeting ("Notice") to approve the following:
 - 1.1 the issue of a maximum of \$132,053.71 worth of shares to Hanlong Energy Limited ("Hanlong") in consideration for the outstanding interest payable under the funding agreement deed ("Interest Placement Shares"); and,
 - 1.2 the issue of a maximum of \$95,510 worth of shares to the Company's directors ("Directors") in lieu of director's remuneration and fees ("Remuneration Shares")not to state the issue price, on the following conditions.
 - 1.3 The Notice includes the following:
 - 1.3.1 A statement that the Interest Placement Shares and the Remuneration Shares will be issued within one (1) month of the annual general meeting, due to be held on 22 November 2017 ("AGM").
 - 1.3.2. A statement that the Interest Placement Shares will be issued at a minimum issue price of \$0.13 or where 80% of the volume weighted average price for Shares calculated over the previous 20 days prior to the date of the 2017 AGM is higher than \$0.13 per share, that issue price ("Issue Price").
 - 1.3.3. A statement that the number of Interest Placement Shares to be issued will be calculated based on the amount of outstanding interest divided by the Issue Price.
 - 1.3.4. A statement that the Remuneration Shares to be issued to the Directors (or their nominees) will be issued at an issue price equal to the volume weighted average market price for Shares on the five trading days on which trading actually occurred, immediately prior to the issue date ("VWAP"). In the case of Mr Buerger, the issue price will be equal to the VWAP discounted by 0.01%.
 - 1.3.5. A statement that the number of Remuneration Shares to be issued to the Directors will be calculated by the outstanding fee or salary amount divided by the VWAP, with the exception of Mr Buerger where the VWAP will be discounted by 0.01%.
 - 1.3.6. Worked examples showing the dilution that will occur to existing shareholders of the Company as a result of the issue of the Interest Placement Shares and the Remuneration Shares at three different prices.
 - 1.3.7. The terms of the Shares to be issued to Hanlong and the Directors.
 - 1.3.8. The full terms of this waiver.
2. ASX has considered listing rules 10.13.5 only and makes no statement as to the Company's compliance with other listing rules.

BASIS FOR DECISION

Listing rule 10.13.5

Underlying Policy

3. Listing rule 10.11 protects a listed entity's security holders by preventing a related party from obtaining shares on advantageous terms and increasing the related party's holding proportionate to other holdings. Unless one of the exceptions under listing rule 10.12 applies, a listed entity must seek shareholder approval before it can issue shares to a related party. Listing rule 10.13 sets out the information required to be included in the notice of meeting seeking approval for the issue of the securities to a related party. Listing rule 10.13.5 provides certainty to a listed entity's security holders by requiring a notice of meeting containing a resolution in accordance with listing rule 10.11 to state the issue price and terms of issue of securities that are intended to be issued to each of the relevant persons for whom approval is being sought.

Facts and Reasons for Granting the Waiver

4. The Company has varied the funding agreement deed ("Funding Deed") with Hanlong pursuant to which and subject to shareholder approval the Company will be able to issue shares to repay interest due on 14 November 2017. Any Interest Placement Shares issued in satisfaction of the Funding Deed will have a deemed issue price which is calculated according to a formula. The Company and Hanlong have agreed a minimum issue price which provides shareholders with certainty as to the maximum number of Interest Placement Shares which may be issued and therefore the maximum dilution, 5%. The value of the interest payable also provides a maximum dollar value of the Interest Placement Shares to be issued. In addition to the Hanlong Interest Placement Shares, the Company proposes to seek shareholder approval for the issue of Shares to the Directors (or their nominees) in lieu of remuneration or fees in their capacities as directors of the Company or as consultants. The issue price of the shares to be issued is presently unascertainable as it is based on a formula including a future security price. Where the degree of dilution is not expected to be excessive in view of the Company's security price and the dollar value of the grant, the future security price will be known shortly after the meeting and sufficient information is included in the notice of meeting about the method for calculating the issue price of the relevant securities the inclusion of a formula rather than an issue price is considered not to offend the policy of the rule in providing certainty to security holders."

PROXY FORM

MARENICA ENERGY LTD
ACN 001 666 600

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 12pm (WST), on Wednesday, 22 November 2017 at The Len Warren Conference Room, AMRC (Australian Minerals Research Centre) Building, 7 Conlon Street, Waterford WA 6152, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 6 to 11 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 to 11 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Nelson Chen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Placement of Shares to Hanlong in lieu of outstanding interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Placement of Shares to Hanlong on conversion of Converting Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Douglas Buerger in lieu of Director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to David Sanders in lieu of Director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Lou Guo Qing in lieu of Director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Options to Nelson Chen in lieu of Director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Shares to Murray Hill in lieu of salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Shares to John Sestan in lieu of consultancy fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of Options to Shane McBride	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

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

Signature of Shareholder(s):

Individual or Shareholder 1 _____

Shareholder 2 _____

Shareholder 3 _____

Sole Director/Company Secretary

Director

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

**Consent for contact by e-mail
in relation to this Proxy Form:** YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Marenica Energy Ltd, AMRC Building, 7 Conlon Street, Waterford WA 6152; or
 - (b) facsimile to the Company on facsimile number +61 8 6316 2211; or
 - (c) email to the Company at info@marenicaenergy.com.au,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.