Entitlement Issue Offer Document

1. Introduction

Marenica Energy Limited (**Marenica** or the **Company**) is making a non-renounceable pro-rata offer of shares to shareholders of Marenica to raise up to approximately $3,241,092 before costs (**Entitlement Issue**).

This is an important document and requires your immediate attention. It should be read in its entirety.

The Offer is being made under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**). This document is not a prospectus and does not contain all of the information that would ordinarily be contained in a prospectus.

Shareholders should be aware that an investment in Marenica involves many risks which may be higher than risks associated with investments in other companies. Investors should consider an investment in Marenica speculative. If you are in doubt about what to do or whether to accept the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser without delay.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Entitlement Issue Offer Document. Any information or representation so contained may not be relied on as having been authorised by Marenica in connection with the Offer.

The distribution of this Entitlement Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and therefore shareholders to whom the Offer is made in such jurisdictions should seek advice on and observe any such restrictions.

If you are beneficially entitled to shares in the Company and these shares are held on your behalf by a nominee or custodian you will need to contact the nominee or custodian to obtain details as to your right to participate in the Offer.

2. Details of Offer

2.1 Offer

Marenica is making a non-renounceable pro-rata offer of shares to Shareholders (**Eligible Shareholders**) on the basis of one share for every two shares, each at an issue price of $0.013, held at the Record Date (**Offer**). Where the determination of the entitlement of any Eligible Shareholder under the Offer (**Entitlement**) results in a fraction of a share, such fraction will be rounded up to the nearest whole share. The Offer is fully underwritten by Hanlong Energy Limited (**Underwriter**).

The Offer Price represents a 40% discount to the weighted average trading price on ASX for the 1 month prior to announcement of the Entitlement Issue.

Marenica will accept applications until 5.00pm WST on the Closing Date detailed in Section 2.2 or such later date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Entitlement Issue Offer Document. You may accept the Offer only by applying for shares on the Entitlement and Acceptance Form or making payment by BPAY in accordance with the directions on the Entitlement and Acceptance Form.

You may accept for all or only part of your Entitlement.

Marenica will also allow Eligible Shareholders (other than the Directors or their associated entities) to apply for additional shares if they wish to do so on the following basis. If all Eligible Shareholders do not take up their Entitlement in full, the shortfall (**Shortfall**) will be allocated to those Eligible Shareholders who apply for additional shares (in addition to their Entitlement) (**Shortfall Facility**). If applications under the Shortfall Facility exceed the Shortfall, the Shortfall will be allocated on a proportionate basis having regard to the relative registered holdings on the Record Date of all Eligible Shareholders who have applied for Shortfall shares under the Shortfall Facility. To the extent that the Shortfall has not been fully allocated following this allocation, the remaining Shortfall shares will be allocated to Eligible Shareholders who did not receive all of the Shortfall shares that they applied for under the Shortfall Facility, on a proportionate basis, having regard to their relative registered holdings on the Record Date. This method of allocation shall continue until all the Shortfall shares have been allocated.

The Directors have the discretion to determine any final allocations under the Shortfall Facility, having regard to the allocation principles set out, the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws.

Acceptance of a completed Entitlement and Acceptance Form or receipt of payment via BPAY by Marenica creates a legally binding contract between the applicant and Marenica for the number of shares accepted or deemed to be accepted by the applicant. The Entitlement and Acceptance Form does not need to be signed by the applicant to be legally binding. The Offer and contract formed on acceptance are governed by the applicable law of Western Australia.

If the Entitlement and Acceptance Form is returned and not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Shares offered by this Entitlement Issue Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the timetable in Section 2.2.

It is the responsibility of applicants to determine their allocation prior to trading in the shares. Applicants who sell shares before they receive their holding statements will do so at their own risk.

2.2 Timetable

Entitlement Issue/Offer announced via ASX	5 April 2012
Ex date (shares quoted on an ex-Entitlement basis)	12 April 2012
Record Date (date for determining Entitlements of Eligible Shareholders to participate in the Offer)	18 April 2012
Entitlement Issue Offer Document dispatched to Eligible Shareholders	20 April 2012
Closing Date(1)	7 May 2012
Shares quoted on a deferred settlement basis	8 May 2012
Company to notify ASX of under subscriptions (if any) (2)	10 May 2012
Issue of new shares and dispatch holding statements(2)	14 May 2012

1 Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date of the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the shares.

2 These dates are indicative only.

2.3 Capital Structure

The capital structure of the Company on completion of the Offer is set out below:

	Shares	**Convertible Notes(1)**	**Unlisted Options(2)**
On issue prior to the Offer	498,629,589	2,000,000	19,000,000
Shares expected to be issued under the Offer	249,314,759	N/A	N/A
Total	**747,944,348**	**2,000,000**	**19,000,000**

1 Issued to Hanlong Energy Limited and can be converted into 74,794,316 shares pursuant to an agreement between the Company and Hanlong Energy Limited (**Convertible Note Issue**)

2 12,500,000 Unlisted Options exercisable at $0.21 each on or before 15 December 2013.

6,500,000 Unlisted Options exercisable at $0.13 each on or before 31 October 2013.

2.4 Use of funds

It is proposed that the proceeds raised from the Offer will be allocated as follows:

Metallurgical test work	625,000
Bulk sample	545,000
Feasibility related studies	50,000
Namibian field, corporate and administration costs	745,000
Australian corporate and administration costs	775,000
Deferred directors' & acting CEO fees	120,250
Convertible note interest	160,000
Expenses of the Offer	25,000
General working capital	195,750
Total funds applied	3,241,000

2.5 No Rights trading

The pro-rata offer of shares is non-renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their Entitlement to subscribe for shares under the Offer.

2.6 Share trading history

The lowest and highest market sale prices of shares on ASX during the three months immediately preceding the date of this Entitlement Issue Offer Document were $0.012 on 17 April 2012 and $0.025 on 24 February 2012, respectively.

The last sale price for shares traded on ASX prior to the date of this Entitlement Issue Offer Document was $0.013 on 17 April 2012.

2.7 ASX quotation

Application has been made to ASX for the official quotation of the shares to be issued under the Offer. If permission is not granted by ASX for the official quotation of the shares to be issued under the Offer, Marenica will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

2.8 Taxation implications

The Directors do not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for shares under this Entitlement Issue Offer Document. Marenica, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to shareholders. As a result, shareholders should consult their professional tax adviser in connection with subscribing for shares under this Entitlement Issue Offer Document.

2.9 Overseas shareholders

The distribution of this Entitlement Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Entitlement Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

2.10 Privacy

Marenica collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in Marenica.

By submitting an Entitlement and Acceptance Form, each applicant agrees that Marenica may use the information provided by an applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, Marenica's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, Marenica may not be able to accept or process your application.

An applicant has a right to gain access to the information that Marenica holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Marenica's registered office.

2.11 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting Advanced Share Registry Services Pty Ltd (**Advanced**) by telephone on (08) 9389 8033 or by facsimile: on (08) 9389 7871. The addresses for Advanced are:

By delivery: Advanced Share Registry Services Pty Ltd, 150 Stirling Highway Nedlands WA 6009

By post: Advanced Share Registry Services Pty Ltd, GPO Box 1156 Nedlands WA 6909

By email: admin@advancedshare.com.au

General enquires in relation to Marenica can be made to the Company Secretary at 47 Colin Street West Perth, Western Australia, 6005 or by telephone on (08) 9321 7355 or by facsimile on (08) 9321 7399 or by email to michael.vanuffelen@marenicaenergy.com.au. Information may also be obtained by visiting the Company's website: www.marenicaenergy.com.au.

If you are beneficially entitled to Marenica shares and those shares are held on your behalf by a nominee or custodian you should direct any enquiries to your nominee or custodian.

3. Risk Factors

An investment in shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in Marenica.

The Directors consider that the following summary, which is not exhaustive, represents some of the specific risk factors which shareholders need to be aware of in evaluating Marenica's business and risks of increasing your investment in Marenica. Shareholders should carefully consider the following factors.

3.1 Specific Risks

(a) Future capital requirements

The Company's growth through expansion of its current business will require substantial expenditures. The funds raised from the Offer will not be sufficient to successfully achieve all the objectives of the Company's overall business strategy and it will be required to raise additional capital.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, existing working capital and funds generated from operations, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(b) Namibia sovereign risk

The Company's Namibian project is subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Namibia that affect foreign ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

(c) Legal systems in Namibia

The legal system operating in Namibia may be less developed than more established countries, which may result in risk such as:

(i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;

(ii) a higher degree of discretion on the part of governmental agencies;

(iii) the lack of political or administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights;

(iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or

(v) relative inexperience of the judiciary and courts in such matters.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, license application or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

(d) Tenement Title - Namibia

Interest in minerals (herein referred to as "tenements") in Namibia is governed by legislation and is evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other statutory and ancillary terms and conditions requiring compliance.

The Company's interest in the Marenica Project is held through its 75% owned subsidiary Marenica Minerals (Proprietary) Limited.

Exclusive Prospecting Licence 3287, issued by the Ministry of Mines and Energy in the Republic of Namibia ("Ministry") and held by Marenica Minerals (Proprietary) Limited, covers the Marenica Project. Exclusive Prospecting Licence 3287 is due for renewal on 29 November 2012. The existing licence does not expire during the period in which the application is being considered for renewal. In accordance with the Minerals (Prospecting and Mining) Act 1992 of Namibia, if the holder of a licence has complied with the requirements of the Act then the Ministry may not refuse the renewal. The Company is of the view that it has complied with all the requirements to achieve the renewal of Exclusive Prospecting Licence 3287.

However if Exclusive Prospecting Licence 3287 is not renewed, the Company may suffer significant damage through the loss of opportunity to develop any mineral resources on the Marenica Project.

(e) Title, Tenure and Access - General

Generally, mining tenements and licences which the Company owns or may acquire either by application, sale and purchase or farm-in are regulated by the applicable mining legislation. There is no guarantee that applications will be granted as applied for (although the Company has no reason to believe that the tenements or licenses will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition a relevant minister or government agency may need to consent to any transfer of tenement to the Company.

Renewal of titles or licences is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation. In addition, the relevant minister or government agency may impose conditions on any renewal, including relinquishment of ground.

(f) Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives.

(g) Competition from alternative energy and public perception

Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions, if any, however to date these have not been efficient enough to be relied upon for large scale base load power. Technology changes may occur that make alternative energy systems more efficient and reliable.

The Company has diversified its interests in the energy sector through its investment in Texas & Oklahoma Coal Company Limited, a prospective coal development company with interests in the USA.

(h) Commodity Price Volatility and Foreign Exchange Risk

In the event that the Company achieves exploration success leading to uranium production in Namibia, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for uranium, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company’s exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

As the Company's principal asset is located in Namibia, capital and ongoing expenditure may be denominated in Namibian Dollars or South African Rand.

Furthermore, no hedging strategy has yet been developed by the Company. This may result in the Company being exposed to the effects of the change in currency (exchange rate) risk, which may have an adverse impact on the profitability and/or financial position of the Company.

(i) General Environmental Risks

Mining is an industry which has become subject to increasing environmental responsibility and liability. The potential liability is an ever-present risk. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it has not been responsible.

(j) Resource and Reserve Estimates

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisations or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(k) Taxation and government regulations

Changes in taxation and government legislation in a range of areas (for example, Corporations Act, accounting standards, and taxation law) can have a significant influence on the outlook for companies and the returns to investors.

The recoupment of taxation losses accrued by the Company from any future revenues is subject to the satisfaction of tests outlined in taxation legislation or regulations in the jurisdictions in which the Company operates. There is no guarantee that the Company will satisfy all of these requirements at the time it seeks to recoup its tax losses which may impact on the financial performance and cashflows of the Company.

(l) Reliance on key personnel

The Company is reliant on its management. The loss of one or more of these individuals could adversely affect the Company.

In addition, the Company's ability to manage growth effectively will require it to continue to implement and improve its management systems and to recruit and train new employees and consultants. Although the Company expects to be able to do so in the future, there can be no assurance that the Company will be able to attract and retain skilled and experienced personnel and consultants.

(m) Joint venture parties, contractors and agents

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is, or may become a party; or insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(n) Exploration, development, mining and processing risks

Mineral exploration, project development and mining by their nature contain elements of significant risk. Ultimate and continuous success of these activities is dependent on many factors such as:

(i) the discovery and/or acquisition of economically recoverable ore resources;

(ii) successful conclusions to bankable feasibility studies;

(iii) access to adequate capital for project development;

(iv) design and construction of efficient mining and processing facilities within capital expenditure budgets;

(v) securing and maintaining title to tenements;

(vi) obtaining consents and approvals necessary for the conduct of exploration and mining;

(vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and

(viii) adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues.

Whether or not income will result from development of tenements depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices affect successful project development and mining operations.

(o) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

(i) identifying a metallurgical process through testwork to produce a saleable metal and/or concentrate;

(ii) developing an economic process route to produce a metal and/or concentrate; and

(iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(p) Operational and technical risks

The current and future operations of the Company, including exploration, appraisal and production activities may be affected by a range of factors, including:

(i) geological, geotechnical and hydrogeological conditions;

(ii) limitations on activities due to seasonal weather patterns;

(iii) alterations to joint venture programs and budgets;

(iv) unanticipated operational and technical difficulties encountered in survey, drilling and production activities;

(v) electrical and mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;

(vi) unavailability of aircraft or drilling equipment to undertake airborne surveys and other geological and geophysical investigations;

(vii) the supply and cost of skilled labour;

(viii) unexpected shortages or increases in the costs of water, consumables, diesel fuel, tyres, spare parts and plant and equipment; and

(ix) prevention or restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals.

(q) Insurance

The Company has a policy of obtaining insurance for environmental and other operational risks where appropriate, taking into consideration the availability of cover and premium costs and where required under its contractual commitments. There can be no assurance, however, that the Company will be able to obtain or maintain such insurance coverage at reasonable rates (or at all), or that any coverage it has or obtains will be adequate and available to cover any such claims.

3.2 General Risks

(a) Securities Investment

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Company's securities trade may be above or below the issue price, and may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. These factors may materially affect the market price of the securities, regardless of the Company's operational performance.

(b) Share Market Conditions

The market price of the securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for securities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) General Economic Climate and Share Market Conditions

Factors such as global credit risks, inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company's future revenues and the market price for its listed securities may be affected by these factors, as well as fluctuations in the price of minerals, which are beyond the Company's control.

3.3 Investment Speculative

The above list of risk factors should not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in future materially affect the financial performance of the Company and the value of the securities offered. Potential investors should consider that an investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for securities.

4. Underwriting and Subunderwriting

4.1 Underwriting

The Underwriter has agreed to underwrite the Offer.

The Underwriter has the right to terminate the underwriting on the occurrence of the events set out in Appendix 1.

In consideration of the Underwriter agreeing to underwrite the Offer the Company has also agreed with the Underwriter to redeem the existing Convertible Notes held by the Underwriter and issue new Convertible Notes to the Underwriter with the same face value, interest rate and maturity date and a conversion price of $0.02674 per share.

The Underwriter will not be paid an underwriting fee by Marenica.

4.2 Underwriter

The Underwriter is Hanlong Energy Limited, a subsidiary of the privately-owned China-based Sichuan Hanlong Group Co., Ltd, a large diversified group with a broad portfolio of investments in mining resource development, electricity production, infrastructure development and real estate. The Group has over 12,000 employees worldwide and annual revenues of more than US$2.5 billion.

In addition to underwriting the Offer the Underwriter already holds 29,018,007 Marenica shares and has provided the Company a further $2,000,000 pursuant to the Convertible Note Issue expiring on 14 November 2013 at 8% interest per annum, payable annually in arrears and convertible into shares at $0.02674 per share.

4.3 Underwriter's interest in shares

The Underwriters' current shareholding and potential interests in shares following the Offer are as follows:

Shares held prior to the Offer	29,018,007
% holding prior to Offer	5.8%
Shares to be issued under the Offer	249,314,795
% holding following the Offer assuming no Shortfall shares issued to Underwriter	5.8%(2)
% holding following the Offer assuming 75% of shares offered to Shareholders other than Underwriter subscribed for under Entitlement Offer or Shortfall Facility	12.4%(2)
% holding following the Offer assuming 50% of shares offered to Shareholders other than Underwriter subscribed for under Entitlement Offer or Shortfall Facility	20.2%(2)

% holding following the Offer assuming 25% of shares offered to Shareholders other than Underwriter subscribed for under Entitlement Offer or Shortfall Facility	28.0%(2)
Maximum number of shares which may be issued pursuant to underwriting (other than Entitlements and subunderwriting commitments of Directors)	225,119,541(1)(2)
Maximum % holding following the Offer assuming 100% of the Offer (other than Entitlements and subunderwriting commitments of Directors) issued to Underwriter	35.9%(1)(2)

1. At the time of lodging the Entitlement Issue Offer Document the Underwriter and Directors (or their nominees) have indicated that they will take up their full Entitlement under the Offer and the Directors (or their nominees) have also sub-underwritten an additional 9,250,000 shares as set out below.
2. In addition to shares the Underwriter also holds the Convertible Notes. In the event of conversion of the Convertible Notes the percentage interest of the Underwriter may increase further but can only do so if such conversion occurs in compliance with Chapter 6 of the *Corporations Act* (either with Marenica shareholder approval, reliance on the “creep provisions” or through another of the permitted exceptions in section 611 of the *Corporations Act*).

4.4 Sub-underwriting

From 1 May 2011 each of the Directors of Marenica have agreed to defer payment of 50% of their Directors fees (and in the case of March 2012 100% of their Directors fees). Mr Pearce has also agreed to defer payment of additional amounts due to him in his current capacity as acting Chief Executive Officer. Each of the Directors has agreed to enter into a priority subunderwriting agreement with the Underwriter to subunderwrite the amount of fees deferred to the end of March 2012 less statutory income tax and superannuation required to be deducted. Accordingly, up to 9,250,000 Shortfall shares will be subscribed for by the Directors or their nominees under these arrangements. The amount of the subunderwriting for each Director is as follows:

Robert Pearce	$65,000
Doug Buerger	$16,250
Gavin Becker	$13,000
David Sanders	$13,000
Nelson Chen	$13,000

The Directors will not be paid any subunderwriting fee by Marenica or by the Underwriter.

5. Directors' interests in Company securities

The Directors' and their nominee's current shareholdings and prospective interests in shares are as follows:

	Mr Robert Pearce	Mr David Sanders	Mr Gavin Becker	Mr Doug Buerger	Mr Nelson Chen
Current Number of shares	212,500	100,000	450,000	110,000	-
Entitlement to shares under the Offer	106,250	50,000	225,000	55,000	-
Sub-underwriting Commitment	5,000,000	1,000,000	1,000,000	1,250,000	1,000,000
Maximum Number of shares after Offer	5,318,750	1,150,000	1,675,000	1,415,000	1,000,000

At the time of lodging the Entitlement Issue Offer Document the Directors and their nominees have indicated that they will take up their full Entitlement under the Offer and also entered into a Sub-Underwriting commitment as detailed above.

The Directors also hold the following options exercisable at $0.13 on or before 31 October 2013:

Robert Pearce	2,000,000
Doug Buerger	1,500,000
Gavin Becker	1,500,000
David Sanders	1,500,000

6. Action Required by Shareholders

6.1 If you wish to take up all of your Entitlement

Should you wish to accept all of your Entitlement to subscribe for shares, then applications for shares under this Entitlement Issue Offer Document must be made in accordance with the instructions referred to in this Entitlement Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If not paying via BPAY or EFT completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Marenica Energy Limited' and lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Marenica's share registry (by delivery or by post) at the addresses in Section 2.11 above.

If paying via EFT, you must follow the instructions for EFT set out in the Entitlement and Acceptance Form and the completed Entitlement and Acceptance Form must be lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Marenica's share registry (by delivery, post or email) at the addresses in section 2.11 above.

If paying via BPAY, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

6.2 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement, then applications for shares under this Entitlement Issue Offer Document must be made in accordance with the instructions referred to in this Entitlement Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of shares you wish to accept and the amount payable (calculated at $0.013 per share accepted).

If not paying via BPAY or EFT completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Marenica Energy Limited' and lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Marenica's share registry (by delivery or by post) at the addresses in Section 2.11 above.

If paying via EFT, you must follow the instructions for EFT set out in the Entitlement and Acceptance Form and the completed Entitlement and Acceptance Form must be lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Marenica's share registry (by delivery, post or email) at the addresses in section 2.11 above.

If paying via BPAY, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

6.3 If you wish to apply for additional shares under Shortfall Facility

Eligible Shareholders may, in addition to taking up all of their Entitlement, apply for Shortfall shares. Shortfall shares will only be available where there is a shortfall between applications received from Eligible Shareholders for their Entitlement and the number of shares proposed to be issued under the Entitlements Offer.

Should you wish to apply for Shortfall shares, application must be made in accordance with the instructions referred to in this Entitlement Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If not paying by BPAY or EFT you can apply for Shortfall shares as well as your Entitlement by submitting one completed Entitlement and Acceptance Form accompanied by a cheque in Australian dollars crossed "Not Negotiable" and made payable to "Marenica Energy Limited" and lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Marenica's share registry (by delivery or by post) at the addresses in section 2.11.

If paying via EFT, you must follow the instructions for EFT set out in the Entitlement and Acceptance Form and the completed Entitlement and Acceptance Form must be lodged at any time after the issue of this Entitlement Issue Offer Document and on or before the Closing Date at Marenica's share registry (by delivery, post or email) at the addresses in section 2.11 above.

If paying via BPAY, applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. By paying for more shares than your Entitlement, you will be making an application for the excess shares as Shortfall shares. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Eligible Shareholders are not assured their Application for Shortfall shares will be met in full and by applying for Shortfall shares you are bound to accept a lesser number of shares as determined by the Company in accordance with the terms of the Shortfall Facility set out in section 2.1 above. Any excess application monies will be refunded without interest.

6.4 If you do not wish to take up your Entitlement

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. In that case, shares not accepted by the Closing Date will become Shortfall shares and you will receive no benefit.

The number of shares you hold and the rights attaching to those shares will not be affected should you choose not to accept any part of your entitlement, however your percentage holding in the capital of Marenica will be diluted.

Appendix 1

Underwriting termination events

1. The Company ceases to be admitted to the official list of ASX, the shares are suspended from trading on, or cease to be quoted on ASX, or there occurs a change in control in the Company.

2. There is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or its subsidiaries and controlled entities (**Group**) including:

   a. any change in the earnings, future prospects or forecasts of the Group from those disclosed to the Underwriter; or

   b. any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those disclosed to the Underwriter.

3. A member of the Group is insolvent or there is an act or omission which is likely to result in a member of the Group becoming insolvent.

4. A director of the Company:

   a. is charged with an indictable offence relating to any financial or corporate matter or any regulatory body commences any public action against the director in his or her capacity as a director of the Company or announces that it intends to take any such action; or

   b. is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206EAA, 206EA, 206EB, 206F or 206G of the Corporations Act.

5. A representation or warranty made under the funding deed between the Company and the Underwriter (**Funding Deed**), to have been made or given by the Company under the Funding Deed proves to be, or has been, or becomes, untrue or incorrect.

6. The Company issues a public statement concerning the Entitlement Issue which has not been approved by the Underwriter.

7. The Company fails to perform or observe any of its obligations under the Funding Deed.

8. A statement contained in the Entitlement Issue Offer Document is or becomes misleading or deceptive or likely to mislead or deceive, or the Entitlement Issue Offer Document omits any information it is required to contain or any forecast, expression of opinion, intention or expectation expressed in the Entitlement Issue Offer Document is not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole.

9. There occurs a new circumstance that is materially adverse from the point of view of an investor that arises after the Entitlement Issue Offer Document is lodged with ASIC or ASX, as applicable, that would have been required to be included in the Entitlement Issue Offer Document if it had arisen before the lodgment.

10. The Company issues or, in the reasonable opinion of the Underwriter, is required to issue a notice, pursuant to section 708AA(10) of the Corporations Act.

11. If any time after the date of the Funding Deed, any regulatory body issues or gives formal notice of an intention to issue proceedings (including an application by ASIC for an order under Part 9.5 of the Corporations Act) in relation to the Entitlement Issue, the Entitlement Issue Offer Documents, the Company or an officer in his or her capacity as an officer of the Company or commences or gives formal notice of an intention to commence any enquiry or investigation (including under Part 3 of the Australian Securities and Investments Commission Act 2001) into the Entitlement Issue, the Entitlement Issue Offer Documents, the Company or an officer in his or her capacity as an officer of the Company.

12. The Company fails to lodge the Entitlement Issue Offer Document on the agreed lodgement date set out in the Entitlement Issue timetable.

13. The Company withdraws the Entitlement Issue Offer Document or the Entitlement Issue.

14. Any circumstance arises that results in the Company either repaying the money received from applicants under the Entitlement Issue or offering applicants an opportunity to withdraw their acceptances for shares under the Entitlement Issue and be repaid their application money.

15. Approval is refused or ASX indicates that it does not intend to grant approval which is unconditional (or conditional only on customary listing conditions) to the official quotation of all the shares offered under the Entitlement Issue on ASX, on or before the business day prior to the settlement date referred to in the Entitlement Issue timetable, or if granted, the approval is subsequently withdrawn, qualified or withheld.

16. An event specified in the Entitlement Issue timetable is delayed for more than 3 business days other than as the direct result of actions undertaken by the Underwriter (unless those actions are requested by the Company) or by the Company with the consent of the Underwriter.

17. An event specified in section 652C(1) or section 652C(2) of the Corporations Act occurs, but replacing “target” with “Company”.