

MARENICA ENERGY LIMITED

ACN 001 666 600

OFFER DOCUMENT

For a pro rata non-renounceable rights issue to Eligible Shareholders on the basis of 1 New Share for every 6.2 existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.13 per New Share to raise approximately \$751,865 (based on the number of Shares on issue as at the date of this Offer Document) (**Offer**).

The Offer opens on 8 May 2017 and closes at 5:00pm (WST) on 29 May 2017 (unless it is lawfully extended). Valid acceptances must be received before that time.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.

The New Shares offered by this Offer Document should be considered as speculative.

Lead Manager: Patersons Securities Limited

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1. IMPORTANT INFORMATION

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

1.1 This document is not a prospectus

This Offer Document dated 28 April 2017, has been prepared by Marenica Energy Limited and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in Section 6 of this document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

1.2 Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

1.3 Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

1.4 Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand, Hong Kong, China, Germany or Singapore. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

New Zealand Shareholders

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form or payment for shares by BPAY® will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Hong Kong

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell,

such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

China

The information in this document does not constitute a public offer of shares, whether by way of sale or subscription, in the People's Republic of China (**PRC**) (excluding, for the purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

Germany

The information in this document has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Germany, from the requirement to produce a prospectus for offers of securities.

An offer to the public of Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- (a) to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (c) to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "**MiFID**"); or
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

If you (or any person for whom you are acquiring the Shares) are in Germany, you (and any such person) are a "qualified investor" within the meaning of the Prospectus Directive (Directive 2003/71/EC) as amended and implemented in Germany.

1.5 Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

2. CORPORATE DIRECTORY

Directors

Douglas Buerger
Non-executive Chairman

Murray Hill
Managing Director

Nelson Chen
Non-executive Director

Lou Guo Qing
Non-executive Director

David Sanders
Non-executive Director

John Sestan
Executive Director

Company Secretary

Susan Hunter

Auditor*

Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Registered Office

'AMRC Building'
7 Conlon Street
Waterford WA 6152

Telephone: + 61 8 6555 1816
Facsimile: +61 8 9315 2233

Email: info@marenicaenergy.com.au
Website: www.marenicaenergy.com.au

Share Registry*

Advanced Share Registry Services Pty Ltd
110 Stirling Highway
Nedlands WA 6009

Telephone: +61 8 9389 8033
Facsimile: +61 8 9262 3723

Lead Manager

Patersons Securities Limited
Level 23, Exchange Tower
2 The Esplanade
Perth WA 6000

ASX Code: MEY

*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

3. CHAIRMAN'S LETTER

Dear Shareholder,

On 12 April 2017, the Company announced its intention to conduct a capital raising comprising a non-renounceable rights issue offer of 1 new Share for every 6.2 Shares held by Shareholders on the Record Date at an issue price of \$0.13 per Share (**Offer**) together with a placement to sophisticated and professional investors on the same terms as the Offer (**Placement**) to raise a total of just over \$1,700,000 before costs.

Tranche 1 of the Placement was completed 21 April, 2017 and Tranche 2 will proceed upon receipt of Shareholder approval, which the Company plans to seek in the near future.

On behalf of Marenica Energy Limited, I am pleased to invite you to participate in the Offer.

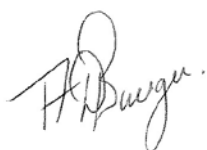
You should read this Offer Document carefully and in its entirety before deciding whether or not to participate in the Offer. In particular, you should consider the key risk factors included in Section 6 of this Offer Document. Shareholders who have any queries about the Offer should contact the Company at any time from 8:30am to 5:00pm (WST) during the Offer period.

A personalised Entitlement and Acceptance Form which details your Entitlement is to be completed in accordance with the instructions provided.

Shareholders who do not take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements and their equity interest in the Company will be diluted.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your ongoing support of our Company.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D. Buerger', with a stylized flourish at the end.

Douglas Buerger
Chairman

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a non-renounceable entitlement offer of 1 New Share for every 6.2 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.13 per New Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as set out in Section 4.8 of this Offer Document (and assuming no existing Convertible Notes or Performance Rights are converted or Options exercised prior to the Record Date), a maximum of approximately 5,783,575 Shares will be issued pursuant to this Offer to raise up to approximately \$751,865.

As at the date of this Offer Document, the Company has 1,038,714 Options on issue and 16,507 Convertible Notes on issue, all of which may either be exercised or converted into Shares prior to the Record Date in order to participate in the Offer. Please refer to Section 4.8 for information on the Options and Convertible Notes on issue.

All of the New Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

4.2 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to approximately \$751,865 (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised under the Offer as follows:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Interest payable to Hanlong ¹	\$78,541	10.4%
2.	Targeting new commercialisation transactions	\$325,000	43.2%
3.	Complete patent applications	\$50,000	6.7%
4.	Outstanding creditors	\$110,000	14.6%
5.	Expenses of the Offer	\$30,000	4.0%
6.	Working capital ²	\$158,324	21.1%
	Total	\$751,865	100%

Notes:

1. The amount of funds raised will include a total of \$78,541 due to offsets against interest payable by the Company to Hanlong Energy Limited (**Hanlong**) (an Eligible Shareholder) under the funding deed between the Company and Hanlong, dated 29 October 2010 (as amended) (**Funding Deed**). The Company has agreed to offset Hanlong's Entitlement, which totals \$78,541). The effect will be that the total funds raised will be reduced to

\$673,324 (before costs). For further details, refer to Section 4.3 below.

2. Funds allocated to working capital will be used towards corporate administration and operating costs.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

4.3 Offset Arrangements

Hanlong is currently owed funds by the Company in relation to interest due under the Funding Deed. As at 30 April 2017, the date on which the interest is due, the total amount owing to Hanlong by the Company equates to \$450,294.

The Company and Hanlong have agreed that part of the outstanding interest due will be applied towards Hanlong's Entitlement of up to 604,162 Shares, being to the value of \$78,541. The Company and Hanlong have also agreed to an additional placement of 951,800 Shares for a value of \$123,734. A total of 1,555,962, Shares will be issued to Hanlong in return for which Hanlong has agreed to reduce the interest due by a total of \$202,275.

Any remaining balance outstanding after the interest has been applied towards Hanlong's Entitlement shall be repaid by the Company in cash to Hanlong in accordance with the Funding Deed.

4.4 Indicative Timetable*

Event	Date
Announcement of Rights Issue	12 April 2017
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX (Prior to the commencement of trading) Notice sent to Option holders	28 April 2017
Notice sent to Shareholders	1 May 2017
Ex date	2 May 2017
Record Date for determining Entitlements	3 May 2017
Offer Document sent out to Eligible Shareholders and Company announces this has been completed and Offer Opening Date	8 May 2017
Last day to extend the Offer Closing Date	24 May 2017
Closing Date**	29 May 2017
Shares quoted on a deferred settlement basis	30 May 2017

ASX notified of under subscriptions	1 June 2017
Issue date/Shares entered into Shareholders' security holdings	2 June 2017
Quotation of Shares issued under the Offer	5 June 2017

*These dates are indicative only and are subject to change.

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

4.5 Lead Manager

Patersons Securities Limited has been appointed as lead manager to the Offer (**Lead Manager**). Based on an agreement between the Company and the Lead Manager, and the mandate agreement dated 6 April 2017, the Lead Manager will receive a fee equivalent to 2% of the total funds raised under the Offer, plus 4% of any funds raised from Shares placed by the Lead Manager under the Shortfall Offer.

4.6 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 5 of this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

You can also apply for Additional Shares under the Shortfall Offer in addition to your Entitlement by following the instructions set out in Section 5. The Shortfall Offer is described in Section 5.5 below.

4.7 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

4.8 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, no Options are exercised and no Convertible Notes or Performance Rights are converted prior to the Record Date, is set out below.

Shares	Number
Shares currently on issue ¹	35,858,162
New Shares offered pursuant to the Offer ²	5,783,575
Total Shares on issue after completion of the Offer^{2&3}	41,641,737

Notes:

1. Number of shares on issue on the Record Date.
2. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer.
3. As announced on 12 April 2017, the Company is proposing to issue an additional 2,940,000 Shares as tranche 2 of a capital raising (**Tranche 2 Placement**). The Tranche 2 Placement is subject to Shareholder approval and has not been included in the above total.

Options

Options	Number
Unquoted Options currently on issue: ¹ (exercisable at \$0.1806 on or before 1 December 2019) (exercisable at \$0.355 on or before 26 November 2018)	581,396 457,318
Options offered pursuant to the Offer	Nil
Total Options on issue after completion of the Offer	1,038,714

Note:

1. The terms of the Options provide that in the event of a pro rata issue, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2. The Options were granted to Directors in satisfaction of the obligation of the Company to pay those Directors fees, with the agreement that the Company would fund the exercise price.

Convertible Notes	Number
Convertible Notes currently on issue (with a face value of \$1,650,671, convertible at \$0.58 per Share on or before 14 November 2018) ^{1&2}	16,507
Convertible Notes offered pursuant to the Offer	Nil
Total Convertible Notes on issue after completion of the Offer	16,507

Notes:

1. The terms of the Convertible Notes are set out in the Funding Deed. The Convertible Notes have a face value of \$0.58 (**Conversion Price**) each and mature on 14 November 2018 (**Maturity Date**). Hanlong may convert some or all of the Convertible Notes into Shares at any time prior to the Maturity Date, subject to a minimum conversion amount of \$500,000 at the Conversion Price. The Company is entitled to convert all (but not some) of the Convertible Notes into Shares either on the Maturity Date, or in the event that the volume weighted average price for each of the 30 trading days ending not less than 5 trading days before the date of issue of the conversion notice by the Company, is at least 130% of the Conversion Price. The Convertible Notes carry interest at a rate of 8% per annum which is payable in cash.
2. In the event of a pro rata issue, the conversion price will be reduced according to the formula set out in the Funding Deed.

Performance Rights	Number
Performance Rights currently on issue	202,500
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offer	202,500

Note:

1. The Performance Rights are subject to the successful completion of the initial pilot plant programme proving **U-pgrade™** works on samples tested.

The capital structure on a fully diluted basis as at the date of this Offer Document would be 37,099,376 Shares (excluding Shares that would be issued if the Convertible Notes are converted into Shares) and on completion of the Offer (assuming all Entitlements are accepted, no Options are exercised and no Performance Rights or Convertible Notes are converted prior to the Record Date, and excluding the Tranche 2 Placement) would be 41,641,737 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

4.9 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 14% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	5,000,000	13.94%	806,451	5,000,000	12.01%
Shareholder 2	2,000,000	5.58%	322,580	2,000,000	4.80%
Shareholder 3	1,500,000	4.18%	241,935	1,500,000	3.60%
Shareholder 4	400,000	1.12%	64,516	400,000	0.96%
Shareholder 5	50,000	0.14%	8,064	50,000	0.12%

Note:

1. This is based on a share capital of 35,858,162 Shares at the date of this Offer Document.

4.10 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Options	Performance Rights	Entitlement	\$
Douglas Buerger	822,444	Nil	Nil	132,652	\$17,245

Director	Shares	Options	Performance Rights	Entitlement	\$
David Sanders	275,286	427,678	Nil	44,401	\$5,772
Lou Guo Qing	472,562	Nil	Nil	76,220	\$9,909
Nelson Chen	888,415	Nil	Nil	143,293	\$18,628
Murray Hill	1,661,061	Nil	202,500	267,913	\$34,829
John Sestan	1,510,114	Nil	Nil	243,567	\$31,664

All Directors intend to take up their respective Entitlements.

4.11 Effect of the Offer on control and voting power in the Company

Based on publicly available information as at 13 April 2017, those persons which (together with their associates) will have a relevant interest in 5% or more of the Shares on issue on the Record Date are set out below:

Shareholder	Shares	%
Hanlong Energy Limited	3,745,806	10.45%
Retzos Executive Pty Ltd <Retzos Executive Fund A/C>	2,000,000	5.58%
MingSun Technology Co Limited	2,040,251	5.69%

Note:

On completion of the Offer and Tranche 2 of the Placement, Hanlong's holdings will return to 11.89%, being the percentage shareholding held prior to the issue of Shares under the Tranche 1 Placement. In the case of the other substantial shareholders, their holdings will likely be diluted following completion of the Offer and the Tranche 2 Placement.

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible Shareholders being unable to participate in the Offer;
- (b) in the more likely event that there is a shortfall, Eligible Shareholders who do not subscribe for their full entitlement of Shares under the Offer and ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement as shown by the table in section 4.9; and

- (c) in respect of any Shortfall, eligible shareholders will be entitled to top-up their shareholding, by subscribing for additional Shares to be issued from the shortfall pool (**Shortfall Offer**). However, the Company will only issue such Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.90%.

4.12 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	0.21	13 February 2017
Lowest	0.105	21 April 2017
Last	0.105	21 April 2017

4.13 Opening and Closing Dates

The Offer opens on the Opening Date, being 8 May 2017, and closes on the Closing Date, being 5:00pm (WST) on 29 May 2017 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

4.14 Issue and dispatch

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 4.4. Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form or by making a payment via BPAY®.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 4.4 of this Offer Document.

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

4.15 ASX listing

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

4.16 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.17 Risk Factors

An investment in New 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 the Company which are non-exhaustive. Please refer to Section 6 for further details.

4.18 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

4.19 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure

document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website <http://www.marenicaenergy.com.au/> or the ASX www.asx.com.au.

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

4.20 Enquiries concerning Offer Document

Enquiries relating to this Offer Document should be directed to the Company on +61 8 6555 1816 or via email to info@marenicaenergy.com.au

5. ACTION REQUIRED BY SHAREHOLDERS

5.1 How to Accept the Offer

Your acceptance of the Offer must be made in accordance with the Entitlement and Acceptance Form accompanying this Offer Document.

You may participate in the Offer as follows:

- (a) accept your full Entitlement;
- (b) accept part of your Entitlement;
- (c) accept your full Entitlement and apply for Shortfall Shares under the Shortfall Offer; or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

5.2 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

5.3 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Marenica Energy Limited - Entitlement Issue Account**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company’s share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm WST on the Closing Date.

5.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY® you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form. If paying by BPAY®:

- (a) if you do not pay for your Entitlement in full, you are deemed to have

taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies; and

- (b) if you pay an amount in excess of your Entitlement you are deemed to have taken up your full Entitlement, and any additional amount paid is deemed to be an application for Shortfall Shares.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

5.5 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.13, being the price at which Shares have been offered under the Offer.

In addition to their Entitlement, Eligible Shareholders will be entitled to apply for additional Shares under the Shortfall Offer which may be issued from the Shortfall pool, by following the instructions on their Entitlement and Acceptance Form.

The Company will otherwise issue any Shortfall to other parties (who are not Eligible Shareholders) who make an application for Shortfall Shares, in their absolute discretion. However, the Company will only issue such Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.90%.

The Directors reserve the right to issue Shortfall Shares at their absolute discretion, whether that be to Eligible Shareholders or other parties.

6. RISK FACTORS

6.1 Introduction

The Shares offered under this Offer Document are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Offer Document and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Specific Risks

(a) 'Going concern' risk

The Company's half year financial report for the year ended 31 December 2016 noted the following:

"The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including the ability as occurred in the past to raise sufficient working capital to ensure the continued implementation of the Company's business plan, the commercial viability of the Company's uranium project in Namibia and the Company's **U-pgrade™** process and the continued support from the convertible note holder and major shareholder, Hanlong Energy Limited. The financial report has been prepared on a going concern basis. In arriving at this position, the Directors have had regard to the fact that the Company has, or in the Directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of the report. Should the Company not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements."

Notwithstanding the 'going concern' note included in the half year report, the Directors believe that upon the successful completion of the Offer and the Tranche 2 Placement, the Company will have sufficient funds to adequately meet the Company's current commitments and short term working capital requirements. However further funding will be required to meet the medium to long term working capital costs of the Company.

In the event that the Offer or Tranche 2 Placement is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, which is likely to have a material adverse effect on the Company's activities.

(b) **Potential for dilution**

Upon implementation of the Offer and the Tranche 2 Placement, assuming no Options are exercised or Convertible Notes converted or other securities are issued prior, the number of Shares in the Company will increase from 35,858,162 currently on issue to 44,581,737.

This means that each Share will represent a lower proportion of the ownership of the Company. Refer to Section 4.9 for further details.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Offer Document being lodged of \$0.105 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(c) **Future capital requirements**

The Company's 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 after the substantial exhaustion of the net proceeds of the Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources 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.

(d) **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.

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.

The Company has experienced good working relations with the Republic of Namibia's Ministry of Mines and Energy personnel and the Honourable Minister of Mines, Mr Obeth Kandjoze.

(e) Tenement Title – Namibia

Interest in minerals in Namibia is governed by legislation and is evidenced by the granting of licences. Each licence is for a specific term and different licences carry with them varying requirements for 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.

Mineral Deposit Retention Licence 3287, issued by the Ministry of Mines and Energy in the Republic of Namibia on 30 November 2016, and held by Marenica Minerals (Proprietary) Limited, covers the Marenica Project. Mineral Deposit Retention Licence 3287 was granted for a period of five years and has no expenditure commitments.

(f) 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 licences 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.

(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.

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, however to date these have not been efficient enough to be relied upon for large scale base load power.

(h) **Commodity Price Volatility and Foreign Exchange Risk**

In the event that the Company achieves exploration and success with **U-pgrade™** leading to an interest in uranium production in Namibia or elsewhere, the Company will derive revenue through the sale of uranium.

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 project and many of its activities are 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 or implemented by the Company. This may result in the Company being exposed to the effects of the change in currency (exchange rate) risk.

(i) **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.

(j) **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.

(k) **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.

The Company intends to manage this risk by entering into multiple agreements and arrangements with many different counterparties.

(l) **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; and
- (iii) access to adequate capital for project development,

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.

(m) **Metallurgy**

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

- (i) developing an economic process route to produce a metal and/or concentrate;
- (ii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project; and
- (iii) scale up of the **U-pgrade™** process to a commercial operation.

(n) **Operational and technical risks**

The current and future operations of the Company, including exploration, appraisal, production and licencing 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) the supply and cost of skilled labour; and

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

(o) **Technology Risk**

The Company has developed proprietary technology to upgrade the uranium ore at the Marenica Project which has the potential to be applied to other similar uranium deposits. The technology has, however, only been tested at this stage on bench scale samples of ore from the Marenica project, Toro's Wiluna project and Deep Yellow's Tumas Projects in Namibia (**Tumas Project**), and there is a risk that the **U-pgrade™** technology may not be able to be replicated on a commercial scale.

(p) **Intellectual property**

- (i) The Company has sought to protect intellectual property in its proprietary technology, including applying for patents. A patent is a monopoly granted by a government for a period of up to 20 years in return for disclosure to the world. A patent provides exclusive legal rights in respect of an invention (as defined by the claims of a patent) in the country of grant. After a patent expires or lapses, or to the extent of any revocation, anyone may then use the invention.
- (ii) In order to secure patent protection, a patent application is filed with the Patent Office in each country of interest, the application is examined under the patent laws of that country, and a patent will be issued if the application meets the patentability criteria of that country. The grant of a patent in one country does not guarantee the grant of a patent for the same invention in another country. Moreover, the claims of a patent application may be amended during examination before a national Patent Office to meet the patentability criteria of that country. Accordingly, the scope of any patent protection may vary between countries, and from the initially filed patent application.
- (iii) The grant of a patent does not guarantee validity and a patent may be challenged by third parties at a Patent Office by opposition and/or re-examination in some countries, or post-grant through the courts by revocation proceedings.
- (iv) The grant of a valid patent does not mean that the invention may be exploited in a given country without infringing third party IP rights in that country.

(q) **Successful commercialisation of U-pgrade™**

- (i) In September 2016, Deep Yellow and the Company entered into a technology licence agreement where the Company is entitled to earn a licence fee based on sales from Deep Yellow's Tumas Project in return for allowing Deep Yellow to use the **U-pgrade™** technology.
- (ii) Although the terms of this transaction have been agreed the implementation of the technology at this project carries significant risks.

- (iii) There is no certainty that technology will be used in the Tumas Projects. Although the Company remains confident of the technology in this application, a decision by Deep Yellow to include **U-pgrade™** into the Tumas Project flowsheet will only be made after further testwork and feasibility studies are completed and Deep Yellow had not yet made a decision to proceed with further testwork or feasibility studies. The size and scale of the **U-pgrade™** plant and therefore production levels and ultimately licence fees may vary from current forecasts and expectations.
- (iv) The Tumas Project is subject to macro economic risks and financing risks and there is no certainty as to whether or when Deep Yellow will be in a position to proceed with the project. A delay or abandonment of the project due to these risks will significantly affect the Company's interest in the project.

6.3 General risks

(a) 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.

(b) Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(c) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration 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.

(d) **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.

(e) **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.

(f) **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.

(g) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(h) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Offer Document.

6.4 Speculative investment

The above list of risk factors ought 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 the future materially affect the financial performance of the Company and the value of the Shares offered under this Offer Document

Therefore, the Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

7. DEFINED TERMS

\$ means an Australian dollar.

Additional Shares means those New Shares not issued under the Offer.

Applicant refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

Application refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Closing Date means the closing date set out in Section 4.3 or such other date as may be determined by the Directors.

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

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

Deep Yellow means Deep Yellow Limited (ACN 006 391 948) (ASX:DYL).

Directors mean the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia, New Zealand, Singapore, Germany, China and Hong Kong.

Entitlement means the entitlement to subscribe for 1 New Share for every 6.2 Shares held by an Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Funding Deed means the funding deed between the Company and Hanlong, dated 29 October 2010 (as amended).

Hanlong means Hanlong Energy Limited.

Lead Manager means Patersons Securities Limited

Marenica Project means the uranium project located in Namibia in which the Company holds a 75% interest via its subsidiary Marenica Minerals (Proprietary) Limited.

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer or Rights Issue means the pro rata non-renounceable offer of New Shares at an issue price of \$0.13 each on the basis of 1 New Share for every 6.2 Shares held on the Record Date subscribed for pursuant to this Offer Document.

Offer Document means this Offer Document.

Opening Date means the opening date set out in Section 4.4 of this Offer Document.

Record Date means the record date set out in Section 4.4 of this Offer Document.

Section means a section of this Offer Document.

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

Shareholder means a holder of Shares.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Offer means as defined in Section 5.5 of this Offer Document.

Toro means Toro Energy Limited (ACN 117 127 590).

Tranche 1 Placement means the issue of 4,376,923 Shares at an issue price of \$0.13 per Share to sophisticated and professional investors, which was completed on 21 April 2017, pursuant to the capital raising announced by the Company on 12 April 2017.

Tranche 2 Placement means the proposed issue of 2,940,000 Shares at an issue price of \$0.13 per Share, pursuant to tranche 2 of the capital raising announced by the Company on 12 April 2017.