



3 August 2017

Marenica undertakes Shortfall Capital Raising and strengthens its financial position

- **Shortfall funds of \$182,161 received**
- **Hanlong agrees to provide \$312,000 injection**
- **\$1.7 million raised since April 2017**
- **Funds to be used for commercialisation of *U-pgrade*TM and working capital**

Marenica Energy Limited ("Marenica") is pleased to announce that on 3 August 2017 it issued 1,401,236 shares at \$0.13 per share to investors that applied for shortfall shares ("Shortfall") which resulted from the non-renounceable entitlement issue which closed on 29 May 2017 ("Rights Issue Offer"). This Shortfall placement raised \$182,161, before costs of the issue.

Also, Hanlong Energy Limited ("Hanlong") has agreed to subscribe for \$180,000 of new shares. Subject to shareholder approval 1,384,616 shares will be issued at \$0.13 per share. In the interim, the \$180,000 will be provided by way of a converting loan.

These issues, when completed, coupled with equity issues since April 2017, will achieve the objective of raising a total \$1.7 million, as was announced to the ASX on 12 April 2017.

Managing Director Murray Hill commented "Not only are we pleased with the success of these capital raisings, but we are encouraged by the new investors that have joined the company's share registry. They add further depth and breadth to our shareholder base and improve Marenica's capacity to raise capital in the future."

Hanlong has also agreed to convert the next convertible note interest payment into shares. An amount of \$132,054 is due for payment on 14 November 2017. Subject to shareholder approval, that amount will be settled by shares.

Converting Loan

The \$180,000 converting loan funds committed by Hanlong will be interest free up until the Company's annual general meeting, which will be held during November 2017 ("AGM"). If shareholders do not approve the conversion of the loan into shares, then an interest rate of 8% per annum will be charged from the AGM and the \$180,000 plus interest will be repayable in cash on 31 January 2018.

Interest on Convertible Note

The Company has previously issued convertible notes to Hanlong ("Convertible Notes"). The face value of the Convertible Notes is \$1.6507 million. As has been previously announced, Marenica and Hanlong have agreed that on the due date for repayment, being 14 November 2018, Marenica has the option to repay the principal due on the Convertible Notes in shares at a conversion price of 58c. Until the due date the outstanding balance of the Convertible Notes will accrue interest at a rate of 8% per annum.

The next interest payment of \$132,054 on the Convertible Notes is due on 14 November 2017. Hanlong has agreed by amendment to the Convertible Note Agreement to convert this cash payment to shares, subject to shareholder approval at the AGM. Once approved, the shares will be issued at the higher of \$0.13 per share or a twenty (20%) percent discount to the VWAP during the 20 days immediately preceding the AGM. If shareholders do not approve the issue of shares, then the amount of \$132,054 will be repayable in cash plus additional interest at the rate of 12% per annum on the outstanding interest amount. This cash payment will be due on or before 28 February 2018.

Shortfall Shares

Following the issue of the Shortfall Shares referred to above, the Board will seek to place the current remaining shortfall of 1,305,755 shortfall shares at their sole discretion at an issue price of not less than \$0.13 per shortfall share, within three months of the closing date of the Rights Issue Offer, that is, 29 August 2017.

For further information please contact:
Investors: Murray Hill
MD - Marenica Energy Limited
T: +61 8 6555 1816
E: murray.hill@marenicaenergy.com.au

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