



ASX ANNOUNCEMENT – 5 April 2012

Non-Renounceable Entitlement Issue Timetable and Issue of Convertible Notes

Marenica Energy Limited (“the Company”) is pleased to announce details of its Entitlement Issue to Shareholders to raise approximately \$3.24 million via the issue of up to 249,314,844 New Shares.

The Entitlement Issue is on the basis of 1 New Share for every 2 Shares held at the record date, each at an issue price of \$0.013 (**Offer**). The New Shares will rank equally with all other fully paid ordinary shares of the Company, including in respect of dividends, from the date of allotment.

The Offer is available to all Shareholders registered on the record date of 18 April 2012 (**Record Date**). The Company will also make available a shortfall facility to enable Shareholders to subscribe for additional New Shares if they wish to do so, subject to compliance with the ASX Listing Rules and the Corporations Act on the following basis. If all existing Shareholders do not take up their entitlement in full, the shortfall will be allocated to those Shareholders who apply for Shares (in addition to their entitlement) under the 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 Shareholders who have applied for additional Shares under the shortfall facility. To the extent that the shortfall has not been fully allocated following this allocation, the remaining Shares will be allocated to Shareholders who did not receive all of the 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 Shares under the shortfall have been allocated. The Directors shall 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 Listing Rules and other applicable laws.

Optionholders of the Company are not entitled to participate in the Entitlements Issue unless they exercise their options prior to the Record Date.

The Entitlement Issue will be underwritten by a substantial shareholder of the Company, Hanlong Energy Ltd (“Hanlong”), a related entity 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 Underwriter has the right to terminate the underwriting on the occurrence of the events set out in the attachment to this announcement. In consideration for Hanlong agreeing to underwrite the Entitlement Issue, the Company has also agreed with Hanlong to redeem the existing Convertible Notes held by Hanlong and issue new Convertible Notes to Hanlong with the same face value, interest rate and maturity date and a conversion price of 2.674 cents per share.

The Directors of the Company have agreed to sub-underwrite the Entitlement Issue to the amount of \$120,250. From 1 July 2011 each of the Directors of Marenica 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 subunderwrite the amount of fees deferred to the end of March 2012 less statutory income tax and superannuation required to be deducted.

No underwriting or sub-underwriting fees are payable.

The Offer is being made without a prospectus. An Entitlement Issue Offer Document in relation to the Offer will be despatched in accordance with the timetable below with the ASX and will available at the Company's website: www.marenicaenergy.com.au.

The timetable for the Offer is:

Entitlement Issue/Offer announced via ASX	2 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
Offer Document dispatched to Eligible Shareholders (expected date of dispatch of Offer Document and Entitlement and Acceptance Forms)	20 April 2012
Acceptances close*	7 May 2012
Company to notify ASX of undersubscriptions (if any)**	10 May 2012
Issue of new shares and dispatch holding statements**	14 May 2012

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

** These dates are indicative only.

The Offer is being made under section 708AA of the Corporations Act. Accordingly the Company will forward an Offer document and Entitlement and Acceptance Form to Eligible Shareholders as set out in the timetable.

The Company hereby gives notice that:

- (a) the Company has issued the Convertible Notes and will offer the Shares for issue without disclosure to investors under Part 6D.2 of the *Corporations Act*;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the *Corporations Act* and paragraph (e) of section 708A (12D) of the *Corporations Act* (as notionally inserted by ASIC Class Order 10/322);
- (c) the Company has complied with the provisions of Chapter 2M of the *Corporations Act* as they apply to the Company;
- (d) the Company has complied with section 674 of the *Corporations Act*;
- (e) the material terms of the Convertible Notes are as follows:
 - (i) principal amount of \$2,000,000;
 - (ii) maturity date of 14 November 2013;
 - (iii) conversion price of \$0.02674 per Share;
 - (iv) the Convertible Notes can be converted by Hanlong at any time (subject to any necessary shareholder approval being obtained) and may be converted by the Company if the Company's Shares trade at more than 130% of the conversion price for a continuous period of 30 trading days;

- (v) Hanlong can redeem the Convertible Notes early on the occurrence of certain standard events of default or in the event of a change of control of the Company;
- (vi) the Company can redeem the Convertible Notes early by paying a premium of 50% over the principal amount;
- (vii) the Convertible Notes are unsecured and rank equally with all other debts of the Company;
- (viii) the issue of the Convertible Notes will not affect the financial position of the Company as the purpose of the issue is to redeem the existing Convertible Notes that are on the same terms as to maturity date, interest rate and redemption and accordingly no cash is being raised through the issue of the Convertible Notes nor is any additional liability being taken on by the Company;
- (ix) if Hanlong wishes to convert the Convertible Notes and Shareholder approval is required, the Company is required to take all reasonable steps to seek such approval;
- (f) the Convertible Note is convertible into fully paid ordinary shares that will rank equally with all other fully paid ordinary shares on issue in the Company;
- (g) the Company is a disclosing entity pursuant to the *Corporations Act* and as such is subject to regular reporting and disclosure obligations;
- (h) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office;
- (i) prospective investors have a right to obtain a copy of any of the following documents:
- (i) the annual financial report most recently lodged with ASIC by the Company;
 - (ii) the half-year financial report most recently lodged with ASIC by the Company; and
 - (iii) any continuous disclosure notices given by the Company after the lodgment of the last annual financial report and before the lodgment of this notice;
- (j) the Company will give a copy of any document referred to in the previous paragraph free of charge to anyone who asks for it;
- (k) there is no information:
- (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:

A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

B. the rights and liabilities attaching to the Convertible Notes or the Shares;

(I) the issue of Shares may affect the control of the Company (depending on the take up of the Offer and the shortfall facility) by reason of the underwriting. An analysis has been undertaken to indicate the effect on the total voting power of Hanlong in the Company under various scenarios. Each scenario:

- assumes (other than in the case of Scenario 5) that Hanlong has taken up its full allotment pursuant to the Entitlement Issue, being a total of 14,509,004 shares; and
- does not include any Shares that may be issued to Hanlong as a result of its participation (in its capacity as an eligible Shareholder) under the shortfall facility.

Scenario	Shares	Voting Power
Current shareholding and voting power	29,018,007	5.82%
Scenario 1 - no shortfall post-application of shortfall facility	43,527,011	5.82%
Scenario 2 - 25% shortfall post-application of shortfall facility	105,855,721	14.15%
Scenario 3 - 50% shortfall post-application of shortfall facility	168,184,432	22.49%
Scenario 4 - 75% shortfall post-application of shortfall facility	230,513,143	30.82%
Scenario 5 - 100% shortfall post-application of shortfall facility	278,332,851	37.21%

If the full face value (being A\$2,000,000) of the Convertible Notes issued to Hanlong on the date of this notice is converted into Shares in the Company, the total number of Shares which may be issued to Hanlong as a result of this conversion is 74,794,315.

To the extent that a conversion of these Convertible Notes would require approval of the Company's shareholders, the Company is obliged under the terms of the Convertible Notes, to take all reasonable steps to convene a meeting of the Company's shareholders to obtain such approval.

Following the Entitlement Issue, assuming all necessary shareholder approvals are obtained and the full face value of the Convertible Notes is converted, no other Shares are issued by the Company, and Hanlong does not acquire or dispose of any other Shares, Hanlong's shareholding in the Company will be:

- 118,321,326 Shares, representing a voting power of 14.38% (assuming Scenario 1 above);
- 180,650,036 Shares, representing a voting power of 21.96% (assuming Scenario 2 above);
- 242,978,747 Shares, representing a voting power of 29.53% (assuming Scenario 3 above);
- 305,307,458 Shares, representing a voting power of 37.11% (assuming Scenario 4 above); and

- 353,127,166 Shares, representing a voting power of 42.92% (assuming Scenario 5 above).

An Appendix 3B is attached.

For further information, please contact Mr Robert Pearce, Chairman at Marenica Energy Limited; phone +61 8 9321 7355.

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RIGHTS ISSUE TERMINATION EVENTS

1. The Issuer 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 Issuer.
2. There is a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer 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 Subscriber; or
 - b. any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those disclosed to the Subscriber.
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 Issuer:
 - 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 Issuer 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 this Deed, to have been made or given by the Issuer under this Deed proves to be, or has been, or becomes, untrue or incorrect.
6. The Issuer issues a public statement concerning the Rights Issue which has not been approved by the Subscriber.
7. The Issuer fails to perform or observe any of its obligations under this Deed.
8. A statement contained in the Rights Issue Offer Document is or becomes misleading or deceptive or likely to mislead or deceive, or the Rights Issue Offer Document omits any information it is required to contain or any forecast, expression of opinion, intention or expectation expressed in the Rights 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 Rights Issue Offer Document is lodged with ASIC or ASX, as applicable, that would have been required to be included in the Rights Issue Offer Document if it had arisen before the lodgment.
10. The Issuer issues or, in the reasonable opinion of the Subscriber, is required to issue a notice, pursuant to section 708AA(10) of the Corporations Act;
11. If any time after the date of this 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 Rights Issue, the Rights Issue Offer Documents, the Issuer or an officer in his or her capacity as an officer of the Issuer 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 Rights Issue, the Rights Issue Offer Documents, the Issuer or an officer in his or her capacity as an officer of the Issuer.

12. The Issuer fails to lodge the Rights Issue Offer Document on the agreed lodgement date set out in the Timetable.
13. The Issuer withdraws the Rights Issue Offer Document or the Rights Issue.
14. Any circumstance arises that results in the Issuer either repaying the money received from applicants under the Rights Issue or offering applicants an opportunity to withdraw their acceptances for Shares under the Rights 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 Rights Issue on ASX, on or before the business day prior to the settlement date referred to in the Timetable, or if granted, the approval is subsequently withdrawn, qualified or withheld.
16. An event specified in the Timetable is delayed for more than 3 Business Days other than as the direct result of actions undertaken by the Subscriber (unless those actions are requested by the Issuer) or by the Issuer with the consent of the Subscriber.
17. An event specified in section 652C(1) or section 652C(2) of the Corporations Act occurs (other than the proposed issue of Convertible Notes under this Deed), but replacing "target" with "Issuer".

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Marenica Energy Limited

ABN

71 001 666 600

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary shares and convertible notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 249,314,844 shares issued in accordance with the non-renounceable entitlement issue announced on 2 April 2012.
2,000,000 convertible notes. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares.

Convertible notes convertible into shares at 0.02674 cents per share on or before 14 November 2013 with interest payable of 8.00% per annum |

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Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Ordinary shares – Yes</p> <p>Convertible notes - No</p>				
<p>5 Issue price or consideration</p>	<p>Ordinary shares - \$0.013 each</p> <p>Convertible notes - \$2,000,000</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Ordinary shares - Non-renounceable entitlement issue</p> <p>Convertible notes – redemption of existing convertible notes</p>				
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>Ordinary shares - 14 May 2012 – proposed despatch date for holding statements</p> <p>Convertible notes – 5 April 2012</p>				
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1579 997 1646">Number</th> <th data-bbox="997 1579 1276 1646">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1646 997 1901">498,629,688, plus the securities noted in section 1 which will be advised after the conclusion of the Entitlement Issue.</td> <td data-bbox="997 1646 1276 1901">Ordinary fully paid shares (MEY)</td> </tr> </tbody> </table>	Number	⁺ Class	498,629,688, plus the securities noted in section 1 which will be advised after the conclusion of the Entitlement Issue.	Ordinary fully paid shares (MEY)
Number	⁺ Class				
498,629,688, plus the securities noted in section 1 which will be advised after the conclusion of the Entitlement Issue.	Ordinary fully paid shares (MEY)				

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	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	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
	2,000,000	Convertible notes convertible at 0.02674 cents per share on or before 14 November 2013
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No policy

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 New Share for each 2 Shares held at the record date
14	+Class of +securities to which the offer relates	Ordinary Shares
15	+Record date to determine entitlements	18 April 2012
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Rounded Up

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Appendix 3B
New issue announcement

18 Names of countries in which the entity has ⁺security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

None

19 Closing date for receipt of acceptances or renunciations

7 May 2012

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⁺ See chapter 19 for defined terms.

20	Names of any underwriters	Hanlong Energy Limited
21	Amount of any underwriting fee or commission	Nil
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	20 April 2012
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	10 April 2012
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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Appendix 3B
New issue announcement

- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

--

39 Class of +securities for which
quotation is sought

--

40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

--

41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

--

42 Number and +class of all
+securities quoted on ASX
(including the securities in clause
38)

	Number	+Class

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:
(Company secretary)

Date: 5 April 2012

Print name: Michael van Uffelen

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+ See chapter 19 for defined terms.

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