

**Mariner Corporation
Limited (ASX:MCX)**
Level 9, 32 Walker Street
North Sydney NSW 2060
ACN: 002 989 782

Mariner Corporation Limited

Notice of Annual General Meeting Explanatory Statement | Proxy Form

26 November 2019

10.00 am AEDT

Address

Level 9, 32 Walker Street
NORTH SYDNEY, NSW, AUSTRALIA, 2060

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Contents

Venue and Voting Information	2
Notice of Annual General Meeting – Agenda and Resolutions	3
Notice of Annual General Meeting – Explanatory Statement	8
Glossary	25
Annexure A – Independent Expert’s Report	27
Proxy Form	Attached

Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am AEDT on 26 November 2019 at Level 9, 32 Walker Street, NORTH SYDNEY, NSW, AUSTRALIA, 2060.

Your vote is important

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

Voting in person

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

Voting by proxy

To vote by proxy, please use one of the following methods:

By fax	+61 2 8920 0085
By post	Mariner Corporation Limited, Level 9, 32 Walker Street, North Sydney NSW 2060
By hand	Mariner Corporation Limited, Level 9, 32 Walker Street, North Sydney NSW 2060

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of Mariner Corporation Limited ACN 002 989 782 will be held at 10.00 am AEDT on 26 November 2019 at Level 9, 32 Walker Street, NORTH SYDNEY, NSW, AUSTRALIA, 2060 (**Meeting**).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 10.00 am AEDT on 24 November 2019. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

Agenda

Ordinary business

Financial statements and reports

"To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year."

Note: This item of ordinary business is **for discussion only and is not a resolution**.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

Resolutions

AGM Resolutions

1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2019."

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

Voting Exclusion Statement: In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person's Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as Restricted Voter). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote "against", or to abstain from voting on, this Resolution.

2. Resolution 2 – Re-election of Matthew MacDougall as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That Matthew MacDougall, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director of the Company, effective immediately."

Proposed Capital Raising and Ancillary Resolutions

3. Resolution 3 – Amendment to terms of existing Convertible Notes

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, subject to Resolutions 4 to 6 being passed, for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders approve the proposed amendment to the terms of the Convertible Notes to increase the Conversion Price from \$0.03 (3 cents) per Share to \$0.12 (12 cents) per Share on the terms and conditions described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) the Noteholder; or
- (b) an Associate of any person described in paragraph (a) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Resolution 4 – Acquisition of Relevant Interest

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, subject to Resolutions 3, 5 and 6 being passed, for the purposes of section 611 (item 7) of the Corporations Act and for all other purposes, the Shareholders approve the acquisition of relevant interests in issued voting shares of the Company by the Investor and the Investor's Controllers via the issue and allotment of:

- (a) 20,000,000 fully paid ordinary shares at an issue price of \$0.12 (12 cents) per share pursuant to the Proposed Capital Raising; and*
- (b) up to 14,315,140 fully paid ordinary shares pursuant to the conversion of the Convertible Notes (following the amendment to their terms pursuant to Resolution 3),*

to the Investor on the terms and conditions described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting power of the Investor and the Investor's Controllers: As set out in Table 1 in the Explanatory Statement, the proposed maximum voting power of each of the Investor and the Investor's Controllers on an undiluted basis will be 71.41% (rounded to two decimal places).

Independent Expert's Report: Shareholders should carefully consider the IER that has been prepared by Stantons before voting on this Resolution. The IER comments on the fairness and reasonableness of the Proposed Capital Raising (which includes the acquisition of the voting power and relevant interests by each of the Investor and the Investor's Controllers) to Shareholders. **The IER has concluded that the Proposed Capital Raising is fair and reasonable to the Non-Associated Shareholders.**

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) the Investor;
- (b) the Directors; or
- (c) an Associate of any person described in paragraphs (a) or (b) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. **Resolution 5 – Approval of Related Party Benefits**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, subject to Resolutions 3, 4 and 6 being passed, for the purposes of section 208 of the Corporations Act and for all other purposes, the Shareholders approve:

- (a) the sale of the Convertible Notes by the Noteholder to the Investor; and*
- (b) the repayment of the Loans by the Company,*

on the terms and conditions described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) the Investor;
- (b) the Noteholder;
- (c) the Directors; or
- (d) an Associate of any person described in paragraphs (a), (b) or (c) above.

However, the Company will not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. **Resolution 6 – Election of Kai Man Wong as a Director**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, subject to Resolutions 3 to 5 being passed, for the purposes of article 6.1(c) of the Company's Articles of Association and for all other purposes, Mr Kai Man Wong, having been nominated, being eligible and having consented to act, be elected as a director of the Company on and from the date of completion of the Proposed Capital Raising."

7. **Resolution 7 – Adoption of New Constitution**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"That, for the purposes of section 136 of the Corporations Act and for all other purposes, the Articles of Association of the Company be repealed and replaced with a constitution in the form of the document tabled at this Meeting and signed by the Chairman for the purposes of identification, with effect from the date of this Resolution."

BY ORDER OF THE BOARD

William Murfitt
Chairman

Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10.00 am AEDT on 26 November 2019 at Level 9, 32 Walker Street, NORTH SYDNEY, NSW, AUSTRALIA, 2060.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

ASX takes no responsibility for the contents of this Notice of Meeting.

Agenda

Ordinary business

Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at <http://www.marinercorporation.com.au/financial-statements.html>.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by 19 November 2019.

Resolutions

AGM Resolutions

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at <http://www.marinercorporation.com.au/financial-statements.html>.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2020 Annual General Meeting (**2020 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2020 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the 2020 AGM. All of the Directors who were in office when the 2020 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

Resolution 2 – Re-election of Matthew MacDougall as Director

The Company's Constitution requires that at the Company's annual general meeting, one third of the Directors shall retire from office. A Director shall not hold office for a period in excess of three years or past the third annual general meeting following his appointment. The retiring Directors must not be a Managing Director. The Directors to retire at the annual general meeting are those who have been in office the longest since their last election.

ASX Listing Rule 14.4 also provides each a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Matthew MacDougall was last re-elected as a Director at the 2016 AGM.

Under this Resolution, Mr MacDougall has elected to retire by rotation, and being eligible, seeks re-election as a Director of the Company at this AGM.

Mr MacDougall has worked in the finance industry for 24 years. He was owner and Managing Director Interlease Capital Holdings Pty Limited which has been operating successfully in the Sydney market since 1988. In 1999, Mr MacDougall launched National Rental Corporation Limited which operated successfully on a national basis with offices in all major states around Australia. Mr MacDougall was Executive Director and on the board for 6 years until it was sold in a trade sale to a public company in 2006. Mr MacDougall worked out his 2 years as part of the sale at Alleasing as Head of Acquisitions NSW. In 2008, he left to take the role of CEO at Global Rental & Leasing. Global Rental & Leasing has assets under management in excess of \$250 million which have been accumulated over the last eight years.

Mr MacDougall holds a Bachelor of Business from Monash University and was also Chairman for 7 years of the Talent Development Foundation – a high profile NSW Government Education charity supporting NSW public school children.

Directors' recommendation

The Directors (excluding Mr MacDougall) recommend that Shareholders vote for this Resolution.

Proposed Capital Raising and Ancillary Resolutions

Resolution 3 – Amendment to terms of existing Convertible Notes

Background

On 1 July 2014, the Company issued 60 convertible notes to Global Clean Energy Finance Pty Ltd ACN 160 607 009 (**Noteholder**) for an aggregate face value of \$1,500,000 (**Convertible Notes**). Since that time, interest has accrued, and the amount owed by the Company to the Noteholder under the Convertible Notes as at 30 June 2019 was \$1,675,257. Interest continues to accrue at the rate of 6% p.a. (calculated daily and compounded monthly) until either repayment of the amount owed by the Company, or upon the conversion of the Convertible Notes to Shares. Assuming no repayment will be made by the Company, the amount which the Company will owe to the Noteholder under the Convertible Notes as at 30 November 2019 is expected to be \$1,717,816.85. Under the current terms, the Convertible Notes are convertible to Shares at a conversion price of \$0.03 (3 cents) per Share, and conversion is subject to Shareholder approval being obtained.

All current Directors of the Company, Messrs William Murfitt, Philip Barclay and Matthew MacDougall, are also directors of the Noteholder.

As announced by the Company on 5 July 2019 (and further explained in this Explanatory Statement under Resolutions 4 and 5), as part of the Proposed Capital Raising, the Noteholder has agreed to sell the Convertible Notes to Panshan Capital Pty Ltd ACN 633 244 032 (**Investor**) subject to the terms of the Convertible Notes being amended to increase the price at which they can be converted to Shares (**Conversion Price**) from \$0.03 (3 cents) per Share to \$0.12 (12 cents) per Share. This increase to the Conversion Price will have the effect of significantly reducing the number of Shares to which the Convertible Notes can be converted to, and therefore making any such conversion less dilutionary to existing Shareholders.

Resolution 3 seeks Shareholders' approval to amend the terms of the Convertible Notes so that it is convertible at an increased Conversion Price of \$0.12 (12 cents) per Share.

If the amendment of the Conversion Price is approved, it is the Investor's intention that the Convertible Notes be immediately converted to shares. At conversion, the Convertible Notes will convert to no more than 14,315,140 Shares (calculated based on the amount that will be owed by the Company to the Noteholder at 30 November 2019), which will result in the debt underlying the Convertible Notes being satisfied, and improving the Company's financial position.

Shareholder approval of Resolution 3 is subject to receipt of Shareholder approval for Resolutions 4, 5 and 6.

Related Party Approvals

ASX Listing Rule 10.11

Listing Rule 10.11 provides that the Company, as an ASX listed entity, must not issue equity securities to a related party without Shareholder approval. If Shareholder approval is obtained under Listing Rule 10.11, in accordance with Listing Rule 7.2 (exception 14), separate Shareholder approval is not required under Listing Rule 7.1 (new issues exceeding 15% of capital).

For the purposes of the Listing Rules, a "related party" includes a director of a public company, and an entity controlled by a director of a public company (unless the entity is also controlled by the public company). Given that all current Directors are also directors of the Noteholder, the Noteholder is an entity controlled by the Directors and it is therefore a "related party" of the Company.

As the proposed amendment to the Conversion Price of the Convertible Notes may be treated by the ASX to be an issue of equity securities to which Listing Rule 10.11 applies, Shareholder approval is being sought under Resolution 3 for the purposes of Listing Rule 10.11.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit.

As the Noteholder is a "related party" for the purposes of Chapter 2E of the Corporations Act, if the proposed variation to the terms of the Convertible Notes constitutes the giving of a financial benefit for the purposes of Chapter 2E of the Corporations Act, shareholder approval under Chapter 2E of the Corporations Act would be required unless an exception applied.

One such exception is contained within section 210 of the Corporations Acts, which provides that approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

As the proposed variation to the Convertible Notes will have the effect of significantly reducing the number of Shares to which they can be converted to, and no consideration will be provided by the Company to the Noteholder for the increase in Conversion Price, the Noteholder will be in a less favourable position following the proposed amendment.

For this reason, the Company is of the view that the proposed amendment to the Conversion Price of the Convertible Notes falls within an exception as set out in section 210 of the Corporations Act.

Note however that the Company is seeking Shareholder approval under Chapter 2E of the Corporations Act in Resolution 5. Please refer to page 17 for more details.

Information Required by ASX Listing Rule 10.13

The following information in relation to the proposed amendment to the terms of the Convertible Notes is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) The related party is the Noteholder, Global Clean Energy Finance Pty Ltd ACN 160 607 009, which is an entity controlled by the Directors.
- (b) The Company issued 60 convertible notes to the Noteholder on 1 July 2014 for a face value of \$25,000 each, totalling to an aggregate of \$1,500,000. Due to interest, the amount owing under the Convertible Notes has increased to \$1,675,257 as at 30 June 2019 and is expected to be \$1,717,816.85 as at 30 November 2019, which is the date by which the transaction is expected to complete. Using the amount which is expected to be owing as at 30 November 2019, then, based on the current Conversion Price of \$0.03, the Convertible Notes may be converted to 57,260,561 Shares. However, if the Convertible Notes are varied as proposed (by increasing the Conversion Price from 3 cents to 12 cents), based on the amount expected to be owing as at 30 November 2019, the Convertible Notes will be convertible to 14,315,140 Shares. This is significantly less dilutionary to existing Shareholders upon conversion of the Convertible Notes.
- (c) If this Resolution is approved by Shareholders of the Company, the amendments to the Convertible Notes (which will affect the number of Shares to which the Convertible Notes may be converted to) will be made as soon as practicable after the Meeting (which will be no later than 1 month from the date of Meeting).
- (d) If this Resolution is approved by Shareholders of the Company, as part of the Proposed Capital Raising, the amended Convertible Notes will be sold by the Noteholder to the Investor for \$40,698, whom then intends to immediately convert all Convertible Notes to Shares.

- (e) The Company has already used the funds advanced by the Noteholder for working capital purposes.

Directors' Recommendation

The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 3.

Resolution 4 – Acquisition of Relevant Interest

Background

As announced by the Company on 5 July 2019, the Company proposes to conduct a significant capital raising via a placement of 20,000,000 Shares to the Investor to raise \$2,400,000 (**Proposed Capital Raising**).

As part of the Proposed Capital Raising, the Investor will also purchase the Convertible Notes issued to the Noteholder by the Company on 1 July 2014. The Convertible Notes were issued to the Noteholder for a total amount of \$1,500,000. Subject to Shareholders approval of Resolutions 3, 5 and 6, the Investor intends to convert all the amended Convertible Notes to up to 14,315,140 Shares (**Conversion Shares**).

Rationale for Proposed Capital Raising

The Company proposes to raise \$2,400,000 via a placement to the Investor, Panshan Capital Pty Ltd, which agrees to purchase 20,000,000 fully paid ordinary Shares at the price of \$0.12 (12 cents) per Share subject to a number of conditions described below.

The Proposed Capital Raising will result in the full discharge of existing debts and injection of additional cash for working capital of the Company. As at 30 June 2019, the Company owed approximately \$1.46 million to the Noteholder and Northquest SPV 10 Pty Ltd ACN 169 513 642 (formerly known as "Global SPV 10 Pty Ltd") (**SPV 10**) under respective loan agreements and deeds of assignment, with interest continuing to accrue (**Loans**). Subject to the Proposed Capital Raising being approved by Shareholders of the Company and proceeding, the Noteholder and SPV 10 agree that they be paid \$453,812 and \$925,490 respectively from the Company to fully settle their corresponding portions of the Loans, which are less than what are currently owed under the Loans. It is in the Company's and the Shareholders' best interests that the existing debt be fully discharged, and that additional capital be raised to progress the Company's operations. Please refer to page 18 for further details.

Ancillary to the restructure of existing debt, the Investor will also acquire the amended Convertible Notes from the Noteholder for an amount of \$40,698 which, subject to the passing of Resolution 3, the Investor intends to immediately convert into up to 14,315,140 Shares.

Completion of the Proposed Capital Raising will be subject to a number of conditions, which include:

- (a) the Shareholders of the Company approving the Proposed Capital Raising (as detailed in this Notice of Meeting);
- (b) the Company, Investor, Noteholder and SPV 10 obtaining all necessary approvals, waivers or consents to give effect to the Proposed Capital Raising (if any); and
- (c) the Loans being fully discharged and the Company be released from any further obligations in relation to the Loans.

Therefore, the Proposed Capital Raising may not proceed if those requirements are not met.

Following the obtaining of all necessary shareholder approvals for completion of the above steps, the Company will be in a significantly improved financial position, as the existing debt will either have been

fully discharged, or restructured, to the tangible benefit of the Company and its Shareholders.

About the Investor

The Investor, Panshan Capital Pty Ltd, is led and managed by executives with significant experience in the financial services and investments sector in Australia and overseas markets. The Board is excited by the opportunity to work with the Investor and its nominee director to grow the Company's business as an investment company with diversified investments, given their local and international experience in the financial services and investments sector.

The Investor is an Australian company predominantly owned by Financial Assets Service Group Limited, and is ultimately controlled by the sole shareholder of that company, Mr Li Ping Cai (collectively referred to as the **Investor's Controllers**). The directors of the Investor are Mr Li Ping Cai and Mr Kai Man Wong.

It is common for substantial shareholders to request a Board seat. The Investor proposes its nominee, Mr Kai Man Wong, to sit on the Board as a Non-Executive Director of the Company. The relevant Shareholder approval is being sought in Resolution 6.

The Corporations Act prohibition

Section 606

Section 606(1) of the Corporations Act states that a person must not acquire a relevant interest in the issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the Company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a Company involves determining the voting shares in the Company in which the person and the person's associates have a relevant interest.

A person (**Second Person**) will be an 'associate' of the other person (**First Person**) if one or more of the following paragraphs applies:

- (a) the First Person is a body corporate and the Second Person is:
 - (i) a body corporate the First Person controls;
 - (ii) a body corporate that controls the First Person; or
 - (iii) a body corporate that is controlled by an entity that controls the First Person;
- (b) the Second Person has entered or proposes to enter into a relevant agreement with the First Person for the purpose of controlling or influencing the composition of the Board of Directors or the conduct of the Company's affairs; or
- (c) the Second Person is a person with whom the First Person is acting or proposed to act, in concert in relation to the Company's affairs.

A person has a "relevant interest" in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

A person also has a relevant interest in any securities that any of the following has:

- (a) a body corporate, or managed investment scheme, in which the person's voting power is above 20%; or
- (b) a body corporate, or managed investment scheme, that the person controls.

Exceptions to the prohibition

There are various exceptions to the prohibition in section 606(1) of the Corporations Act. One such exception is contained within item 7 of section 611 of the Corporations Act, which provides that a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares if the acquisition is approved by shareholders.

Pursuant to the Proposed Capital Raising and the issue of the Conversion Shares, the Investor and the Investor's Controllers will each acquire a relevant interest in up to 34,315,140 Shares, representing an increase in voting power in the Company from 0% to up to 71.41% (rounded to two decimal places). As a result, the potential voting power of the Investor and the Investor's Controllers in the Company after implementation of all Resolutions will each exceed 20% of the issued capital of the Company.

Accordingly, Resolution 4 seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act and all other purposes in order to permit the Investor and the Investor's Controllers to each increase their voting power in the Company from 0% to up to 71.41% (rounded to two decimal places).

Shareholder approval of Resolution 4 is subject to receipt of Shareholder approval for Resolutions 3, 5 and 6.

Information required pursuant to Chapter 6 of the Corporations Act

In addition to the disclosure made elsewhere in the Explanatory Statement, the following information is required to be provided to Shareholders pursuant to the Corporations Act and *ASIC Regulatory Guide 74: Acquisitions approved by members* in respect of obtaining Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act under this Resolution 4. Shareholders should also review the Independent Expert's Report contained in Annexure A of this Notice of Meeting.

Identity of the acquirer and its associates

As previously noted, the Investor is an entity predominantly owned by Financial Assets Service Group Limited, which is ultimately controlled by the sole shareholder of that company, Mr Li Ping Cai. Accordingly, pursuant to section 608 of the Corporations Act, each of the Investor's Controllers has a "relevant interest" in any securities held by the Investor.

The following Table 1 sets out the projected voting power of the Investor and each of the Investor's Controllers for the purposes of item 7 of section 611 of the Corporations Act (which comprises of the total acquisition of the relevant interests in Shares by the Investor on completion of the Proposed Capital Raising):

Table 1 – Maximum potential voting power in the Company

Relevant interest holders	Ordinary Shares in MCX	% of MCX ^(a)
Investor	34,315,140	71.41%
Financial Assets Service Group Limited ^(b)	34,315,140	71.41%
Mr Li Ping Cai ^(b)	34,315,140	71.41%

Notes:

- (a) Rounded to two decimal places and based on a total amount of 48,053,222 Shares projected after completion of the Proposed Capital Raising, which has been calculated as follows: 13,738,082 (existing Shares on issue) + 20,000,000 (Shares to be issued pursuant to the Proposed Capital Raising) + 14,315,140 (Shares to be issued upon conversion of the amended Convertible Notes assuming conversion occurs on 30 November 2019). The Company will not have any other securities on issue following completion of the Proposed Capital Raising.
- (b) These entities/persons are the Investor's Controllers.

Relevant interests, voting power and proposed capital structure of the Company

As of the date of this Notice of Meeting, the Company is not aware of the Investor or any of the Investor's Controllers holding any Shares in the Company.

Table 1 above sets out the maximum number of Shares that the Investor and the Investor's Controllers could acquire a relevant interest in as a result of the Proposed Capital Raising.

Intention of the Investor and the Investor's Controllers

The Company understands that, if:

- (a) all Resolutions in this Notice of Meeting are passed by Shareholders; and
- (b) the Proposed Capital Raising successfully completes,

it is the intention of the Investor and the Investor's Controllers to continue to grow the Company's business as an investment company with diversified investments.

Apart from the Proposed Capital Raising and the nomination of a Director pursuant to Resolution 6, at this stage the Investor does not intend to inject further capital into the Company, nor bring about any employment changes in the Company.

The Company also understands that the Investor and the Investor's Controllers do not intend to immediately change the business of the Company or redeploy the fixed assets of the Company or to transfer any property between the Company and the Investor or any of the Investor's Controllers or any person associated with the Investor or any of the Investor's Controllers. In addition, the Investor does not have any intention to significantly change the financial or dividend distribution policies of the entity.

These intentions are based on information concerning the Company, its business and the business environment that which is known to the Investor and the Investor's Controllers as at the date of this Notice of Meeting.

These present intentions may change as new information becomes available, as circumstances change in light of all material information, facts and circumstance necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

Director Interest

The current Directors of the Company do not have any disclosable interest in the Proposed Capital Raising, other than the sale of the Convertible Notes by the Noteholder and SPV 10 to the Investor, and the repayment of Loans owed by the Company to the Noteholder and SPV 10 described elsewhere in this Explanatory Statement.

Nominee director

Importantly, subject to Resolution 6 being passed, Mr Kai Man Wong will join the Board of Directors as a non-executive director of the Company. Further details of Mr Wong's experience and education are set out on page 23.

Mr Wong is a director of, and has a beneficial interest in 8% of the shares in, the Investor.

Independent Expert's Report

The Corporations Act provides that an Independent Expert's Report (**IER**) on the Proposed Capital Raising (which includes the acquisition of the relevant interest in the Company by the Investor and the

Investor's Controllers in excess of the threshold prescribed by section 606(1) of the Corporations Act) must be provided to existing Shareholders of the Company. The IER provides an opinion as to whether the acquisition of the voting power and interest referred to in this Explanatory Statement for Resolution 4 by the Investor and the Investor's Controllers is fair and reasonable to the Non-Associated Shareholders of the Company.

Accordingly, the Company has engaged Stantons International Securities Pty Ltd (**Stantons**) to provide the IER. The IER is contained in Annexure A of this Notice of Meeting.

Stantons has concluded that the Proposed Capital Raising and the acquisition of the voting power and interest by each of the Investor and the Investor's Controllers is fair and reasonable to the Non-Associated Shareholders, as of the date of the IER.

The advantages and disadvantages of the Proposed Capital Raising and the acquisition of the voting power and interest by the Investor and the Investor's Controllers are outlined in the IER and are provided to enable Shareholders of the Company to determine whether they are better off if the Proposed Capital Raising did not proceed.

Directors' Recommendation

The Board of Directors considers that it is in the best interests of the Company that it completes the Proposed Capital Raising, and accordingly recommends that Shareholders vote in favour of Resolution 4.

Resolution 5 – Approval of Related Party Benefits

Background

As announced by the Company on 5 July 2019 (and further discussed in this Explanatory Statement under Resolutions 3 and 4), as part of the Proposed Capital Raising:

- (a) the Noteholder has agreed to sell the Convertible Notes to the Investor subject to certain conditions being satisfied (as set out below) (**Convertible Note Sale**); and
- (b) the Company has agreed to pay an aggregate amount of \$1,379,302 to the Noteholder and SPV 10 in full and final satisfaction of the Loans (as set out in further detail below) (**Loan Repayment**).

The Convertible Note Sale and Loan Repayment may result in financial benefits being given by the Company to certain related parties (as discussed below). Accordingly, Shareholder approval is being sought for both of these transactions under Resolution 5 for the purposes of Chapter 2E of the Corporations Act.

Convertible Note Sale

On 5 July 2019, the Noteholder and the Investor entered into an agreement in relation to the Convertible Note Sale, the material terms of which are as follows:

- (a) **Conditions precedent** – Completion of the Convertible Note Sale is subject to the following conditions precedent being satisfied or waived by 30 November 2019 (or some other date agreed between the Noteholder and the Investor):
 - (i) the terms of the Convertible Notes being amended so as to increase the Conversion Price from \$0.03 (3 cents) per Share to \$0.12 (12 cents) per Share (which is the subject of Resolution 3);
 - (ii) completion of the Proposed Capital Raising (which is the subject of Resolution 4);
 - (iii) discharge of debts owed by the Company to the Noteholder and SPV 10 (i.e. the Loan Repayment); and

- (iv) the Company, the Noteholder and the Investor obtaining all necessary approvals and/or waivers to give effect to the terms of the sale of the Convertible Notes (including consent by the Company to the transfer of the Convertible Notes).
- (b) **Consideration** – As consideration for the Convertible Notes, the Investor will make a cash payment of \$40,698 to the Noteholder.

Loan Repayment

As explained under Resolution 4 in this Explanatory Memorandum, as at 30 June 2019, the Company owed approximately \$1.46 million to the Noteholder and SPV 10 under respective loan agreements and deeds of assignment. The relevant amounts were previously owed to two of the Company's creditors. These Loans were assigned to the Noteholder and SPV 10 in 2014.

As at 30 June 2019, the amounts owed under the Loans were as follows:

- (a) \$481,881.09 to the Noteholder (secured); and
- (b) \$982,732.69 to SPV 10 (unsecured).

Interest continues to accrue under each of the above loans at a rate of 6% per annum and the date of repayment for each loan is, unless otherwise agreed, 31 December 2019.

Due to interest, the amounts that will be owed under the above loans as at 30 November 2019 are expected to be as follows:

- (a) \$494,123.26 to the Noteholder (secured)
- (b) \$1,007,698.98 to SPV 10 (unsecured)

The Noteholder and SPV 10 have agreed that they be paid \$453,812 and \$925,490 respectively in full and final satisfaction of their corresponding portions of the Loans. Subject to Resolutions 3 to 6 being passed, the Company will use funds raised from the Proposed Capital Raising to repay the Loans.

Related Party Transaction Approvals

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the relevant provisions; or
- (b) shareholder approval is obtained prior to the giving of the financial benefit.

The directors of the Company, Messrs William Murfitt, Philip Barclay and Matthew MacDougall are directors of the Company. As such, each of them is a related party of the Company for the purposes of Chapter 2E of the Corporations Act. Additionally, both the Noteholder and SPV 10 are collectively controlled by Messrs William Murfitt, Philip Barclay and Matthew MacDougall, as they comprise the boards of the Noteholder and SPV 10. Therefore, the Noteholder and SPV 10 are related parties of the Company for the purposes of Chapter 2E.

Where a transaction results in financial benefits given to a related party of a public company, shareholder approval under Chapter 2E of the Corporations Act would be required unless an exception applies. The Company notes that, given that the Convertible Notes are being sold to the Investor by the Noteholder at a significant discount to their face value, and the repayment amount that will be received by SPV 10 for the Loans is less than what is currently owed, it is of the view that the proposed transactions do not constitute the giving of a benefit to the Related Parties. However, as all directors of the Company are also directors of the Noteholder and SPV 10, the Company will seek Shareholders approval under Chapter 2E in Resolution 5 is being sought for Convertible Note Sale and the Loan Repayment.

Information Required by Chapter 2E of the Corporations Act

The following information in relation to the Convertible Note Sale and the Loan Repayment is provided to Shareholders for the purposes of Chapter 2E of the Corporations Act:

Identity of the related parties	<p>The relevant related parties are:</p> <p>(a) in relation to the Convertible Note Sale:</p> <ul style="list-style-type: none"> (i) the Noteholder, which is an entity controlled by, and whose directors are also, the directors of the Company; and (ii) the Directors, Messrs William Murfitt, Philip Barclay and Matthew MacDougall, who each has 30% beneficial interest in the Noteholder; <p>(b) in relation to the Loan Repayment:</p> <ul style="list-style-type: none"> (i) the Noteholder and SPV 10, which are entities controlled by, and whose directors are also, the directors of the Company; and (ii) the Directors, Messrs William Murfitt, Philip Barclay and Matthew MacDougall, who each has 30% beneficial interest in each of the Noteholder and SPV 10, <p>(Related Parties).</p>
Nature of the financial benefit	<p>The financial benefits which the Related Parties will receive are:</p> <p>(a) in relation to the Convertible Note Sale – the consideration of \$40,698 for the sale of the Convertible Notes to be paid from the Investor to the Noteholder. Under section 229 of the Corporations Act, what constitutes the giving of a financial benefit is interpreted broadly and the economic and commercial substance of the conduct is to prevail over its legal form. Accordingly, even though the face value of the Convertible Notes is \$1,500,000 and the consideration for the Convertible Notes is not payable by the Company, it may be said that, by consenting to and facilitating the sale of the Convertible Notes, the financial benefit is being given by the Company for the purposes of Chapter 2E of the Corporations Act; and</p> <p>(b) in relation to the Loan Repayment – an aggregate cash payment of \$1,379,302 by the Company to the Noteholder and SPV 10 (\$481,881.09 to the Noteholder and \$982,732.69 to SPV 10) in full and final satisfaction of the Loans, which is less than what is owed by the Company under the Loans.</p>
Directors' recommendations	<p>As all the Directors are directors of, and have beneficial interests in, the Noteholder and SPV 10, the Directors have abstained from making a recommendation on how Shareholders should vote on Resolution 5.</p>
Directors' interest in the outcome	<p>Each Director has an interest in the outcome of Resolution 5 through their interests in the Noteholder and SPV 10. As previously stated, each Director is a director of, and has a 30% beneficial interest in, the Noteholder and SPV 10.</p> <p>All Directors are excluded from voting on this Resolution.</p>

Related parties' existing interest

The Related Parties' existing interests in the Company are as follows:

Related Party	Existing Holding	% MCX undiluted ¹	% MCX fully diluted ²
Noteholder	1,500,000 Shares Convertible Notes	10.92%	82.41%
SPV 10	Nil	Nil	Nil
William Murfitt ³	1,500,000 Shares Convertible Notes	10.92%	82.41%
Philip Barclay ³	1,500,000 Shares Convertible Notes	10.92%	82.41%
Matthew MacDougall ³	1,500,000 Shares Convertible Notes	10.92%	82.41%

Notes:

1. These percentages are calculated on an undiluted basis and are based on the number of existing of Shares currently on issue (i.e. 13,738,082 Shares).

2. These percentages are calculated on a fully diluted basis and are based on a total of 69,579,982 Shares which has been calculated as follows: 13,738,082 (existing Shares on issue) + 55,841,900 (number of Shares to which the Convertible Notes are convertible to, based on the amount owing under the Convertible Notes as at 30 June 2019 and the current Conversion Price of \$0.03 per Share).

3. An indirect interest in these securities held via his 30% interest in the Noteholder.

Dilution effect of transaction on existing members' interests

Neither the Convertible Note Sale nor the Loan Repayment will of themselves have any dilutionary effect on the interests of existing Shareholders as they do not involve an issue of securities. The financial benefits being given (i.e. the \$40,698 cash consideration under the Convertible Note Sale and the \$1,379,302 cash payment under the Loan Repayment) are not equity-related financial benefits.

However, whilst the Convertible Note Sale and the Loan Repayment will not of themselves have any dilutionary impact on the interests of existing Shareholders, if Resolutions 3 to 6 are passed by Shareholders (including for the Convertible Note Sale and the Proposed Capital Raising) and the Investor converts all the Convertible Notes to Shares, existing Shareholders' interests in the Company will be diluted by 71.41%.

It is the Investor's intention to immediately convert the Convertible Notes to Shares once they have been acquired from the Noteholder.

Valuation of the financial benefit	<p>The monetary value of the financial benefit is:</p> <ul style="list-style-type: none"> (a) in relation to the Convertible Note Sale – \$40,698, being the total consideration for the Convertible Notes (which is to be paid by the Investor to the Noteholder in cash); and (b) in relation to the Loan Repayment – \$1,379,302 (\$481,881.09 to be paid to the Noteholder and \$982,732.69 to be paid to SPV 10).
Alternative options and implications of not proceeding with the transaction	<p>Apart from the Investor's offer:</p> <ul style="list-style-type: none"> (a) the Noteholder has not received any other bona fide offers for the Convertible Notes; and (b) the Company has not received any other bona fide offers for a capital raising. <p>Furthermore, as Resolutions 3 to 6 are dependent on each other, if the Convertible Note Sale and the Loan Repayment are not approved, the Proposed Capital Raising will not proceed. The Directors consider it unlikely that the Company will be able to raise capital from an alternative source on similar terms to the Proposed Capital Raising.</p> <p>Accordingly, the only alternative option available to the Company is to not proceed with the abovementioned transactions.</p> <p>As the Company currently has insufficient funds to redeem the Convertible Notes and/or fully repay the Loans, the implications of not proceeding with the abovementioned transactions are as follows:</p> <ul style="list-style-type: none"> (a) the amounts owed by the Company under the Convertible Notes and the Loans would continue to grow due to interest, which further reduces the likelihood of these liabilities ever being fully discharged and thereby hamper the Company's operations; or (b) the Noteholder may decide to convert the Convertible Notes at their current Conversion Price of \$0.03, which would be significantly more dilutionary to Shareholders than if converted by the Investor following the increase to the Conversion Price to \$0.12 and their subsequent acquisition by the Investor. <p>The Directors consider that neither of the above outcomes are more desirable to Shareholders than proceeding with the current transactions with the Investor. The current transactions will significantly improve the financial position of the Company (via the discharge of the liability under the Convertible Notes and the Loans) and provide working capital to reinvigorate the Company's activities.</p>
Other information reasonably required by Shareholders	<p>The Directors consider that the following additional information may be reasonably required by Shareholders to decide whether it is in the Company's interests to pass Resolution 5:</p> <ul style="list-style-type: none"> (a) The Convertible Note Sale and Loan Repayment forms part of the wider bargain negotiated between the Company, the Noteholder, SPV 10 and the Investor, which involves the following key interdependent transactions: <ul style="list-style-type: none"> (i) Convertible Note Sale – acquisition of the Convertible Notes by the Investor and their subsequent conversion to Shares (subject to the Conversion Price being varied in the manner set out under

	<p>Resolution 3);</p> <p>(ii) Proposed Capital Raising – injection of capital (\$2.4m) into the Company through the issue of 20,000,000 Shares to the Investor at a price which is a significant premium over the Company's current Share price (as discussed in detail under the Explanatory Statement for Resolution 4); and</p> <p>(iii) Loan Repayment – discharge of debt owed by the Company to the Noteholder and SPV 10 (approximately \$1.46m) using the funds raised from the abovementioned capital raising.</p> <p>The transactions referred to above are expected to occur/complete as soon as possible following the Meeting and no later than 30 November 2019 (assuming that Resolutions 3 to 6 are passed).</p> <p>(b) If Resolution 6 is passed, the Investor will share a common director with the Company, being Mr Kai Man Wong. Notwithstanding this, the Company does not consider the Investor to be a related party of the Company as Mr Wong does not have the requisite level of control over the Investor for the purposes of section 228(4) of the Corporations Act. Further details of the Investor are set out under the Explanatory Statement for Resolution 4.</p> <p>(c) As announced by the Company on 5 July 2019, the Investor has agreed to fund up to \$77,500 of the professional costs incurred by the Company under the Proposed Capital Raising by way of an unsecured, interest-bearing loan to the Company. The material terms of the loan facility are as follows:</p> <p>(i) all amounts owing under the facility must be repaid within 30 days of completion of the Convertible Note Sale and the Proposed Capital Raising (unless these transactions do not complete due to factors outside the Company's control, in which case, all amounts owed under the facility will be forgiven); and</p> <p>(ii) interest is payable at a rate of 8% p.a. if repaid within the above period (or 12% p.a. if repaid outside of this period).</p> <p>(d) The IER, which has also been prepared for the purposes of Chapter 2E of the Corporations Act, has concluded that the transaction, including the Convertible Note Sale and the Loan Repayment, is fair and reasonable to the Non-Associated Shareholders.</p>
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Resolution 6 – Election of Kai Man Wong as Director

Background

As part of the Proposed Capital Raising, it is proposed that Mr Kai Man Wong be appointed to the Board of Directors of the Company as a non-executive director. It is also intended that Mr Matthew MacDougall, an existing director, will resign from the Board of Directors.

Accordingly, subject to and following completion of the Proposed Capital Raising, the Board of Directors will comprise of the following directors:

- (a) Mr William Murfitt;
- (b) Mr Philip Barclay; and
- (c) Mr Kai Man Wong.

Shareholder approval for the election of Mr Kai Man Wong is being sought under Resolution 6 of this Notice of Meeting. Shareholder approval of Resolution 6 is subject to receipt of Shareholder approval for Resolutions 3 to 5.

A summary of the qualifications, skills and experiences of Mr Kai Man Wong is set out below.

Mr Kai Man Wong, Non-Executive Director – Resolution 6

Mr Kai Man Wong is a highly experienced global investment banking executive with over 20 years' experience in corporate finance and executive management with listed companies in both Hong Kong and New York. During his extensive career, Mr Wong spent over 7 years at Baron International Financial Group in Hong Kong as a Director of Baron Capital Limited, as Head of China Desk of Baron International (China) Limited in Beijing and as a Director of Baron Capital (New York).

Mr Wong was also previously the Managing Director of Gold Wealth Capital Limited in Hong Kong, where he assisted Chinese companies with reorganising their internal control systems, international accounting systems and corporate governance practices to comply with the listing requirements of the Hong Kong Stock Exchange and successfully go public.

Mr Wong's substantial experience in the financial and services and investments sector, as well as experience working with listed entities will bring skills and experience that support the Company's existing operations as a diversified investments company.

Mr Wong holds a Master of Business Administration from Murdoch University.

Directors' Recommendation

The Board of Directors considers that the appointment of Mr Kai Man Wong to the Board of Directors is in the best interests of the Company as it forms part of the Proposed Capital Raising.

The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 6.

Resolution 7 – Adoption of New Constitution

Background

The Company's existing Articles of Association was adopted on 18 November 1996 and replaced the previous Articles of Association adopted on incorporation of the Company on 5 September 1985.

There have been a number of changes to the Corporations Act and the ASX Listing Rules as well as developments in corporate governance principles and general corporate and commercial practice since that time.

Accordingly, the Company intends to repeal its existing Articles of Association and replace it with a new constitution (**New Constitution**) that will be more suitable for a present-day ASX-listed company. The Directors believe that it is preferable to replace the existing Articles of Association with the New Constitution rather than to amend a multitude of specific provisions.

A complete signed copy of the New Constitution will be tabled at the Meeting. Shareholders may also request a copy of the New Constitution for their review prior to the Meeting by contacting the Company Secretary, Adrian Olney, at adrian.olney@marinercorporation.com.au.

This Resolution is a Special Resolution and, as such, it can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on this Resolution are voted in its favour.

Directors' Recommendation

The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 7.

Glossary

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

Annual Financial Report means the 2019 Annual Report to Shareholders for the period ended 30 June 2019 as lodged by the Company with ASX on 30 September 2019.

Annual General Meeting or **AGM** or **Meeting** means the meeting of the Company's members convened by this Notice of Meeting.

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the ASX Listing Rules.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

Auditor's Report means the auditor's report of Hall Chadwick dated 26 September 2019 as included in the Annual Financial Report.

Board of Directors means the Board of Directors of the Company, as constituted from time to time.

Chair means the person chairing the Meeting.

Closely Related Party of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

Company or **MCX** means Mariner Corporation Limited ACN 002 989 782.

Constitution means the Company's Articles of Association.

Conversion Price means the price at which the Convertible Notes can be converted into Shares.

Conversion Shares means the Shares to be issued on conversion of the Convertible Notes.

Convertible Note Deed Poll means the document titled 'Convertible Note Deed Poll' executed by the Company in favour of the Noteholder and dated 6 June 2014, as amended from time to time.

Convertible Note Sale means the proposed sale of the Convertible Notes by the Noteholder to the Investor as further described in the Explanatory Statement for Resolution 5.

Convertible Notes means the 60 convertible notes issued by the Company on 1 July 2014 to the Noteholder pursuant to the Convertible Note Deed Poll.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a director of the Company.

Directors' Report means the report of Directors as included in the Annual Financial Report.

Dollar or **\$** means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Independent Expert's Report or **IER** means an Independent Expert's Report prepared by Stantons which is contained in Annexure A of this Notice of Meeting.

Investor means Panshan Capital Pty Ltd ACN 633 244 032.

Investor's Controllers means Mr Li Ping Cai and Financial Assets Service Group Limited (an entity controlled by Mr Cai).

KMP means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

Loans mean monies owed by the Company to the Noteholder and Northquest SPV 10 Pty Ltd ACN 169 513 642 (formerly known as "Global SPV 10 Pty Ltd") under respective loan agreements and deeds of assignment.

Loan Repayment means the proposed repayment of the Loans as further described in the Explanatory Statement for Resolution 5.

New Constitution means the document that is proposed to be adopted by the Company as its constitution under Resolution 7.

Non-Associated Shareholders means Shareholders who are not associated with the Proposed Capital Raising.

Noteholder means Global Clean Energy Finance Pty Ltd ACN 160 607 009.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting dated 25 October 2019, including the Explanatory Statement.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Proposed Capital Raising means the proposed transaction to be conducted by the Company to raise \$2,400,000 via a placement to the Investor.

Proxy Form means the proxy form attached to this Notice of Meeting.

Related Parties means the Noteholder, SPV 10, William Murfitt, Philip Barclay and Matthew MacDougall.

Remuneration Report means the remuneration report as set out in the Annual Financial Report.

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

Restricted Voter means a member of the Company's KMP and any Closely Related Parties of those members.

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

Share Registry means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Shareholder means a holder of a Share.

Special Resolution means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Spill Meeting means the meeting that will be convened within 90 days of the 2020 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2020 AGM.

Spill Resolution means the resolution required to be put to Shareholders at the 2020 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2020 AGM.

Stantons means Stantons International Securities Pty Ltd ACN 128 908 289.

Trading Day has the meaning given to that term in ASX Listing Rule 19.12.

VWAP means the volume weighted average market (closing) price, with respects to the price of Shares.

Annexure A – Independent Expert’s Report

17 October 2019

The Directors
Mariner Corporation Ltd
Level 9, 32 Walker St
North Sydney, NSW, 2060

Dear Sirs,

**RE: MARINER CORPORATION LIMITED ("MARINER" OR "THE COMPANY") -
INDEPENDENT EXPERT'S REPORT RELATING TO TRANSACTION**

1. INTRODUCTION & OPINION

Stantons International Securities Pty Ltd ("**SIS**") have been instructed by Mariner to prepare an Independent Expert's Report ("**IER**") to determine whether a proposed capital raising Transaction, (as defined in Section 3.1), is fair and reasonable to the shareholders of Mariner who are not associated with the proposed Transaction (the "**Non-Associated Shareholders**").

Mariner intends to seek shareholder approval at a general meeting for the proposed Transaction. The Transaction will be outlined in a Notice of Meeting ("**Notice**") and Explanatory Statement ("**ES**") to be provided to shareholders in or around November 2019.

After taking into account all of the factors noted in this report, we are of the opinion that the proposed Transaction (including the items covered in Resolution 4 of the Notice) is fair and reasonable to the Non-Associated Shareholders of Mariner as at the date of this report.

Our opinion should not be construed to represent a recommendation as to whether or not Mariner shareholders should approve the Transaction. Shareholders who are uncertain as to the impact of approving the Transaction should seek separate advice from their financial and/or taxation adviser.

The opinion expressed above must be read in conjunction with the more detailed analysis made in this report, together with the disclosures and the Financial Services Guide attached as Appendix A to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



Samir Tirodkar - ACA
Director

2. REPORT SUMMARY

Overview		Section Reference
Company	Mariner Corporation Limited	
Proponent	Panshan Capital Pty Limited (" Panshan " or the " Investor ")	
Transaction	<p>Debt restructure and capital raising including:</p> <ul style="list-style-type: none"> \$2.4 million placement of 20,000,000 ordinary shares to Panshan at 12 cents per share \$1.38 million repayment of outstanding debts (to clear amounts owing totalling \$1.5 million), funded by proceeds of the placement Transfer of existing convertible notes to Panshan, to be converted to ordinary shares at 12 cents per share, resulting in the issue of up to 14,315,140 additional ordinary shares 	3.1
Reason for IER	Corporations Act Section 611 Item 7 Corporations Act Chapter 2E	3.2
Effect on capital structure	Panshan to acquire up to 71.4% of Mariner's ordinary shares	5.2
Summary impact on balance sheet	<ul style="list-style-type: none"> Cash balance to improve from \$13,171 to approximately \$939,662 Outstanding borrowings will reduce from \$3,303,749 to an estimated \$4,153 Mariner will improve from a position of net liabilities to having net assets of \$898,935 	9.1
Our fee for this report	Up to \$20,000 exclusive of GST	Appendix A
Report contents	<ul style="list-style-type: none"> Introduction & opinion Report summary Background Prescribed approach Implications of proposed Transaction Profile of Mariner Valuation methodology Valuation of Mariner shares Value and fairness of the Transaction Reasonableness of the Transaction Conclusion as to the fairness and reasonableness Shareholder's decision Sources of information Appendix A, our disclosures and Financial Services Guide 	

Fairness Opinion		Section Reference
Opinion	FAIR	9.2
Primary valuation methodology	Net Assets Rationale: Lack of profitable business activity	8.1
Pre-Transaction value per share (control basis)	Nil	8.2
Post-Transaction value per share (minority basis)	1.44 cents	9.1
As the assessed post-transaction value per share (on a minority interest basis) is greater than the assessed pre-transaction value per share (on a control basis), the transaction is considered to be fair		

Reasonableness Opinion (Section 10)	
Opinion	REASONABLE
Advantages	Disadvantages
<ul style="list-style-type: none"> Cash position significantly improved Reduced debt burden for Non-Associated Shareholders Superior alternative proposal considered unlikely Much needed working capital injection If Resolution 6 passes, addition of experienced investment professional to board aligns with goals of Company 	<ul style="list-style-type: none"> Panshan will have a substantial ownership interest (approximately 71.4%) of the Company and a high level of control. Existing shareholders will retain a much smaller interest in the enlarged company Accumulated tax loss value diluted Eliminates possibility of alternative capital raising proposal

3. BACKGROUND

Mariner is an Australian company listed on Australian Securities Exchange (“**ASX**”) which historically operated as a diversified financial services business, but has recently been operating with reduced activities. Mariner is proposing a capital raising which will restructure the ownership of the Company.

3.1 Transaction Terms

The key terms of the proposed transaction are as follows:

- a) Mariner will issue 20,000,000 ordinary shares to Panshan Capital Pty Limited via a placement (the “**Placement**”) for an issue price of \$0.12 per share. The Placement will raise \$2,400,000 before transaction costs.
- b) 60 convertible notes (with a face value of \$25,000 each) (the “**Convertible Notes**”) held by Global Clean Energy Finance Pty Ltd (“**GCEF**”), issued by Mariner on 1 July 2014 for an aggregate price of \$1,500,000, are to be purchased from GCEF by Panshan for consideration of \$40,698. Under the current terms, these notes are convertible to fully paid ordinary shares at a conversion price of \$0.03 per share. The terms of the Convertible Notes are proposed to be amended (with shareholder approval) to increase the conversion price to \$0.12 per share, in accordance with Resolution 3 of the Notice.

The Convertible Notes are to be converted by Panshan to ordinary shares in Mariner, fully discharging all debts related to the Convertible Notes. The amount owing under the Convertible Notes on 30 June 2019 was \$1,675,257. The Transaction is expected to be completed by 30 November 2019, by which time the amount owing under the Convertible Notes is expected to be \$1,717,817. Therefore, Panshan will receive up to 14,315,140 additional shares in Mariner. We note that the number of shares issued could be lower if the transaction is finalised earlier.

- c) Current loans outstanding (the “**Loans**”) to GCEF (\$481,881 as at 30 June 2019) and Northquest SPV 10 Pty Ltd (“**SPV 10**”) (\$982,733 as at 30 June 2019) will be discharged in full for the following consideration, using proceeds from the Placement.
 - i. GCEF will be paid \$453,812 as full and final settlement for its portion of the Loans.
 - ii. SPV 10 will be paid \$925,490 as full and final settlement for its portion of the Loans.

Collectively, the above is known as the “**Transaction**”.

As the individual components of the Transaction are inter-dependent, we have assessed the effect of the overall Transaction on the Non-Associated Shareholders.

We note that GCEF and SPV 10 are entities controlled by the current directors of Mariner.

Additionally, we note that Panshan has provided a loan facility to Mariner (the “**Panshan Loan**”) to cover certain costs associated with the Transaction on the following terms:

- The limit of this facility is \$77,500
- Purpose of loan is to fund costs associated with the Transaction
- Interest bearing at 12% p.a. If all amounts drawn are repaid within 30 days of completion of the Transaction, the rate will be lower at 8% p.a.
- Unsecured
- Assuming the Transaction is completed, repayable within 30 days of completion of the Transaction. Alternatively:

- if Mariner takes steps that frustrate or prohibit, or terminates the Transaction, all amounts drawn require immediate payment in full; or
- if the Transaction fails to complete due to factors outside the control of Mariner, all amounts drawn will be forgiven.

3.2 IER Requirement

As a consequence of the Transaction, the Investor will acquire a significant interest in the Company (up to 71.4% of the voting shares in Mariner).

Under Section 606 of the Corporations Act, unless certain exemptions apply, a person must not acquire a relevant interest in issued voting shares in a company if, as a result of the transaction, that person's or someone else's voting power in the company increases:

- a) from 20% or below to more than 20%; or
- b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of the Corporations Act, section 606 does not apply in relation to any acquisition of shares approved by a resolution passed at a general meeting, by shareholders who are not associated with the transaction. For such a meeting, an independent expert is typically engaged to report on the fairness and reasonableness of the transaction, pursuant to ASIC's *Regulatory Guide 74: Acquisitions Approved by Members*.

Furthermore, the existing Convertible Notes and Loans are held by entities controlled by the existing directors. As related party transactions, the Company is seeking shareholder approval for the sale of the Convertible Notes (see 3.1 (b)) and the repayment of the Loans (see 3.1 (c)) under Chapter 2E of the Corporations Act. *Regulatory Guide 76: Related Party Transaction* recommends the inclusion of a valuation from an independent expert in certain instances where shareholder approval is sought under Chapter 2E.

Accordingly, our IER assesses whether the proposed Transaction is fair and reasonable for the Non-Associated Shareholders for the purpose of Section 611 and Chapter 2E of the Corporations Act.

Our IER is concerned with the transactions contemplated in Resolution 4 as outlined in the Notice, which is also dependent on Resolutions 3, 5 and 6.

4. PRESCRIBED APPROACH

In determining the fairness and reasonableness of the Transaction to the Non-Associated Shareholders of Mariner, we have had regard to the guidelines set out by ASIC in its *Regulatory Guide 111: Content of Expert Reports* ("RG 111").

In assessing the fairness of the Transaction, in accordance with the applicable guidance under RG 111 we have considered how the value of a Mariner share prior to the Transaction on a control basis compares to the value of a Mariner share following the Transaction on a minority basis.

Additionally, we include an examination to determine whether there is justification for the Transaction on grounds after reference to value (reasonableness). Our opinion on the reasonableness of the Transaction is based on an examination of various qualitative factors to determine whether there is justification for the Transaction beyond a purely quantitative assessment. A transaction is "reasonable" if it is fair, or where it is "not fair", it may still be "reasonable" after considering other significant factors which support the approval of the transaction.

5. IMPLICATIONS OF THE PROPOSED TRANSACTION

5.1 Current Capital Structure

As at 17 October 2019, the equity capital structure of Mariner was as follows:

Security	Number
Fully paid ordinary shares	13,738,082
Total Securities on Issue	13,738,082

5.2 Effect of Transaction on Capital Structure

Should the Transaction proceed it will have the following expected impact on Mariner's capital structure:

Security	Ordinary shares	%
Existing Securities on Issue	13,738,082	28.6
Ordinary shares issued to Panshan in Placement	20,000,000	41.6
Ordinary shares issued for Convertible Notes	14,315,140	29.8
Total Securities Issued to Panshan	34,315,140	71.4
Post Transaction	48,053,222	100.0

The impact on Mariner's balance sheet as a result of the Transaction is outlined in Section 9.1.

6. PROFILE OF MARINER

6.1 Principal Activities

Mariner was listed in 1986 and historically operated a diversified financial services business, investing in a wide variety of financial products. Mariner suffered significant losses during the Global Financial Crisis period and subsequently has reduced its operations.

Mariner recently held a plant and equipment rental income asset portfolio, which generated a modest amount of revenue, but these activities ceased as at 30 June 2019 (refer to Section 6.5 for further details). The Company also states that it focuses on strategic investments in listed and unlisted small-cap entities.

6.2 Directors of Mariner

The directors of Mariner are:

- William Murfitt (Non-Executive Chairman)
- Matthew MacDougall (Non-Executive Director)
- Philip Barclay (Non-Executive Director)

6.3 Top Shareholders

As at 24 September 2019, the top 20 shareholders of Mariner were as follows:

Name	Number held	%
BC Roofing Pty Ltd	2,247,648	16.4
Atak Pty Ltd	1,889,521	13.8
Global Clean Energy Finance Pty Ltd	1,500,000	10.9
BKTN Holdings Pty Ltd <The Reilly Family A/C>	1,401,801	10.2
Dorney Holdings Pty Ltd <Eq Opp A/C>	961,818	7.0
Segovia 424 Pty Ltd <Segovia 424 Super Fund A/C>	477,233	3.5
Mrs Michelle Maree Johnson	419,355	3.1
Mr Roger Dean Hess	391,430	2.8
Mrs Jacqueline Chiu-Yueh Hsu & Mr Stephen Chia-Kuei Hsu	359,771	2.6
A & D Nestola Pty Ltd <A & D Nestola Sf A/C>	327,806	2.4
Mr Justin Follett	295,601	2.2
Ms Tamara Johnson & Mr Justin Follett	220,000	1.6
Mr Peter Howells	197,017	1.4
Village Gallery Palm Cove	150,440	1.1
Mr Fred Wu	121,815	0.9
Ms Tamara Johnson & Mr Justin Follett <Lakobro Super A/C>	118,972	0.9
Mr Frederick Daniel Cole & Mrs Rita Rosa Cole	100,000	0.7
Mr Kym Anthony Biddell	100,000	0.7
Universal Capital Corporation Limited	99,090	0.7
Mrs Kylie Merz	92,074	0.7
Top 20 Shareholders	11,471,392	83.5
Other shareholders	2,266,690	16.5
Total Ordinary Shareholders	13,738,082	100.0

6.4 Financial Position

Set out below is Mariner's audited statement of financial position as at 30 June 2019, adjusted for the following estimated movements to 30 November 2019. We have assumed this date as the best estimate for the completion of the Transaction.

- The adjusted cash balance of \$13,171 is current as at 14 October 2019 and is the assumed amount as at 30 November 2019.
- Payables have been adjusted by \$14,250 to reflect expected costs of \$91,750 associated with the Transaction, excluding those covered under the \$77,500 Panshan Loan facility. We note that this figure is exclusive of GST and therefore there will be associated GST amounts to be funded by the company on a short term basis.
- Borrowings have been adjusted to reflect the following:
 - i. The expected amount owing on the Loans and Convertible Notes at 30 November 2019, being \$1,007,699 and \$494,123 under the Loans and \$1,717,817 under the Convertible Note. The expected incremental increase due to accrued interest on these borrowings from 30 June 2019 to 30 November 2019 is \$79,898.
 - ii. The assumed drawings of \$77,500 under the Panshan Loan for payment of transaction costs, plus expected accrued interest to 30 November 2019, resulting in an expected loan balance of \$79,957.

Note that a number of assumptions regarding the Panshan Loan facility have been made, including:

- That the full amount available under the loan facility will be borrowed by Mariner.
- All funds are to be borrowed on the date of the Loan Facility Agreement, being 5 July 2019. This is a conservative assumption as the amounts will likely be borrowed as payment of the relevant transaction costs become due.
- Interest is payable at a rate of 8% p.a. This assumes that the Transaction will be completed, and that repayment of the full amount owing will occur within 30 days of the completion date.

	Audited 30 June 2019	Adjustments	Estimated at 30 Nov 2019
	\$	\$	\$
Assets			
Current Assets			
Cash and cash equivalents	13,874	(703)	13,171
Other receivables	1,321	-	1,321
Financial assets	4,341	-	4,341
Total Current Assets	19,536	(703)	18,833
Total Assets	19,536	(703)	18,833
Liabilities			
Current Liabilities			
Trade and other payables	(42,236)	(14,250)	(56,486)
Borrowings	(3,143,894)	(159,855)	(3,303,749)
Total Current Liabilities	(3,186,130)	(174,105)	(3,360,235)
Total Liabilities	(3,186,130)	(174,105)	(3,360,235)
Net Assets	(3,166,594)	(174,808)	(3,341,402)
Equity			
Issued capital	133,587,098		133,587,098
Accumulated losses	(136,753,692)	(174,808)	(136,928,500)
Total Equity	(3,166,594)	(174,808)	(3,341,402)

We note that the key terms of the Loans and Convertible Notes are:

- Expiry dates are 31 December 2019
- Interest rate is 6% p.a.
- The portion of the Loans owed to SPV 10 is secured, whereas the portion of Loans owed to GCEF and the Convertible Notes are both unsecured

6.5 Financial Performance

A summarised audited statement of comprehensive income for Mariner for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019, is shown below.

We note that Mariner's Annual Financial Report for the year to 30 June 2019 reported no contingent assets or liabilities and we have been advised that there are currently no material off-balance sheet assets or liabilities.

	12 mths to 30 June 2017 \$	12 mths to 30 June 2018 \$	12 mths to 30 June 2019 \$
Rental income	400,000	400,000	400,000
Changes in fair value of financial assets	2,467	1,283	(2,368)
Total Revenue	402,467	401,283	397,632
Administration expenses	(21,551)	(23,244)	(79,473)
Finance costs	(228,887)	(192,074)	(189,334)
Professional fees & investment costs	(394,748)	(223,965)	(146,395)
Total Expenses	(645,186)	(439,283)	(415,202)
Profit/(Loss) Before Tax	(242,719)	(38,000)	(17,570)
Income tax			
Profit/(Loss) After Tax	(242,719)	(38,000)	(17,570)

Mariner has previously earned income through a rental income agreement relating to a portfolio of plant and equipment assets (the "**Rental Income Agreement**"). Mariner's counterparty to the Rental Income Agreement was Northquest Pty Ltd (formerly known as Global Rental and Leasing Pty Ltd), an entity controlled by the current directors of Mariner. The underlying transaction was first announced via the ASX on 28 February 2014, with the Rental Income Agreement taking effect on 1 July 2014 (completion of the transaction was announced via ASX also on 1 July 2014).

The Rental Income Agreement provided for Mariner to receive total revenues of \$13,357,661 in exchange for a vendor financed amount of \$11,357,661, over the period from 1 July 2014 to 30 June 2019. Over this time, in addition to repayment of principal, Mariner paid vendor financing interest payments totalling \$644,845 and associated management fees of \$152,868. On 30 June 2019, the final receipt of income was received, to achieve the total amount of \$13,357,661 pursuant to the Rental Income Agreement, and the Rental Income Agreement expired on this date.

We have been informed by the Company that it has no further rights to receive income under the Rental Income Agreement, and that it does not expect to enter into a similar arrangement with Northquest Pty Ltd or any other third party in the future.

7. VALUATION METHODOLOGY

In assessing the value of Mariner, we have considered a range of valuation methods in accordance with RG 111. The valuation methodologies we have considered in determining a fair value of Mariner shares are noted below.

7.1 Capitalisation of Future Maintainable Earnings ("FME")

This method places a value on a business by estimating the likely future maintainable earnings, capitalised at an appropriate rate which reflects the business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data. The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively stable historical and forecast earnings, regular capital expenditure

requirements and a non-finite expected life. The FME used in the valuation is typically based on net profit after tax, earnings before interest and tax ("**EBIT**") or earnings before interest, tax, depreciation and amortisation ("**EBITDA**"). The capitalisation rate or "earnings multiple" is adjusted to reflect the risk and growth profile of the FME.

7.2 Discounted Future Cash Flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments with equivalent risks. A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using an appropriate discount rate. DCF valuations are particularly applicable to businesses or projects with limited lives, experiencing strong growth, that are in a start-up phase, or experience irregular cash flows.

7.3 Net Asset Value

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets
- Liquidation of assets
- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders assuming the entity is wound up in an orderly manner, after payment of all liabilities including realisation costs and taxation charges that arise. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method (herein defined as "**Net Assets**"), estimates the market values of the net assets of an entity, but does not take into account any realisation costs. Net assets on a going concern basis is usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life.

All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

The above asset-based methods ignore the possibility that an entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

7.4 Quoted Market or Trading Prices

Another alternative valuation approach that can be used in conjunction with (or as a replacement for) any of the above methods is the quoted market, or trading, price of listed securities. Where there is a ready market for securities through which shares are traded, recent prices at which shares have been bought and sold can be taken as the market value per share. In a perfectly efficient market, such market value includes all factors and influences that impact upon the company. The use of traded prices is more relevant where a security displays regular trading with sufficient liquidity, representative of an efficient market in that security.

7.5 Alternative Transaction

Where any recent genuine offers have been received for the shares being valued it is appropriate to consider those offers in determining the value of the shares. In considering any alternative offers it is necessary to assess the extent to which the alternative offers are truly comparable (i.e. other terms and conditions of each offer need to be considered) and to make adjustments accordingly.

8. VALUATION OF MARINER SHARES

8.1 Valuation Methodology

Our preferred valuation method used to value the shares of Mariner is the Net Assets methodology, with recent trading prices considered (though disregarded) as a secondary methodology.

We do not consider the FME or DCF methods as appropriate due to the Company's lack of reliable future profits or cash flows from its current business activities.

We have been advised by Mariner that there have not been any recent alternative offers made for the Company, thus the use of an offer based method is not relevant for the purpose of this report. We have, however, considered the possibility of alternative offers and the value of tax losses in assessing the reasonableness of the Transaction.

8.2 Adjusted Net Asset Based Value of Mariner Shares

Set out below is Mariner's estimated Net Asset value per share as at 30 November 2019.

	Ref	Pre-Transaction value \$
Assets		
Current Assets		
Cash and cash equivalents	6.4	13,171
Other receivables	6.4	1,321
Financial assets	6.4	4,341
Total Current Assets		18,833
Total Assets		18,833
Liabilities		
Current Liabilities		
Trade and other payables	6.4	(56,486)
Borrowings	6.4	(3,303,749)
Total Current Liabilities		(3,360,235)
Total Liabilities		(3,360,235)
Net Assets/(Liabilities)		(3,341,402)
Number of shares on issue ('000)	5.1	13,738,082
Value per Mariner Share - Control Basis (cents)		(24.32)

We note the above Net Asset valuation methodology assumes a control basis.

Additionally, we note that given the net liability position of the Company, it is likely that the market value of the Loans and Convertible Notes, from the perspective of the holder, is significantly lower than the face value. However, we have included the full face value of the Loans and Convertible Notes in the Net Asset valuation methodology, since this is the value from the perspective of Non-Associated Shareholders, being the amount that is required to discharge the Loans.

This approach is based on a material assumption that the respective holders would not be willing to accept a reduced amount to extinguish the debts in the absence of the Transaction.

We also note that whilst the Company's balance sheet shows net liabilities, it is arguable that the shares have some "option" value, since whilst the Company is not in receivership there is the possibility that the financial position could improve such that the shares would have some value. However, we note that this is unlikely given the Company's current financial position and would highly likely require a capital raising or an alternative transaction, which would have a dilutive effect. Therefore, we consider this value as being intangible and immaterial, and consider alternative transactions in our reasonableness assessment.

On a Net Asset basis, given that Mariner is currently in a position of net liabilities, Mariner may be considered to have a theoretical value of negative 24.32 cents per share, on a control basis. However, given the shares are on a limited liability basis, the value of the shares can reasonably be assumed to be nil for the purpose of this valuation.

We note that RG 111.78 suggests that experts should provide a range of values, as valuations of securities are typically subject to various subjective judgements. In this case, we believe there is not enough uncertainty associated with the value of Mariner's assets and liabilities to justify providing a range of values.

8.3 Mariner Share Trading History

Set out below is a summary of the traded share prices of Mariner on the ASX from 1 July 2018 to 14 October 2019.

Month	High	Low	Last	VWAP	Volume	Volume/ weighted average ordinary shares
Jul-18	0.028	0.027	0.027	0.028	10,226	0.1%
Aug-18	0.033	0.02	0.033	0.026	172,058	1.3%
Sep-18	0.039	0.039	0.039	0.039	50	0.0%
Oct-18	0.049	0.049	0.049	0.049	6,624	0.0%
Nov-18	0.025	0.022	0.025	0.023	26,048	0.2%
Dec-18	0.025	0.025	0.025	0.025	746	0.0%
Jan-19	0.023	0.023	0.023	0.023	1,901	0.0%
Feb-19	0.026	0.026	0.026	0.026	828	0.0%
Mar-19	0.032	0.029	0.032	0.029	23,033	0.2%
Apr-19	0.033	0.033	0.033	0.033	22,082	0.2%
May-19	0.042	0.038	0.042	0.039	58,753	0.4%
Jun-19	0.047	0.042	0.047	0.046	98,662	0.7%
Jul-19	0.045	0.02	0.045	0.030	28,734	0.2%
Aug-19	0.046	0.02	0.043	0.043	109,200	0.8%
Sep-19	0.047	0.043	0.046	0.043	4,502	0.0%
Oct-19	0.046	0.046	0.046	0.046	100,517	0.7%
Total	0.049	0.02	0.043	0.037	663,964	4.8%



Details of the Transaction were announced on 5 July 2019. We have considered traded prices prior to the announcement of the Transaction in order to assess the pre-Transaction value of Mariner shares. We note that prior to the announcement:

- The last price at which Mariner shares were traded was \$0.020
- The 1 month volume weighted average price (“VWAP”) was \$0.043
- The 3 month VWAP was \$0.041
- The range of trading in the 3 months prior was between \$0.020 and \$0.047

Generally, traded prices on stock markets are considered to provide a reasonable indicator of what a share is worth, however in order for a quoted market price to be a reliable indicator of a company’s value, the company’s shares must trade in a liquid and fully informed market.

Liquidity in Mariner shares is considered very low. A “deep” market is considered to be where the number of shares traded on a weekly basis exceeds 1% of the company’s total shares. Mariner’s shares have consistently demonstrated liquidity well below this level over the past 12 months, with maximum weekly liquidity of 0.9% and many weeks with no share trading activity at all. We also note that Mariner’s shares are very tightly held with the top 20 shareholders holding approximately 83.5% of Mariner shares as at 24 September 2019.

Accordingly, whilst we have considered the traded share price history as a secondary methodology, this has not influenced our assessment of value for the purpose of opining on the fairness the Transaction. We have assumed traded share prices do not reflect fair value as there is insufficient liquidity in Mariner shares.

8.4 Conclusion on the Value of Mariner Shares

In section 8 we have discussed the Net Asset derived value and recent ASX trading history of Mariner shares.

For the purpose of this report, it is considered appropriate to use the Net Asset value for Mariner as the primary methodology. Accordingly, the fair value of a Mariner share (on a control basis) is considered to be nil.

9. VALUE AND FAIRNESS OF TRANSACTION

9.1 Post Transaction Value of Mariner Shares

In assessing the fairness of the Transaction, we have considered the fair market value of a Mariner share:

- pre-Transaction on a control basis; compared to
- post-Transaction on a minority basis, taking into account the additional cash raised, the associated dilution resulting from the issue of new shares under the Transaction and discharging of the Loans and Convertible Notes.

The table below presents the fair value of a Mariner share to Non-Associated Shareholders prior to and immediately after the Transaction is completed.

	Ref	Pre-Transaction value \$	Transaction \$	Post Transaction value \$
Assets				
Current Assets				
Cash and cash equivalents	6.4	13,171	926,491	939,662
Other receivables	6.4	1,321		1,321
Financial assets	6.4	4,341		4,341
Total Current Assets		18,833	926,491	945,324
Total Assets		18,833	926,491	945,324
Liabilities				
Current Liabilities				
Trade and other payables	6.4	(56,486)	14,250	(42,236)
Borrowings	6.4	(3,303,749)	3,299,596	(4,153)
Total Current Liabilities		(3,360,235)	3,313,846	(46,389)
Total Liabilities		(3,360,235)	3,313,846	(46,389)
Net Assets/(Liabilities)		(3,341,402)	4,240,337	898,935
Number of shares on issue ('000)	5.1	13,738,082	34,315,140	48,053,222
Value per Mariner Share - Control Basis (cents)		(24.32)		1.87
Discount for minority interest basis				23.1%
Value per Mariner Share - Minority Interest Basis (cents)				1.44

The effect of the Transaction results in Mariner significantly improving its financial situation such that it is no longer in a position of net liabilities. The value of a share held by Non-Associated Shareholders is expected to increase from nil value prior to the Transaction, to 1.44 cents per share post-Transaction on a minority basis.

The components of the Transaction as they effect cash and borrowings in the above table are set out below.

Cash	
Proceeds of Placement	2,400,000
SPV loan payment	(925,490)
GCEF loan payment	(453,812)
Transaction costs – repayment of Panshan Loan ¹	(79,957)
Other transaction costs ²	(14,250)
Total Movement Due to Transaction	926,491
Borrowings – Movements Due to Transaction	
SPV loan discharge	1,007,699
GCEF loan discharge	494,123
Convertible Note discharge	1,717,817
Panshan Loan facility repayment	79,957
Total Movement Due to Transaction	3,299,596

9.1.1 Discount for Minority Interest

We note a Net Asset valuation assumes a 100% interest in the company. Pre-Transaction the shares owned by Non-Associated Shareholders are considered on a control basis, whereas the shares owned by Non-Associated Shareholders will represent a minority interest post Transaction (with Panshan controlling up to 71.4% of the shares). Generally, historical evidence of control premiums offered on takeovers for small cap companies are in the range of 20% to 40%³ (although outcomes outside of this range are not uncommon) with 30% a commonly accepted benchmark.

To reflect the value of a minority interest in Mariner shares to Non-Associated Shareholders post-Transaction, a minority interest discount of 23.1% (the inverse of a 30% control premium) is applied to the assessed value of a Mariner share on a control basis.

9.2 Conclusion as to the Fairness of the Transaction

As the value of a Non-Associated Shareholder's share post-Transaction (on a minority basis), being 1.44 cents, is greater than the value pre-Transaction (on a control basis), being nil, we consider that the Transaction is fair.

10. REASONABLENESS OF THE TRANSACTION FOR NON-ASSOCIATED SHAREHOLDERS

10.1 Decision on Reasonableness of Transaction

Under RG 111, a transaction is "reasonable" if it is "fair". **As the Transaction is considered fair, it is also considered reasonable.** However, for information purposes, we set out below some of the advantages, disadvantages and other factors pertaining to the proposed Transaction.

10.2 Advantages

- Completion of the Transaction will result in a cash position of approximately \$939,662, compared to the current balance of \$13,171. This provides the company with greater ability to secure new investment opportunities.

¹ Refer to comments on repayment terms for Panshan loan facility in Section 3.1

² Payable regardless of whether transaction proceeds

³ "Control Premium Study 2017", RSM

- The Transaction will improve the solvency of the Company by discharging the significant debts, and alleviating the indirect debt burden on ordinary shareholders.
- The Transaction will provide a much needed injection of working capital.
- The amount of \$2,400,000 being paid by Panshan is relatively high for a transaction of this nature. The effective cash backed value of \$268,643 (28.6% of post-Transaction cash balance) attributable to Non-Associated Shareholders is a positive outcome, and we consider it is unlikely that a superior proposal will emerge.
- If Resolution 6 is passed, the addition of an experienced investment professional to the board will align with the Company's goal to grow the business as a diversified investment company.

10.3 Disadvantages

- Panshan will have a substantial ownership interest (approximately 71.4%) of the Company and a high level of control. Existing shareholders will retain a much smaller interest in the enlarged company.
- Tax loss value will be diluted by incoming shareholders, however, there is no certainty that tax losses could be carried forward in any event, and in our opinion it is unlikely that an alternative proposal would offer a material amount for the tax loss potential. We consider the likelihood of the Company returning to a position of positive net assets and material profitability, without undertaking a capital raising, is low.
- The possibility of receiving an alternative proposal to recapitalise the Company is eliminated, although we note that it is unlikely that a superior proposal would emerge.

10.4 Conclusion as to the Reasonableness of the Transaction

As the Transaction (including the item at Resolution 4 of the Notice) has been assessed as fair, it is also assessed as reasonable.

11. CONCLUSION AS TO FAIRNESS AND REASONABLENESS OF THE TRANSACTION

We have considered the terms of the Transaction (including the item at Resolution 4 of the Notice) as outlined in the body of this report and have concluded that the Transaction is fair and reasonable to the Non-Associated Shareholders of Mariner at the date of this report.

12. SHAREHOLDERS DECISION

SIS has been engaged by Mariner to prepare an IER setting out whether, in its opinion, the Transaction (as covered by Resolution 4 in the Notice) is fair and reasonable and state reasons for that opinion. SIS has not been engaged to provide a recommendation to shareholders as to whether to approve the Transaction, and we also make no recommendations on any of the other resolutions outlined in the Notice.

The decision whether to approve the Transaction or not is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the Transaction proposal (and all other resolutions), shareholders should consult their professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Mariner. This is an investment decision upon which Stantons International Securities does not offer an opinion and is independent of the decision to approve the Transaction or not (and all other resolutions). Shareholders should consult their professional adviser in this regard.

13. SOURCES OF INFORMATION

In making our assessment as to whether the Transaction is fair and reasonable to the Non-Associated Shareholders of Mariner, we have reviewed relevant published information and other unpublished information on the Company which is relevant to the current circumstances. In addition, we have held discussions with the management of Mariner about the Company's position. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Mariner.

Information we have received includes, but is not limited to the following items.

- Discussions with representatives of Mariner
- Details of historical market trading of Mariner shares as recorded on the ASX to 14 October 2019
- Shareholder register of Mariner as at 24 September 2019
- Annual Report of Mariner for the financial years ended 30 June 2018 and 30 June 2019
- Half year report of Mariner for the half year ended 31 December 2018
- Announcements made by Mariner between 1 January 2018 to 17 October 2019
- The Subscription Agreement regarding the Placement dated 27 June 2019
- The Loan Facility Agreement regarding Panshan's funding of transaction costs dated 5 July 2019
- The Convertible Note Sale Agreement dated 5 July 2019
- The Convertible Note Deed Poll dated 6 June 2014

Our report includes Appendix A, being our declarations and Financial Services Guide.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



Samir Tirodkar - ACA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 17 October 2019, relating to the proposed Transaction.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with Mariner other than Stanton International Securities acting as an independent expert for the purposes of this report. Stantons International Audit and Consulting Pty Ltd ("SIAC") (the parent entity of Stantons International Securities) and Stantons International Securities undertook an independence assessment and considered that there are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is expected to be \$20,000 exclusive of GST. The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor Mr Samir Tirodkar have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons International Securities does not hold any securities in Mariner. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr Samir Tirodkar have consented to the inclusion of this report in the form and context in which it is included.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted businesses.

Mr Samir Tirodkar, the person responsible for the preparation of this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of Mariner in order to assist shareholders of Mariner to assess the merits of the Transaction to which this report relates. This report has been prepared for the benefit of Mariner shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons International Securities' opinion as to the longer-term value of Mariner, its subsidiaries and/or assets. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Mariner or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons International Securities with care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities (and SIAC, its directors, employees or consultants) for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by Mariner and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Mariner has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities (and SIAC) to recover any loss or damage which Mariner may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Mariner; and
- (b) to indemnify Stantons International Securities against any claim arising (wholly or in part) from Mariner, or any of its officers, providing Stantons International Securities with any false or misleading information or in the failure of Mariner or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A final draft of this report was presented to Mariner for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not change.

FINANCIAL SERVICES GUIDE

Dated 17 October 2019

1. STANTONS INTERNATIONAL SECURITIES PTY LTD (TRADING AS STANTONS INTERNATIONAL SECURITIES)

Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**SIS**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives,

financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“**FOSL**”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 3001

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out at section 9.1 of this FSG or by phoning (08) 9481 3188 or faxing (08) 9321 1204.