



ACN 105 665 843

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**NOTICE OF GENERAL MEETING**

**EXPLANATORY NOTES**

**PROXY FORM**

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**Date of Meeting**

10 February 2011

**Time of Meeting**

10am (WST)

**Place of Meeting**

Level 19  
140 St George's Terrace  
Perth, Western Australia

## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Neptune Marine Services Ltd (**Neptune** or **Company**) will be held at:

Venue: Level 19, 140 St Georges Terrace, Perth WA 6000  
Date: Thursday, 10 February 2011  
Time: 10.00am (WST)

Terms used in this Notice and the accompanying Explanatory Notes will, unless the context otherwise requires, have the meaning given to them in the Glossary on page 3 of this Notice. The Explanatory Notes describe the matters to be considered at this Meeting.

## AGENDA

### ITEMS OF BUSINESS

#### Resolution 1 - Approval of Entitlement Offer

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, in satisfaction of the condition set out in paragraph 1.1.1 of the ASX Waiver, approval is given for the Company to proceed with a non-renounceable entitlement issue of fully paid ordinary shares on the basis of 3 New Shares for every 1 Share held by Eligible Shareholders at an issue price of \$0.06 per New Share on the terms and conditions set out in the Explanatory Notes."*

#### Voting exclusion statement

The Company will disregard any votes cast on this Resolution 1 by any Substantial Shareholder and Euroz Securities Limited and Patersons Securities Limited (as brokers to the Entitlement Offer). However, the Company need not disregard a vote if:

1. it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy appointment form; and
2. it is cast by the person chairing the meeting 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.

**Dated this 10<sup>th</sup> day of January 2011**

**By Order of the Board**



**Gabriel Chiappini**  
**Company Secretary**

## GLOSSARY

<b>\$</b>	Australian dollars.
<b>Additional Shares</b>	New Shares which Eligible Shareholders may apply for in addition to their entitlement.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691.
<b>ASX Waiver</b>	The waiver of ASX Listing Rules 7.11.3 and 7.15 granted to the Company by ASX on 8 December 2010.
<b>Board</b>	The board of Directors.
<b>Closing Date</b>	The date on which the Entitlement Offer closes being 5.00pm (WST) on 24 February 2011 or such other earlier or later date as determined by the Company.
<b>Company or Neptune</b>	Neptune Marine Services Limited ACN 105 665 843.
<b>Director</b>	A director of the Company.
<b>Eligible Shareholders</b>	The holder of a Share on the Record Date with a registered address in Australia or New Zealand.
<b>Entitlement Offer</b>	The pro-rata non-renounceable entitlement offer to Eligible Shareholders of 3 New Shares for every 1 Share held on the Record Date (together with the offer of any Shortfall to Eligible Shareholders and other persons) at an issue price of \$0.06 per New Share to raise a minimum of \$60 million and up to approximately \$80.6 million (before costs).
<b>Explanatory Notes</b>	The explanatory notes accompanying this Notice.
<b>Joint Lead Managers</b>	Euroz Securities Limited and Patersons Securities Limited.
<b>Listing Rules</b>	The official listing rules of the ASX.
<b>Meeting</b>	The general meeting of the Company convened under this Notice.
<b>New Shares</b>	The Shares in the Company offered pursuant to the Prospectus.
<b>Notice or Notice of Meeting</b>	This notice of meeting and accompanying Explanatory Notes.
<b>Prospectus</b>	The prospectus to be lodged with ASIC on or about 19 January 2011 in relation to the Entitlement Offer.
<b>Record Date</b>	5.00pm (WST) on 31 January 2011.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	The holder of a Share.
<b>Shortfall</b>	The difference between the total number of New Shares offered under the Entitlement Offer and the number of New Shares actually applied for by Eligible Shareholders, including applications for Additional Shares.
<b>Substantial Shareholder</b>	Has the meaning given in Chapter 19 of the Listing Rules.

## **EXPLANATORY NOTES**

These Explanatory Notes have been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Meeting.

The Directors recommend that Shareholders read these Explanatory Notes in full before making any decision in relation to the resolution.

Words defined in the Notice have the same meaning when used in these Explanatory Notes unless the context requires otherwise.

### **RESOLUTION 1**

Resolution 1 seeks Shareholder approval for a pro-rata non-renounceable entitlement issue of New Shares to Eligible Shareholders (being Shareholders who are resident in Australia and New Zealand and registered in the Company's register of members on the Record Date).

The Entitlement Offer is proposed to be made on the basis that for every 1 Share held as at the Record Date, Eligible Shareholders will have the right to subscribe for 3 New Shares at an issue price of \$0.06 per New Share, pursuant to the Prospectus.

ASX Listing Rule 7.11.3 does not allow a company to offer a pro-rata entitlement issue of securities that is greater than 1 share for each share held, unless the offer is renounceable.

### **Background**

On 22 December 2010 the Company announced a non-renounceable pro-rata entitlements issue to raise a minimum of \$60 million and up to a maximum of approximately \$80.6 million.

The Prospectus for the Entitlement Offer is expected to be lodged with ASIC and sent to the ASX on 19 January 2011 and dispatched to Eligible Shareholders on 2 February 2011. As set out in the Company's announcement dated 22 December 2010, specific details in relation to the Entitlement Offer will be contained in the Prospectus.

In addition to taking up their entitlement, Eligible Shareholders will also be offered the opportunity to apply for Additional Shares that may be available as part of any Shortfall. The Directors, in consultation with the Joint Lead Managers, may also place some or all of the Shortfall with new investors.

The full terms and key offer metrics for the Entitlement Offer will be set out in the Prospectus. A summary of these terms is as follows:

- the Company is making a non-renounceable pro-rata entitlement offer to Eligible Shareholders of three New Shares for every existing Share held to raise a minimum of \$60 million and up to a maximum of \$80.6 million;
- based on the Company's current share capital, the total number of New Shares to be issued under the Entitlement Offer will be up to approximately 1,343,913,972 New Shares, although the actual number of New Shares that are issued on completion of the Entitlement Offer will depend on whether any of the existing option holders exercise their options before the Record Date;
- the New Shares will be offered at \$0.06 (6 cents) per New Share;
- the Entitlement Offer is not underwritten;
- the Directors of the Company retain the right to place the Shortfall at their discretion (in consultation with the Joint Lead Managers), however applications for Additional Shares by Eligible Shareholders received prior to the Closing Date will be given priority to any placement of New Shares to other investors;

- to the extent that applications for Additional Shares exceed the available Shortfall, the number of Additional Shares issued to Eligible Shareholders will be scaled back in a pro-rata manner;
- the minimum subscription amount to be raised pursuant to the Entitlement Offer (including applications for New Shares forming part of the Shortfall) is \$60 million (**Minimum Amount**); and
- the allocation of any Shortfall will occur within 3 months of the close of the Entitlement Offer.

Shareholders should note that if the Minimum Amount is not raised, no New Shares will be issued and application monies received from Eligible Shareholders and other investors will be refunded, without interest.

The funds raised under the Entitlement Offer will be used to:

- enable the Company to satisfy repayment obligations under its recently extended banking facilities;
- pay the costs of the Entitlement Offer;
- provide greater working capital capacity to manage the Company's day to day operations; and
- assist the Company to complete payments to the vendors of businesses previously acquired by the Company.

The indicative timetable for the Entitlement Offer is as follows:

Lodgement of Prospectus	Wednesday, 19 January 2011
Notice of Entitlement Offer sent to option holders	Wednesday, 19 January 2011
"Ex date"	Monday, 24 January 2011
Record Date	5.00pm (WST) Monday, 31 January 2011
Dispatch of Prospectus	Wednesday, 2 February 2011
<b>Opening Date</b>	<b>Friday, 4 February 2011</b>
<b>General Meeting to approve Entitlement Offer</b>	<b>Thursday, 10 February 2011</b>
<b>Closing Date</b>	<b>5.00pm (WST) Thursday, 24 February 2011</b>
ASX notified of any under subscriptions	Tuesday, 1 March 2011
Dispatch of holding statements for Entitlement Offer	Friday, 4 March 2011
Shortfall Offer closes	Tuesday, 24 May 2011
Last day to issue New Shares under the Shortfall Offer	Tuesday, 24 May 2011

Neptune reserves the right to amend the timetable without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the New Shares.

Further details regarding the use of funds raised and the Entitlement Offer generally are set out in the Prospectus, which Shareholders will receive prior to the Meeting. Shareholders are encouraged to read the Prospectus in full. Application forms to allow Eligible Shareholders and other investors to apply for New Shares will accompany the Prospectus.

The Prospectus also sets out a number of risk factors, both specific to Neptune and of a general nature, which could adversely impact Neptune's performance and the value of its Shares. Shareholders are specifically encouraged to read the risk factors prior to applying for any New Shares pursuant to the Entitlement Offer.

### **ASX Listing Rule 7.11.3**

ASX Listing Rule 7.11.3 provides that the ratio of securities offered under any pro-rata offer must not be greater than one security for each security held, unless the offer is renounceable (that is, the rights may be traded as a separate entitlement). Since the Company's securities are currently suspended from quotation, a renounceable offer is not appropriate.

The Directors, in consultation with the Joint Lead Managers, have determined that compliance with ASX Listing Rule 7.11.3 would prevent the Company from raising sufficient capital to achieve the minimum subscription required to meet the Company's ongoing financial requirements (the minimum subscription amount is \$60 million).

Accordingly, the Company sought, and was granted by the ASX, a waiver from ASX Listing Rule 7.11.3 to allow the Company to increase the ratio of securities offered under a non-renounceable entitlement offer. The ASX Waiver was granted on condition that the Company obtains Shareholder approval for the Entitlement Offer and that the notice of meeting contains a voting exclusion statement excluding the votes cast on the resolution by all Substantial Shareholders of the Company, any proposed underwriter or sub-underwriter of the Entitlement Offer and the brokers to the Entitlement Offer (being Patersons Securities Limited and Euroz Securities Limited). As at the date of the Notice, the Company is not aware of any Substantial Shareholders.

Resolution 1 seeks Shareholder approval for the Entitlement Offer.

### **Directors' Recommendation**

The Board believes that the Entitlement Offer will allow the Company to retire debt, recapitalise the Company's balance sheet and provide ongoing flexibility with working capital.

The Board stresses that if the Company is unable to raise the Minimum Amount pursuant to the Entitlement Offer, the Company may be unable to identify further capital raising options to satisfy its debt repayment obligations and to allow it to make the necessary payments to the vendors of acquired businesses. If the Company is unable to raise sufficient funds to meet its obligations, the Company's lenders may wish to enforce their security over the Company's assets and sell those assets, or the Company may be placed into external administration or have receivers and managers appointed.

Accordingly, in order to support the Company's long term capital management and ongoing financial viability, the Board recommends shareholders vote in favour of Resolution 1.

## VOTING INFORMATION

### Voting

The resolution being put to Shareholders at the Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Company's constitution.

On a show of hands, every Shareholder who is present in person or by proxy, or by representative or by attorney will have one vote. Upon a poll, every Shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote for each Share held by that person. The proxy has the same rights as the member to speak at the meeting, to vote (but only to the extent allowed by the appointment) and join in a demand for a poll.

### Voting entitlements

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that the shareholding of each person for the purpose of determining entitlement to attend and vote at the Meeting will be the entitlement of that person set out in the Company's share register as at 7.00pm (Sydney time) on 8 February 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### Voting in person and by proxy

A Shareholder wishing to vote on the resolutions contained in this Notice should either attend in person or appoint a proxy or proxies to attend or vote on its behalf. If you wish to attend the Meeting, please bring the **enclosed** proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive at least 15 minutes prior to the start of the Meeting to facilitate this registration process.

A proxy or proxies appointed do not need to be a shareholder of the Company. A Shareholder that is a body corporate may appoint a representative to attend in accordance with the *Corporations Act 2001* (Cth).

A Shareholder entitled to attend and to cast two or more votes is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholders' voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes able to be cast by the appointing Shareholder.

### Lodging your proxy form

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at the address below no later than 48 hours before the commencement of the Meeting (so by 10.00am (WST) on **8 February 2011**). Any proxy forms received after that time will not be valid for the scheduled meeting.

Completed proxy forms should be sent to the Company as follows:

In person	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace Perth WA 6000
By mail	Computershare Investor Services Pty Ltd GPO Box 242 Melbourne VIC 3001
By fax	Within Australia: 1800 783 447 Outside Australia: +61 3 9473 2555



**Neptune Marine Services Ltd**  
ABN 76 105 665 843

000001 000 NMS  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form



Vote online, 24 hours a day, 7 days a week:

**[www.investorvote.com.au](http://www.investorvote.com.au)**



**Cast your proxy vote**



**Review and update your securityholding**

**Your secure access information is:**

**Control Number: 999999**

**SRN/HIN: 1999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 10:00am (WST) Tuesday 8 February 2011**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**





MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Neptune Marine Services Ltd hereby appoint

☐

the Chairman  
of the Meeting OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Neptune Marine Services Ltd to be held at Level 19, 140 St George's Terrace, Perth, Western Australia on Thursday, 10 February 2011 at 10:00am (WST) and at any adjournment of that meeting.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Resolution 1 Approval of Entitlement Offer

For

Against

Abstain

☐☐☐

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_

NMS

999999A

Computershare +