Notice is given that the 2012 Annual General Meeting of Shareholders of Neptune Marine Services Limited will be held at

Date of Meeting
Tuesday 27 November 2012

Time of Meeting
11.30 am (WST)

Place of Meeting
Level 19, AMP Building
140 St Georges Terrace
Perth, Western Australia
AGENDA

BUSINESS

Financial Reports of the Directors and Auditors

To receive and consider the Financial Report together with the Directors’ Report and the Auditor’s Report for the Company and its controlled entities for the year ending 30 June 2012.

Shareholders will be given reasonable opportunity to ask questions about or make comments on the management of the Company.

1. Resolution 1 – Adoption of the Remuneration Report

To consider, and if thought fit, to pass the following resolution as a non-binding resolution:

“That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the period ended 30 June 2012 be adopted.”

2. Resolution 2 – Retirement by Rotation and Re-Election of Director – Mr Peter Wallace

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“Pursuant to clause 11.3 of the Company’s Constitution and for all other purposes, Mr Peter Wallace is re-elected as a Director of the Company.”

3. Resolution 3 – Retirement by Rotation and Re-Election of Director – Mr Boon Wee Kuah

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“Pursuant to clause 11.3 of the Company’s Constitution and for all other purposes, Mr Boon Wee Kuah is re-elected as a Director of the Company.”

4. Resolution 4 – Election of Director – Mr Jeff Dowling

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“Pursuant to clause 11.10 of the Company’s Constitution and for all other purposes, Mr Jeff Dowling is elected as a Director of the Company.”

5. Resolution 5 – Election of Director – Mr John Cooper

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“Pursuant to clause 11.10 of the Company’s Constitution and for all other purposes, Mr John Cooper is elected as a Director of the Company.”
6. **Resolution 6 - Approval of Share issue (Access Management)**

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

“That for the purpose of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and issue of 59,118,372 Shares on the terms set out in the Explanatory Notes.”

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

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

“That the Constitution in the form tabled at the meeting and signed by the Chairman for identification be adopted as the Company’s Constitution in place of the existing Constitution.”

8. **Resolution 8 – Approval of 10% placement capacity**

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

“That for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes.”

9. **Resolution 9 – Consolidation of Shares**

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

“That, pursuant to section 254H of the Corporations Act and for all other purposes, with effect from 6 December 2012, the issued capital of the Company be consolidated on the basis that every thirty (30) Shares be converted into one (1) Share and that any resulting fractions of a Share be rounded up to the next whole number of Shares.”

**Voting Exclusion Statement**

The following voting exclusion statement applies to the Resolutions under the Listing Rules or, where applicable, the provisions of the Corporations Act, to the following persons (“**Excluded Persons**”). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons and Associates of those persons:

<table>
<thead>
<tr>
<th>Resolution No.</th>
<th>Title</th>
<th>Excluded Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Adoption of Remuneration Report</td>
<td>A member of the KMP, or a closely related party of the KMP, whose remuneration details are included in the remuneration report for the year ended 30 June 2012.</td>
</tr>
<tr>
<td>6</td>
<td>Approval of Share issue for the purpose of ASX Listing Rule 7.4</td>
<td>A person who participated in the issue.</td>
</tr>
<tr>
<td>8</td>
<td>Approval of 10% Placement capacity</td>
<td>A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.</td>
</tr>
</tbody>
</table>
However, the Company need not disregard a vote in relation to Resolutions 1, 6 and 8 if it is cast by:

(a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) 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.

A vote may be cast on Resolution 1 by a KMP or a Closely Related Party of a KMP if:

(a) the KMP is acting as proxy and the Proxy Form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolution 1; or

(b) the KMP is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the KMP.

The Chairman intends to direct all available proxies in favour of Resolution 1.

DATED THIS 26th DAY OF OCTOBER 2012
BY ORDER OF THE BOARD

GABRIEL CHIAPPINI
COMPANY SECRETARY
These Explanatory Notes have been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Level 19, AMP Building, 140 St Georges Terrace, PERTH WA 6000, commencing at 11.30 am WST on 27 November 2012.

The purpose of these Explanatory Notes 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 Annual General Meeting.

### Financial Reports of the Directors and Auditors

The Corporations Act requires the Company to place its Financial Report, Directors' Report and Auditor's Report for the last financial year before the Annual General Meeting. No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the reports and the management and performance of the Company.

The Company's Auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the Auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the Auditor.

The Company’s 2012 Annual Report has previously been sent to Shareholders and is available on the Company’s website at www.neptunems.com.

### Resolution 1 – Adoption of the Remuneration Report

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report is the section of the Directors’ Report under the heading “Remuneration Report” of the Company’s 2012 Annual Report. The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of Directors, secretaries and senior managers of the Company;

- discussion of the relationship between such policy and the Company’s performance; and

- the prescribed details in relation to the remuneration of each Director and certain executives.

The vote on the resolution for adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the resolution at the annual general meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company’s remuneration report for the financial year ending 30 June 2013 will be required to include an explanation of the Board’s proposed action in response or, if no action is proposed, the Board’s reasons for this; and

- if, at the Company’s 2013 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the 2013 financial year are against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (Spill Meeting) be called to consider the election of directors of the Company (Spill Resolution).
The Spill Meeting must be held within 90 days of the date of the 2013 Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than the Managing Director and any Director taking office since the Directors resolved to put the Directors’ Report to that AGM) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

An opportunity will be provided for discussion of the Remuneration Report at the meeting. In relation to the approval of the Remuneration Report of the Company for 2011, less than 25% of the votes cast on that resolution were against it.

The Chairman intends to vote all available proxies in favour of Resolution 1.

Directors’ Recommendation

The Remuneration Report forms part of the Directors’ Report which has unanimously been adopted by resolution of the Board. The Directors commend it to Shareholders for adoption.

Resolution 2 – Retirement by Rotation and Re-Election of Director – Mr. Peter Wallace

Pursuant to clause 11.3 of the Company’s Constitution and the Listing Rules, one-third of the Directors of the Company (rounded up to the nearest whole number) must retire each year. A retiring Director may then be eligible for re-election.

Resolution 2 seeks Shareholder approval for the re-election of Mr. Wallace as a Director of the Company.

Details of Mr. Wallace’s qualifications and experience are noted below:

Mr. Wallace is a Senior Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors, and an Associate Fellow of the Australian Institute of Management.

Mr. Wallace has spent some 40 years in the Financial Services industry with experience gained in all aspects of financing with particular involvement in Corporate and International funding. Past Executive positions held include Chief Credit Officer and Chief Operating Officer roles in a major regional Bank and Head of Corporate WA for Bell Potter Securities Ltd, one of Australia’s largest stockbroking houses. He has directed capital raising for several large publicly listed companies as well as provided a variety of corporate advisory services to a wide range of companies, both private and publicly owned.

Mr. Wallace has held a number of public and private company Board positions including past Directorships in Decmil Engineering Ltd, RuralAus Investments Ltd and Tethyan Copper Ltd and is a serving Non-Executive Director of HBF Health Ltd and Katana Investments Ltd.

Directors’ Recommendation

The Directors (other than Mr. Wallace who abstains given his personal interest in the resolution) recommend that Shareholders vote in favour of the re-election of Mr. Wallace.

Resolution 3 – Retirement by Rotation and Re-Election of Director – Mr. Boon Wee Kuah

Pursuant to clause 11.3 of the Company’s Constitution and the Listing Rules, one-third of the Directors of the Company (rounded up to the nearest whole number) must retire each year. A retiring Director may then be eligible for re-election.

Resolution 3 seeks Shareholder approval for the re-election of Mr. Boon Week Kuah as a Director of the Company.
Details of Mr. Boon Wee Kuah’s qualifications and experience are noted below:

Mr. Kuah has a Bachelor of Engineering (1st Class Honours) from Imperial College of Science and Technology, London. He is also an Associate of the Institute of Chartered Accountants in England and Wales (ICAEW), having trained with KPMG in London.

Mr. Kuah, aged 45, is the Group CEO of MTQ Corporation Limited; he joined the MTQ Board on 10 October 2006 and assumed his current role in July 2012. Prior to that, Mr. Kuah has had a distinguished international career working in London, Hong Kong, Australia and Singapore. He had previously been a senior management executive of PSA International Pte Ltd, a 100% subsidiary of Temasek Holdings which has extensive port interests around the world. He had served as CEO for South East Asia and Singapore Terminals as well as Group CFO of PSA. He had also served as CFO for Singapore Technologies Engineering, a major listed company on the Singapore Stock Exchange (“SGX”), also majority-owned by Temasek Holdings. He had also previously worked for a Hong Kong based conglomerate, Jardine Matheson Holdings in various finance capacities, including the Finance Director of Hong Kong Land, another major listed company on the SGX.

Mr. Kuah currently is the independent Non-Executive Director with The Hour Glass Limited since April 2011 and is also on the Board of Director of MTQ Corporation Limited since October 2006. He also sits on the board a few non-listed entities in the education and government sector.

Directors’ Recommendation

The Directors (other than Mr. Kuah who abstains given his personal interest in the resolution) recommend that Shareholders vote in favour of the re-election of Mr. Kuah.

Resolution 4 – Election of Director – Mr. Jeff Dowling

Clause 11.10 of the Company’s Constitution permits the Directors to appoint additional Directors. However, any Director so appointed holds office until the next Annual General Meeting and is then required to seek Shareholder approval to continue as a director.

Mr. Dowling was appointed by the Board as a Director on 1 December 2011, pursuant to clause 11.10 of the Company’s Constitution. Resolution 4 seeks Shareholder approval for the appointment of Mr. Dowling as a Director of the Company.

Details of Mr. Dowling’s qualifications and experience are noted below:

Mr. Dowling has a Bachelor of Commerce from the University of Western Australia. He is a fellow of the Institute of Chartered Accountants, the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Mr. Dowling is a highly experienced corporate leader with 36 years’ experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which principally focused on the oil and gas and mining industries. Mr. Dowling’s professional expertise centres round audit, risk management and corporate transactions. His financial knowledge is derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. During Mr. Dowling’s career with Ernst & Young he was a member of the Australian & New Zealand Executive Leadership Team and was a member of Ernst & Young’s Australian Board of Partners. Prior to leaving Ernst & Young he was the Managing Partner of the Ernst & Young Western Region for a period of 5 years and also led their Oceania oil and gas practice for a period of six years.

Mr. Dowling is currently a director at Atlas Iron, the Telethon Institute for Child Health Research and the Western Australian Symphony Orchestra Ltd.
Directors’ Recommendation

The Directors (other than Mr. Dowling who abstains given his personal interest in the resolution), recommend that Shareholders vote in favour of the election of Mr Dowling.

Resolution 5 – Election of Director – Mr. John Cooper

Clause 11.10 of the Company’s Constitution permits the Directors to appoint additional Directors. However, any Director so appointed holds office until the next Annual General Meeting and is then required to seek Shareholder approval to continue as a Director.

Mr. Cooper was appointed by the Board as a Director on 4 April 2012 pursuant to clause 11.10 of the Company’s Constitution. Resolution 4 seeks Shareholder approval for the appointment of Mr. Cooper as a Director of the Company.

Details of Mr. Cooper’s qualifications and experience are noted below:

Mr. Cooper is a Fellow, The Institute of Company Directors, a Fellow, Australian Institute of Management; and a Fellow, Institution of Engineers.

Mr. Cooper has held a range of very senior executive management and Board roles associated with development of major capital works throughout Australia and internationally. In 21 years with Concrete Constructions, Mr. Cooper managed major construction projects in South East Asia and Australia. He was managing Director and Chief Executive of CMPS&F, a design engineering and project management organisation specialising in oil and gas, mining, infrastructure and environmental contracts sectors in Australia and South East Asia. Mr. Cooper held a general management role with the Sydney Olympic Games Organising Committee, responsible for contingency planning and technology/Games management.

Mr. Cooper is currently a Non-Executive director on the QR National Board, the Chairman at Southern Cross Electrical Engineering, a Non-Executive Director at NRW Holdings and at Flinders Mines. He has held Executive management roles and Board position at a number of construction and engineering companies including, Murray and Roberts International which operates in Australia, Canada, the UAE and South Africa.

Directors’ Recommendation

The Directors (other than Mr. Cooper who abstains given his personal interest in the resolution), recommend that Shareholders vote in favour of the election of Mr. Cooper.

Resolution 6 – Approval of Share issues for the purpose of ASX Listing Rule 7.4

Prior issue of Shares to be ratified

On 20 January 2012, 59,118,372 fully paid ordinary Shares in the Company were issued for $0.03 per Share, as the final earn out payment to the former vendor (Steven McCarthy) for the acquisition of Access Management (WA) Pty Ltd (now renamed Neptune Asset Integrity Services Pty Ltd). These Shares rank equally with the Company's other fully paid ordinary Shares. This acquisition was completed and announced to the ASX on 18 July 2008.

Reasons for approval

ASX Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by the company during the previous 12 months exceed 15% of the number of securities on issue at the commencement of that 12 month period. The ability of the Company to issue Shares up to the 15% limit without needing specific Shareholder approval gives the
Company the flexibility to issue a limited number of Shares without the time and expense associated with the calling of a Shareholders’ meeting.

The issue of the 59,118,372 Shares the subject of this resolution has been completed and was within the 15% limit permitted by ASX Listing Rule 7.1. Without Shareholder approval pursuant to Listing Rule 7.4, the issue will be counted towards the Company’s 15% capacity and will therefore reduce the Company’s capacity to issue Shares in the future without obtaining Shareholder approval. Accordingly, approval is sought from Shareholders so the Company refreshes its 15% capacity and enables it to issue further Shares up to the 15% limit without having to obtain Shareholder approval.

**Directors’ Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 6.

**Resolution 7 – Adoption of new Constitution**

The Directors consider that updating of the Company’s Constitution is in order. The proposed changes are relatively minor and most of the proposed changes are as a result of changes in law since the Company’s current Constitution was adopted in 2009.

A copy of the Constitution with proposed amendments indicated can be viewed by visiting the Company’s website at http://www.neptunems.com/sites/neptunemscom/assets/public/File/pdf/2012%20NMS%20Constitution.pdf or at the Company’s office. The more substantial amendments are summarized as follows:

**Payment of Dividends**

As a result of amendments to section 245T of the Corporations Act, the Company cannot pay a dividend unless its assets exceed its liabilities, the payment of the dividend is fair and reasonable to Shareholders as a whole and the payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

Prior to these amendments the Corporations Act provided that a dividend may be paid only out of the Company's profits.

**Unmarketable Parcels**

Under the Listing Rules, any shareholding valued at less than $500 is considered to be an unmarketable parcel and as such the Company incurs additional administrative and registry costs for these small holdings.

The proposed Constitution provides a mechanism for the Company to "clean up" the unmarketable parcels of Shares on behalf of the member, usually through a broker. The Company can only sell the unmarketable parcels of members once every 12 months and must pay the expenses of the sale.

If Resolution 7 is approved by Shareholders the Company intends to undertake a "clean up" of the unmarketable parcels of Shares on its registry.

**Direct Voting**

Shareholders who cannot attend, ask questions, speak or vote at a company's general meeting are able to appoint a proxy (or send an attorney or representative) to attend and vote on their behalf. This is a fundamental shareholder right provided for in the Company's Constitution, and embodied in the Corporations Act.

Interpretation of the Corporations Act (without any legislative changes) now allows direct voting as another alternative way that shareholders can cast a vote. The proposed Constitution introduces a direct voting system that operates in conjunction with the Company's existing proxy system detailed in the Constitution.
Direct voting is a form of voting that allows shareholders to cast their vote, either online or by completing their personalised voting form, on resolutions of a meeting in person and without needing to appoint a proxy to vote on their behalf.

The only prerequisite to direct voting is that the Company's constitution must specifically provide for it, rather than simply allow it by virtue of being silent on the matter or not prohibiting it.

If Resolution 7 is approved by the Shareholders direct voting will be available at the next general meeting of the Company.

**Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 7.

**Resolution 8 – Approval of 10% placement capacity**

8.1 ASX LISTING RULE 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and provides that an Eligible Entity may seek Shareholder approval at its AGM to allow it to issue Equity Securities up to 10% of its issued capital over a period of up to 12 months after the annual general meeting (*10% Placement Capacity*), in addition to those under the Eligible Entity's 15% annual placement capacity.

If Shareholders approve Resolution 8, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 8.2 below).

Resolution 8 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders eligible to vote at the Meeting must be in favour of the Resolution for it to be passed.

No Equity Securities can be issued under Listing Rule 7.1A before the special resolution is passed. The issue of securities under this rule cannot be subsequently approved by security holders and then be treated as if the issue had received prior approval.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

(a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of $47.4 million as at 10 October 2012. The Board expects that the Company will continue to be an Eligible Entity as at the date of the AGM. However if the Company is not eligible, Resolution 8 will be withdrawn.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being the Shares.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:
A is the number of Shares on issue 12 months before the date of issue or agreement:

(a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
(b) plus the number of partly paid Shares that became fully paid in the previous 12 months;
(c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
(d) less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

8.2 TECHNICAL INFORMATION REQUIRED BY ASX LISTING RULE 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 (five) ASX trading days of the date in paragraph 8.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

(i) 12 months after the date of this Meeting; and

(ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company’s activities) or 11.2 (disposal of the Company’s main undertaking), or such longer period if allowed by ASX (10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.
The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the closing price of Shares on ASX and the number of Equity Securities on issue on 10 October 2012.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

<table>
<thead>
<tr>
<th>Variable 'A' in Listing Rule 7.1A.2</th>
<th>Dilution</th>
<th>$0.013</th>
<th>$0.026</th>
<th>$0.039</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50% decrease in issue price</td>
<td>Issue price</td>
<td>50% increase in issue price</td>
<td></td>
</tr>
<tr>
<td>1,823,476,234 Shares (Current)</td>
<td>10% voting dilution</td>
<td>182,347,623 Shares</td>
<td>182,347,623 Shares</td>
<td>182,347,623 Shares</td>
</tr>
<tr>
<td>Funds Raised</td>
<td>$2,370,519</td>
<td>$4,741,038</td>
<td>$7,111,557</td>
<td></td>
</tr>
<tr>
<td>2,735,214,351 Shares (50% increase)*</td>
<td>10% voting dilution</td>
<td>273,521,435 Shares</td>
<td>273,521,435 Shares</td>
<td>273,521,435 Shares</td>
</tr>
<tr>
<td>Funds Raised</td>
<td>$3,555,779</td>
<td>$7,111,557</td>
<td>$10,667,336</td>
<td></td>
</tr>
<tr>
<td>3,646,952,468 Shares (100% increase)*</td>
<td>10% voting dilution</td>
<td>364,695,247 Shares</td>
<td>364,695,247 Shares</td>
<td>364,695,247 Shares</td>
</tr>
<tr>
<td>Funds Raised</td>
<td>$4,741,038</td>
<td>$9,482,076</td>
<td>$14,223,115</td>
<td></td>
</tr>
</tbody>
</table>

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. All examples are prior to the effect of the Share consolidation proposed under Resolution 9.
2. The current Shares on issue is as at 10 October 2012.
3. The issue price set out above is the closing price of the Shares on the ASX on 10 October 2012.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.

Shareholders should note that there is a risk that:

(i) the market price for the Company’s Shares may be significantly lower on the issue date than on the date of the meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.
(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration to be applied to the acquisition of new assets or investments (including expenses associated with such an acquisition) associated with the Company’s engineering services to the oil and gas, marine and renewable energy industries or

(ii) as non-cash consideration for the acquisition of new resources, assets or investments, in such circumstances the Company will release to the market a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined, nor has the Company formed an intention to issue 10% Placement Capacity securities to any particular party. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(iv) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

8.3 **VOTING EXCLUSION**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 8.

**Directors’ Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 8

---

**Resolution 9 – Share Consolidation**

Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting. The Company proposes to consolidate its Share capital
through the conversion of every thirty (30) ordinary Shares in the Company into one (1) ordinary Share in the Company.

ASX Listing Rule 7.22.1 also requires that the number of options on issue be consolidated in the same ratio as the ordinary capital and the exercise price be amended in inverse proportion to that ratio.

The terms of the Company’s existing Performance Rights provide that in the event of a Share consolidation, the number of Rights to which each participant is entitled will be consolidated in the same ratio as the ordinary capital.

Timing

If the consolidation is approved, the consolidation will take effect from 6 December 2012. All Share holdings as recorded on the Company’s register at that date will be consolidated.

Reasons for the consolidation

The Company has a very large number of Shares on issue (over 1.8 billion) due to equity-based capital raisings and corporate transactions. This large number of Shares imposes a number of disadvantages upon the Company, including:

1. The Company has a far greater number of Shares on issue than comparable companies, meaning that its Share price is far lower for reasons other than valuation;
2. Negative perceptions associated with a low Share price; and
3. Additional Share price volatility arising from the fact that the minimum Share price movement permitted by the ASX (0.1 cents) represents a higher proportion of the Company’s Share price than it would if the Company had a Share price comparable to other companies with similar market capitalisation.

The directors believe that a consolidation of the Shares would assist in eliminating or mitigating these disadvantages. It would also create a more efficient capital structure and enable a more appropriate Share price for a listed entity of the Company’s size and market capitalisation.

Effect of the consolidation

If the proposed Share consolidation is approved by Shareholders, the number of Shares on issue will be reduced from approximately 1.8 billion to approximately 60 million.

As the consolidation applies equally to all of the Company’s Shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company’s Shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the percentage interest of individual Shareholders in the Company.

Similarly, the aggregate value of each Shareholder’s holding (and the Company’s market capitalization) should not materially change as a result of the Share consolidation alone. However, the price per Share can be expected to increase to reflect the reduced number of Shares on issue (and theoretically should increase by the same multiple as the Share consolidation i.e. a 30-fold increase in Share price).

Fractional entitlements and taxation

Not all Shareholders and option holders will hold that number of Shares or options which can be evenly divided by 30. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share or option.

It is not considered that any taxation consequences will exist for Shareholders or option holders arising from the
consolidation. However, Shareholders and option holders should seek their own taxation advice on the effect of the consolidation and neither the Company nor the Directors accept any responsibility for the individual taxation consequences arising from any consolidation.

Directors’ Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 9.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGM, General Meeting or Meeting</td>
<td>means the annual general meeting of Shareholders convened for the purposes of considering the Resolutions.</td>
</tr>
<tr>
<td>ASIC</td>
<td>means the Australian Securities and Investments Commission.</td>
</tr>
<tr>
<td>Associate</td>
<td>has the same meaning as in the Corporations Act.</td>
</tr>
<tr>
<td>ASX</td>
<td>means ASX Limited ACN 008 624 691 or the market it operates known as the Australian Securities Exchange, as applicable.</td>
</tr>
<tr>
<td>Auditor</td>
<td>means the auditor of the Company.</td>
</tr>
<tr>
<td>Board or Board of Directors</td>
<td>means the board of Directors of the Company.</td>
</tr>
<tr>
<td>Chair or Chairman</td>
<td>means the person appointed the chair of the Meeting.</td>
</tr>
<tr>
<td>Closely Related Party</td>
<td>has the meaning given in section 9 of the Corporations Act.</td>
</tr>
<tr>
<td>Company</td>
<td>means Neptune Marine Services Limited ACN 105 665 843.</td>
</tr>
<tr>
<td>Constitution</td>
<td>means the constitution of the Company.</td>
</tr>
<tr>
<td>Corporations Act</td>
<td>means the <em>Corporations Act 2001</em> (Cth).</td>
</tr>
<tr>
<td>Director</td>
<td>means a director of the Company.</td>
</tr>
<tr>
<td>Directors’ Report</td>
<td>means the annual Directors’ report.</td>
</tr>
<tr>
<td>Equity Securities</td>
<td>has the same meaning as in the Listing Rules.</td>
</tr>
<tr>
<td>Explanatory Statement</td>
<td>means the Explanatory Statement accompanying the Notice of Meeting.</td>
</tr>
<tr>
<td>Key Management Personnel or KMP</td>
<td>means key management personnel as identified in the Remuneration Report for the financial year ended 30 June 2012.</td>
</tr>
<tr>
<td>Listing Rules</td>
<td>means the Listing Rules of the ASX.</td>
</tr>
<tr>
<td>Notice of Meeting or Notice</td>
<td>means the notice convening the Annual General Meeting accompanying this Explanatory Statement.</td>
</tr>
<tr>
<td>Proxy Form</td>
<td>means a proxy form accompanying this Notice of Meeting.</td>
</tr>
<tr>
<td>Remuneration Report</td>
<td>means the remuneration report of the Company contained in the Directors’ Report.</td>
</tr>
</tbody>
</table>
Resolution means a Resolution to be considered at the AGM as contained in the Notice of Meeting.

Share means a fully paid ordinary share in the Company and includes any New Share.

Shareholder means a person registered as a holder of a Share.

WST means Australian Western Standard Time, Perth, Western Australia.

In this Notice and Explanatory Notes words imparting the singular include the plural and vice versa.
Lodge your vote:

- **Online:**
  
  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

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

---

**Proxy Form**

- **Vote online or view the annual report, 24 hours a day, 7 days a week:**
  
  www.investorvote.com.au

- **Cast your proxy vote**
- **Access the annual report**
- **Review and update your securityholding**

- **For your vote to be effective it must be received by 11:30am (WST) Sunday 25 November 2012**

---

**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 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
Proxy Form

Please mark X to indicate your directions

STEP 1  Appoint a Proxy to Vote on Your Behalf

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

☐ the Chairman of the Meeting OR ☒

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Neptune Marine Services Ltd to be held at Level 19, AMP Building, 140 St Georges Terrace, Perth, Western Australia on Tuesday, 27 November 2012 at 11:30am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

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.

1. Adoption of the Remuneration Report
2. Retirement by Rotation and Re-Election of Director – Mr Peter Wallace
3. Retirement by Rotation and Re-Election of Director – Mr Boon Wee Kuah
4. Election of Director – Mr Jeff Dowling
5. Election of Director – Mr John Cooper
6. Approval of share issue (Access Management)
7. Adoption of new constitution
8. Approval of 10% placement capacity
9. Consolidation of Shares

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

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

Individual or Securityholder 1 Securityholder 2 Securityholder 3

Sole Director and Sole Company Secretary Director Director/Company Secretary

Contact Name Contact Daytime Telephone Date / /