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2018 ANNUAL REPORT

MARENICA ENERGY LIMITED

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DIRECTORS
A Bantock (Independent Non-executive Chairman)
M Hill (Managing Director and CEO)
N Chen (Non-executive Director)

COMPANY SECRETARY
S McBride

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STOCK EXCHANGES
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ASX CODE
MEY

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Dear Shareholder

I am pleased to provide my first Chairman's letter, introducing your Company's 30 June 2018 Annual Report.

Marenica Energy has five stand-out investment features, which bely its current relatively low market capitalisation:

- Our ground position in one of the world's great uranium provinces – of significant scale, albeit at relatively low grade;
- Our technical leadership – which has led to development of the patented ***U-pgrade™*** process which allows our Marenica Project to compare favourably against its higher-grade peers;
- Our Namibian uranium industry presence and experience – providing the insights and potential to acquire interests in peer and / or previously unrecognised uranium deposits;
- Our relevance to other significant uranium deposits – where we believe ***U-pgrade™*** can transform project economics. These currently include:
  - Paladin Energy Limited's Langer Heinrich mine – testwork has confirmed the ore is amenable to ***U-pgrade™*** beneficiation and Paladin has publicly identified ***U-pgrade™*** as a potential process option;
  - Deep Yellow Limited's Tumas deposit – reflected in a Technology Licencing Agreement for the deposit executed with the Company; and
  - Several other deposits – where commercial-in-confidence negotiations have occurred or are targeted by Marenica to occur in the future.
- A lean, but appropriate, management and administrative structure, evidenced by the annual expenditure detailed in this report.

Your company has built on its strengths and added significant new opportunities over the past year and your board believes that Marenica is well positioned to capitalise on this, for your benefit.

Significant outcomes over the past year include:

- The grant of Australian and US patents and Australian innovation patents, protecting Marenica's rights to and commercial position from ***U-pgrade™;***
- Testwork indicating Paladin's Langer Heinrich ore is highly amenable to ***U-pgrade™;*** generating reduced unit operating costs and the potential for enhanced future production expansion; and
- The recent purchase of the Mile 72 Uranium Project, covering 2,692 hectares in the world class Erongo Uranium Province, located within 100km of the Marenica Project and only 30km from the Namibian coastal town of Henties Bay.

Your board is excited at Marenica's potential over the next twelve months, for several reasons, including:

- Whilst the uranium market has remained stubbornly weak for a number of years, recent supply reductions and the emergence of dedicated physical uranium investment funds, potentially signal an improved market dynamic;
- Recent marginal uranium price improvement appears to be driving renewed investor interest in the sector;
- We have identified and are advancing the commercial case for the application of ***U-pgrade™*** to a number of significant surficial uranium deposits in Namibia and elsewhere; and
- We see great potential in the future exploration, evaluation and development of our own Namibian uranium licences, including our recently acquired Mile 72 Project.

We will continue to seek every opportunity to highlight and realise shareholder value from this potential over the coming year.

On behalf of the board, our thanks to your Managing Director, Murray Hill, for his continued drive and effort over the past year. Also, Shane McBride, your Company Secretary and CFO, who has ably supported Murray.

Our thanks also to former Directors, David Sanders, Lou Guo Qing and John Sestan, for their contributions to Marenica over several years.

Finally, my thanks and appreciation to Doug Buerger who proceeded me as Chairman and without whose leadership and guidance the Company would not be where it currently is – particularly for his vision and guidance in development of the ***U-pgrade***^{TM} process.

Looking forward to a great year ahead.

Yours Faithfully



Andrew Bantock

Chairman

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MARENICA'S STRATEGY

The Company is focused on adding value by capitalising on its technical advantage through the development and ownership of the ***U-pgrade™*** beneficiation process. It aims to create value from of ***U-pgrade™*** through various pathways, including;

- Acquiring tenements, in its own right, to which it can apply ***U-pgrade™;***
- Acquiring full or partial ownership of advanced projects, to which it can apply ***U-pgrade™;***
- Applying ***U-pgrade™*** to third party projects; and
- Investigating the application of ***U-pgrade™*** to other commodities (i.e. other than uranium).

U-pgrade™ PROCESS SUMMARY

U-pgrade™ is Marenica's patented beneficiation processing technology. ***U-pgrade™*** was developed on Marenica's namesake Marenica uranium project ("Marenica Uranium Project") in Namibia.

Testwork on ore samples from the Marenica Uranium Project has shown that:

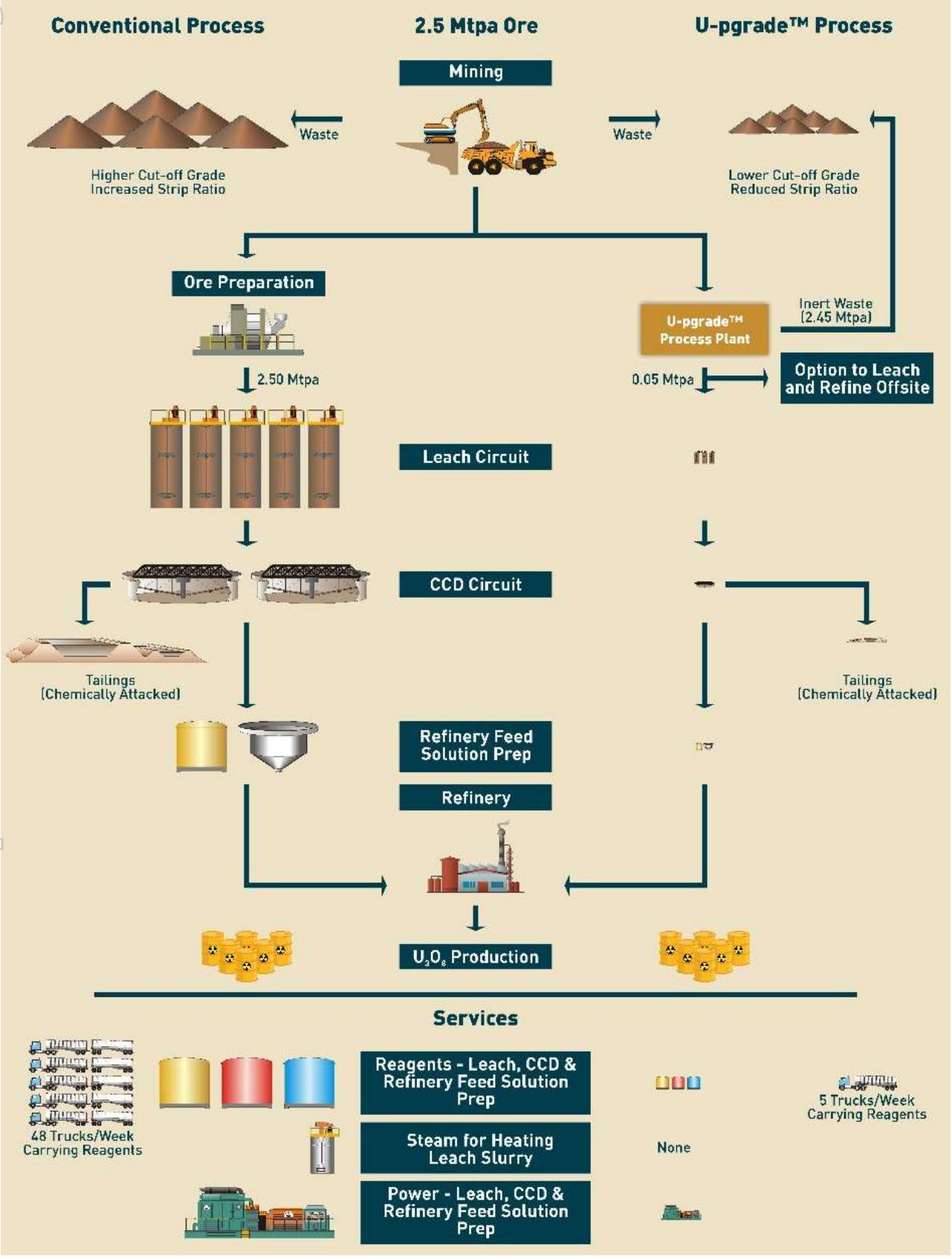
- Uranium concentration is increased approximately 50 times, with a recovery of over 73%, by rejecting nearly 99% of the waste material (gangue);
- Increased leach feed grade from 94ppm to >5,000ppm U_3O_8;
- Leach recovery on concentrate of >99.5%;
- Significantly improved economics by major reductions in estimated capital (~50%) and operating costs (~50%); and
- Similar results in fresh and sea water, which is particularly beneficial in a dry environment such as Namibia.

Leaching <5% of the mass as a high grade ***U-pgrade™*** concentrate results in a reduced social and environmental impact per pound of annual production compared to 'conventional' technology, due to significantly less chemicals being required to be transported to site and an equivalent reduction in chemically attacked tailings.

The benefits of ***U-pgrade™*** extend beyond cost reductions. On deposits that are too small or remote to economically justify development using conventional processing could be viable through production of an ***U-pgrade™*** concentrate and transport to a third party leach-refinery. Deposits in Namibia generally contain a high proportion of sulphate minerals in the top 3 to 4 meters of mineralisation, representing about 15% of the resource. Generally, conventional processing and alkali leaching of this high sulphate ore is uneconomic, effectively sterilising 15% of the resource and increasing the strip ratio. Marenica has demonstrated that ***U-pgrade™*** is effective on high sulphate bearing calcrete hosted uranium ores, which increases the mineable resource and will result in a reduction of the strip ratio.

Marenica was granted three standard patents and two innovation patents over the ***U-pgrade™*** process, and the embedded technology. The granting of these patents confirms Marenica's long held belief that technology and knowhow is unique and represents a valuable commercial advance within the uranium extraction industry. Importantly, this gives the Company the sole and exclusive rights to the use or license of ***U-pgrade™***.

The following flowsheet is an illustration of the equipment sizes and services required for a conventional process compared to the ***U-pgrade™*** process.



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COMMERCIALISATION

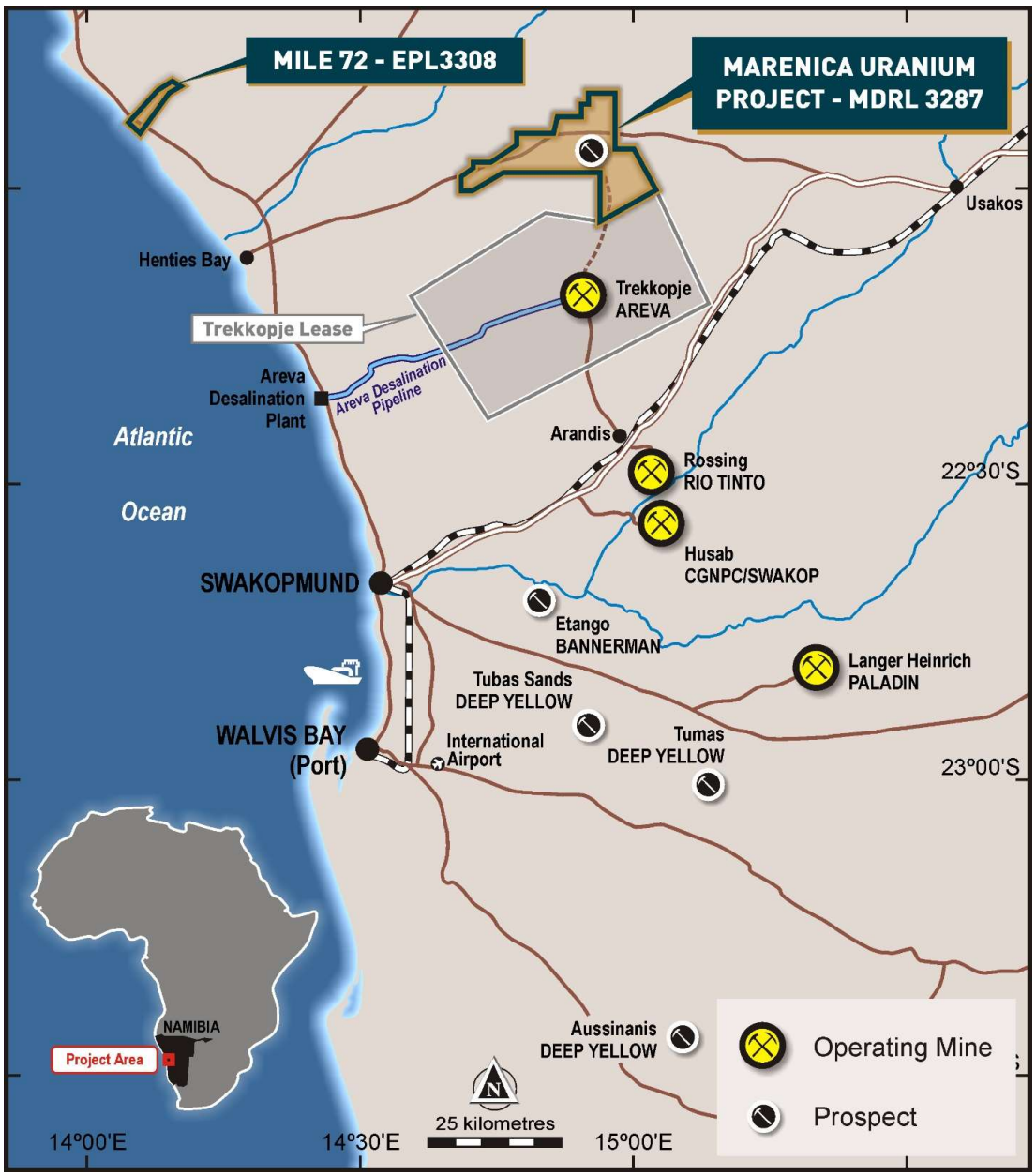
The Company is focused on commercialisation of the ***U-pgrade***^{TM} process through various pathways:

- application to its own projects;
- application to third party projects; and
- application to other commodities (i.e. other than uranium).

MARENICA OWNED PROJECTS

Marenica Uranium Project

Marenica holds a Mineral Deposit Retention Licence (MDRL) over the Marenica Uranium Project in Namibia. MDRL 3287 covers 321 km² in the Erongo region of Namibia; a recognised uranium mining province and home to several world class uranium deposits and operating mines. As such it has the advantage of well-established and reliable mining related infrastructure and services, and a stable legislative framework within which to operate. The same uranium province hosts the Rossing, Husab and Langer Heinrich uranium mines and MDRL 3287 adjoins the large Trekkopje Mine owned by Orano (formerly Areva).



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Geology and Resources

The Marenica Uranium Project includes the Marenica deposit and the smaller MA7 deposit, 5 km to the southeast of the main resource, are both surficial uranium deposits. They are in the same palaeochannel system that hosts Orano's Trekkopje uranium deposit, which has similar mineralogical characteristics to the Marenica Uranium Project. Marenica and Trekkopje are similar style deposits to the Langer Heinrich deposit.

The total Marenica Project resource at a 50 ppm cut-off grade is 61 Mlb at 93 ppm U_3O_8.

Marenica Uranium Project **Total Mineral Resources as at 30 June 2018 *(at a 50ppm U_3O_8 cut-off grade)***			
Resource Category	**Tonnes (millions)**	**U_3O_8 Grade (ppm)**	**U_3O_8 Mlbs**
Marenica			
Indicated	26.5	110	6.4
Inferred	249.6	92	50.9
Total	**276.1**	**94**	**57.3**
MA7			
Inferred	22.8	81	4.0
Total	**22.8**	**81**	**4.0**
TOTAL	**298.9**	**93**	**61.3**

Mineral Resources and Ore Reserves Governance

In November 2011, Optiro Pty Ltd completed a Mineral Resource estimate for the Company. The Company has not completed any drilling subsequent to preparation of the Mineral Resource estimate.

The Mineral Resource as at 30 June 2018 is reported in accordance with JORC (2004) guidelines and ASX Listing Rules. The Mineral Resource estimate follows standard industry methodology using geological interpretation, downhole gamma probe readings and assay results from samples obtained through drilling.

Competent Persons Statement

This Mineral Resource estimate has been compiled by Ian Glacken in accordance with the guidelines of the JORC Code (2004). Ian Glacken is a full-time employee of Optiro Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit represented by the Marenica Uranium Project orebodies and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Ian Glacken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Scoping Study

The scoping study on the Marenica Uranium Project ("Study") was completed by DRA Global in April 2017 and concluded:

- A 50% reduction in capital and operating expenditure could be achieved through the application of ***U-pgrade™*** compared to a conventional plant;
- Such a development could achieve industry competitive production costs;
- The deposit comprises a shallow, flat deposit with a very low proportion of waste to ore;
- Leaching and refining of ***U-pgrade™*** concentrate undertaken at third party processing plant, would further reduce capital development;
- The project would benefit from its enviable world class location in a highly attractive jurisdiction for uranium mining;

- ***U-pgrade™*** negates the need for a tailings dam on site;
- Fast track plant construction would be possible, between 12 and 15 months, due to no long lead items; and
- The Company expects that further optimisation of the process to the project will allow additional reductions in operating and capital costs.

Operating and Capital Costs

The Study derived an estimated industry competitive capital and operating cost for the Marenica Project. The reduction in costs compared to a conventional plant were estimated to be of the same order of magnitude for the ***U-pgrade™*** plant as was previously estimated by Marenica, i.e. a ~50% reduction in operating costs and ~50% reduction in capital for a process plant producing U_3O_8 yellow cake. Further savings in capital costs are expected to be possible if the ***U-pgrade™*** concentrate was leached and refined at a third party site.

The Study showed that the project operating cost structure is also predominantly tonnes based, i.e. doubling the grade could result in halving of the costs, thus application of ***U-pgrade™*** to higher grade deposits than the Marenica Uranium Project is expected to result in significantly lower costs, most likely below current spot prices.

Study Outcomes

ASIC's restriction to the release of development and production data from studies which use predominately Inferred Resources (the Marenica resource is 90% in the Inferred category) has restricted Marenica's ability to report such data.

The Study met its objective by providing justification for the Company to continue its ongoing evaluation of the project.

The estimated reduced capital and operating costs for the Marenica Project as a result of utilising ***U-pgrade™*** is a catalyst for Marenica to progress acquisition opportunities to which ***U-pgrade™*** may be applied. As a result Marenica purchased the Mile 72 Uranium Project in Namibia.

Mile 72 Uranium Project

Marenica purchased 100% of the Mile 72 Uranium Project (EPL3308) from Metals Australia Limited in May 2018.

The Mile 72 Uranium Project ("Mile 72") covers 26 km² and is located in the world class Erongo uranium province in Namibia. It is located within 100 km of the Marenica Uranium Project and only 30 km from the coastal town of Henties Bay.

The mineralisation is calcrete hosted, very similar to the Marenica Uranium Project, Langer Heinrich Project (Paladin Energy Limited) and Tumas Project (Deep Yellow Limited), all in Namibia. Past testwork by Marenica on these projects has confirmed the amenability of ***U-pgrade™*** and indicated that the ***U-pgrade™*** process potentially reduces the project development and operating costs by about 50%. It is expected that the Mile 72 calcrete mineralisation will produce a low mass concentrate for leaching in the same manner as all Namibian calcrete deposits tested.

Marenica's assessment of Mile 72 is that it has been underexplored for calcrete uranium mineralisation and presents a great opportunity for Marenica to potentially delineate a substantial resource.

THIRD PARTY PROJECTS

Deep Yellow Limited

Marenica has a Technology Licence Agreement (TLA) with Deep Yellow Limited (Deep Yellow). The TLA followed a successful testwork program completed on Tumas ore samples. Under the TLA, Marenica will provide its ***U-pgrade™*** technology and expertise to Deep Yellow for use towards development of the Tumas Project in return for a licence fee for the life of the project.

Langer Heinrich

Marenica undertook amenability testwork using the ***U-pgrade™*** beneficiation process on ore samples sourced from the Langer Heinrich Uranium Mine (LHM) in Namibia, 75% owned by Paladin Energy Limited ("Paladin"). The focus

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of the testwork was on detailed mineralogical ore characterisation and laboratory scale testing of critical unit operations in the ***U-pgrade™*** flowsheet. Marenica has tested many ores through this same procedure and has a thorough understanding of the critical characteristics to determine the expected performance of an ore through the ***U-pgrade™*** process. The testwork on LHM ore was completed on a single composite prepared from four individual samples taken from the LHM low grade stockpiles.

The results were very positive and indicated that the LHM ore outperformed all other ores previously tested by ***U-pgrade™***. The results indicate that the ***U-pgrade™*** process plant recovery is expected to be in the mid to high 80% range, producing a concentrate for leaching of <2.5% of the mined mass. This means that for every one tonne of ore mined only 25 kilograms would be sent to the leach plant. By comparison, currently 600 kilograms of ore is presented to the LHM leach plant for every tonne mined.

This testwork confirmed the substantial benefits that could be expected from implementation of Marenica's proprietary ***U-pgrade™*** process on the ore.

In May 2018, Paladin announced that the LHM would be placed into care and maintenance. This decision broadens the potential application of ***U-pgrade™*** as it obviates the need to work around an operating process plant, and application of ***U-pgrade™*** could potentially be extended to all grades of LHM ore.

Discussions with Paladin on the application of ***U-pgrade™*** to the LHM in Namibia continue.

Other Ore Sources

Marenica is in various stages of discussions with a number of resource owners to enable Marenica to demonstrate the benefits of ***U-pgrade™*** to their projects.

OTHER COMMODITIES

The expertise and knowledge acquired during development of the ***U-pgrade™*** process for uranium is now being assessed against other commodities.

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Your Directors present their report on the group consisting of Marenica Energy Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018 (Group).

DIRECTORS

The following persons were Directors of Marenica Energy Limited during or since the end of the financial year and up to the date of this report. Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Andrew Bantock

Independent Non-executive Chairman

Appointed 1 February 2018

Mr Bantock is a Senior Managing Director of leading international corporate advisory firm FTI Consulting, where he co-leads the Australian Mining and Mining Services Practice.

Mr Bantock has operated as CFO, Chairman, CEO and Director of international, ASX listed, government sector and private corporations. Previous roles include: CFO of Glencore Xstrata plc's Australian nickel business; Director of Water Corporation, Western Australia's water utility, where he also chaired the audit committee; Chairman, CEO and Corporate Director of an ASX listed multi-commodity minerals exploration group; and Finance Director of ASX/NZSE listed GRD Ltd, owner of New Zealand's largest gold miner and GRD Minproc (now part of AMEC Foster Wheeler), a world class mining construction and development engineer.

During the last three years, Mr. Bantock has not been a director of any other listed companies.

Murray Hill – B.Sc. (Metallurgy), FAusIMM

Chief Executive Officer - *Appointed 4 May 2012*

Managing Director - *Appointed 2 May 2016*

Mr. Hill has 32 years' experience in the mining industry. He is a respected metallurgist with extensive experience in the design, operation and commissioning of gold, uranium and base metal process plants. He has also managed a metallurgical testwork laboratory, has been a senior process engineer in a Perth based engineering group and is well experienced in uranium metallurgy. For the 10 years prior to joining the Company, Mr. Hill operated his own business providing metallurgical consulting services to the mining industry world-wide. Mr. Hill is a Fellow of the Australasian Institute of Mining and Metallurgy.

Nelson Chen – Master of Applied Finance, CA

Non-executive Director

Appointed 29 November 2011

Re-appointed 30 November 2015

Mr. Chen is a Director of Hanlong Mining Investment Pty Ltd and a Chartered Accountant in Australia. He holds postgraduate degrees in finance and accounting. Prior to joining Hanlong, Mr. Chen spent over 11 years with PricewaterhouseCoopers, Sydney office, in their audit and M&A advisory practice. Mr. Chen has served on the board of Australia China Business Council, NSW for over six years.

During the last three years, Mr. Chen has been a director of the following listed companies:

- Young Australian Mines Limited* – appointed 23 April 2010
- General Moly Inc. (USA) – appointed 14 September 2011, ceased 6 June 2016

* Denotes current directorship

Douglas Buerger – B.Sc., M.Phil. (London), FAusIMM, MAICD

Independent Non-executive Director

Appointed 23 September 2010

Re-appointed 22 November 2016

Retired 31 July 2018

Mr. Buerger has over 40 years' experience in the minerals resources industry. He has extensive industry experience in project management, general management and executive management roles. He was the Managing Director and CEO of Bendigo Mining Limited from 1994 until his retirement in 2007. He holds a BSc and an M.Phil. Degree. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors.

During the last three years, Mr. Buerger has not been a director of any other listed companies.

David Sanders – BComm, BJuris, LLB (Hons) (all UWA) and Graduate Diploma of Applied Finance

Independent Non-executive Director

Appointed 4 August 2008.

Re-appointed 3 November 2014

Retired 22 November 2017

Mr. Sanders is a lawyer with over 15 years of experience in corporate and resources law. He advises numerous ASX listed companies, including companies in the resources sector, on capital raising, mergers and acquisitions, Corporations Act and ASX Listing Rules compliance and corporate governance. He holds Bachelor of Law and Bachelor of Commerce degrees from the University of Western Australia and a Graduate Diploma of Applied Finance and Investments from the Securities Institute of Australia.

During the last three years, Mr. Sanders has been a director of the following listed companies:

- Oakajee Corp. Limited (alternative director) *– appointed 13 September 2017
- Pura Vida NL *– appointed 20 October 2016
- Force Commodities Limited *– appointed 5 June 2017
- World Titanium Resources Limited* – appointed 20 May 2016, delisted January 2017
- Quickflix Limited – appointed 30 November 2012, retired 31 March 2016

* Denotes current directorship

Lou Guo Qing – BA

Non-executive Director

Appointed 3 November 2014.

Retired 22 November 2017

Mr. Lou was the Managing Director of Hanlong Group. He was formerly the president of China Construction Bank, Panzhihua Municipality branch in Sichuan province and has over 26 years of experience in credit management and financial investment. Mr Lou holds a Bachelor of Economics degree from Wuhan University and a Postgraduate Diploma in business administration from Sichuan University.

During the last three years, Mr. Lou has been a director of the following listed companies:

- Young Australian Mines Limited – appointed 22 August 2014, resigned 28 May 2018

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John Sestan

Non-executive Director *from 1 September 2017*

Executive Director ***from 6 October 2016 -*** Resigned 18 December 2017

In a professional career spanning over 25 years, Mr Sestan has been involved in a variety of commercial and finance roles in the resources industry. During the last ten years he has consulted to a number of major uranium companies, including Rio Tinto and Areva. He was engaged by BP Australia in its transformation projects.

Directors' interests

The interests of Directors in securities of the Company are:

Director	Fully Paid Ordinary Shares		Options	Performance Rights
	At 30 June 2018	At 30 June 2017		
M Hill	2,467,147	2,267,437	-	202,500
D Buerger	1,245,242	955,097	-	-
N Chen	1,331,707	1,031,707	292,857	-
A Bantock	200,000	-	100,000	-
G Lou Qing	548,782	548,782	71,428	-
J Sestan	2,172,173	2,092,145	-	-
D Sanders	377,296	319,687	427,678	-

Directors and management have a strong belief in the Company's strategy and they have demonstrated that support in that their fees have only partially paid in cash since mid-2013.

Shane McBride B.Bus (Acct), FCPA, FGIA, FCIS, MAICD

Chief Financial Officer - *Appointed 1 May 2017*

Company Secretary - *Appointed 8 June 2017*

Shane McBride has 36 years of commercial management experience gained in listed Australian public companies incorporating disciplines of corporate management, project development and mine site operations management, management and financial accounting, corporate finance, investor relations, IT and HR and company secretarial functions. Thirty years of this experience has been in the mining industry. He has a BBus (Acct) degree, is a Fellow of CPA Australia, Fellow of Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators; and is a Member of the Australian Institute of Directors.

Mr McBride has relevant uranium industry experience having worked for an Australian ASX listed uranium project development company for seven years. In that role Mr McBride was intimately involved with the exploration advancement, scoping and pre-feasibility studies undertaken on the project, and the financing activities to undertake those activities. He was the managing director of an ASX listed mining company which acquired and operated an operating SX/EW Copper Cathode production facility in Queensland, Australia and has substantial experience as a listed company director.

DIVIDENDS

No dividends have been provided for or paid by the Group in respect of the year ended 30 June 2018 (30 June 2017: Nil).

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PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year was promoting the benefits of Marenica's patented ***U-pgrade™*** beneficial process to owners of surficial ore sources and the acquisition of tenements containing uranium mineralisation which the Company expects will be amenable to ***U-pgrade™.***

There was no in-ground exploration or evaluation of the Company's mineral tenements in Namibia.

OPERATING RESULTS FOR THE YEAR

The total loss of the Group attributable to the owners of Marenica Energy Limited for the financial year was $1,245,098 (2017: $1,686,169).

FINANCIAL POSITION AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The net liabilities of the Group improved by $297,027 as a result of additional funds raised during the year exceeding the expenditure on the beneficiation program and maintaining the mineral tenements in Namibia.

Cash on hand at 30 June 2018 totalled $847,923 (2017: $473,117).

During August 2017, a total of $182,161 was raised from share placements to investors at $0.13 per share.

During November 2017, a total of $298,848 was raised from share placements to investors at $0.13 per share.

During December 2017, a total of $95,512 of shares were issued in lieu of director, executive and consultancy fees.

During March 2018, a total of $701,667 was raised from share placements to investors at $0.10 per share.

During May 2018, a total of $360,332 was raised from share placements to investors at $0.10 per share.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 31 July 2018, Mr. Alan Doug Buerger retired as a non-executive director of Marenica Energy Limited.

On 19 September 2018, the Company announced that it had completed a placement to raise $1,178,000 million, before costs. The Company will issue 11,780,000 fully paid ordinary shares ("Share") at an issue price of 10 cents per Share plus 5,890,000 attaching Options, which will be granted on the basis of one Option for every two Shares subscribed. The unlisted options will have an exercise price of $0.17 per share, exercisable within two years of grant ("Option"). The Company will pay a cash fee of 6% on the funds raised, before costs and grant 2,000,000 Options to the participating brokers. The placement will be completed in two tranches.

Other than the matters referred to above, there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

(i) the Group's operations in future years; or

(ii) the results of those operations in future years; or

(iii) the Group's state of affairs in future years.

LIKELY DEVELOPMENTS AND BUSINESS STRATEGY

The Company intends to continue to promote the benefits of ***U-pgrade™*** to third parties, acquire tenements containing uranium mineralisation which the Company expects will be amenable to ***U-pgrade™***, and to maintain the mineral tenement containing the Marenica Uranium Project in Namibia.

ENVIRONMENTAL REGULATIONS

The Company's environmental obligations are regulated by the laws of the Republic of Namibia. The Company has complied with its environmental performance obligations. No environmental breaches have been notified by any Government agency to the date of this Directors' Report.

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SHARE OPTIONS

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Expiry Date	Exercise Price	Number under Option
26 November 2018	$0.355	320,338
1 December 2019	$0.1806	290,698
25 May 2020	$0.17	7,309,998
30 November 2021	$0.21	422,233

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any shares as a result of the exercise of options. In regard to some of the Directors options above, in the event of exercise the Company will fund the exercise price.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify former and current directors and officers of the Company against all liabilities to another person and the Company that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of such liabilities including costs and expenses.

During the year the Company has paid insurance premium for a Directors and Officers insurance policy negotiated at commercial terms. The premium paid during the year was $12,751 (2017: $8,357).

During or since the financial year-end, in respect of any person who is, or has been an officer or auditor of the Company or a related body corporate the Company has not:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

DIRECTORS' MEETINGS

The number of meetings attended by each Director during the year is as follows:

	Directors	
Director	Number of meetings held while in office	Number of meetings attended
M Hill	11	11
A Bantock[1]	4	3
D Buerger	11	11
N Chen	11	10
J Sestan[2]	7	5
G. Lou Qing[3]	4	3
D Sanders[3]	5	5

1 Appointed on 1 February 2018, 2 Resigned on 18 December 2017, 3 Retired on 22 November 2017

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration for the year ended 30 June 2018 has been received and is located on the next page.

NON-AUDIT SERVICES

No non-audit services have been provided by the Company's auditor.

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Phone (08) 9486 7094 www.rothsayresources.com.au

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The Directors
Marenica Energy Ltd
AMRC Building
7 Conlon St
Waterford WA 6152

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2018 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan FCA (Lead auditor)

Rothsay Auditing

Dated 25 September 2018

Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

This remuneration report for the year ended 30 June 2018 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations (the Act). This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" includes a chief executive officer (CEO), executive Directors, senior management and company secretaries of the Parent.

A. Individual key management personnel disclosures

Details of KMP including the top five remunerated executives of the Parent and Group are set out below:

Key management personnel

(i) Directors

A Bantock	Non-executive chairman – Appointed on 1 February 2018
M Hill	Managing director and CEO
N Chen	Non-executive director
D Buerger	Non-executive director – Retired on 31 July 2018
D Sanders	Non-executive director – Retired on 22 November 2017
J Sestan	Non-executive director - Resigned on 18 December 2017
G.Lou	Non-executive director – Retired on 22 November 2017

(ii) Executives

S McBride	Chief Financial Officer

B. Principles used to determine the nature and amount of remuneration

The objective of the Company's reward framework is to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors and executives of the highest calibre whilst maintaining a cost which is acceptable to shareholders.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed by the Board. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his remuneration.

Directors' fees

Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $300,000 in aggregate. This amount is separate from any specific tasks the Directors may take on for the Company in the normal course of business, which are charged at normal commercial rates.

Fees for Directors are not linked to the performance of the Group however, to align all Directors' interests with shareholders' interests; Directors are encouraged to hold shares in the Company and may receive options. This effectively links Directors' performance to the share price performance and therefore to the interests of shareholders. There have been no performance conditions imposed prior to the grant of options which act as an incentive to increase the value for all shareholders.

The Directors have strongly supported the company, with the Directors having been only partially paid in cash since mid-2013.

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Executive remuneration

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company performance;
- Align the interest of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Fixed remuneration is reviewed annually or upon renewal of fixed term contracts by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal policies and practices. Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. Variable remuneration may be delivered in the form of share options granted with or without vesting conditions and/or employee performance shares granted subject to the successful completion, within an appropriate timeframe, of various key tasks.

C. Executive contractual arrangements

M Hill – *Managing Director and Chief Executive Officer*

A formal written service agreement is in place. Details of Mr Hill's employment agreement are:

- Base salary, exclusive of superannuation, effective 1 May 2012 is $260,000 per annum, reviewable on an annual basis.
- Payment of a termination benefit on early termination by the Company, other than for grave misconduct or long-term incapacity, equal to three (3) months' salary.

S McBride – Chief Financial Officer/Company Secretary

Mr McBride's remuneration is based on a fixed monthly retainer of $15,000 for 3 days per week, with a 2 month notice period for either party.

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D. Remuneration of Key Management Personnel ("KMP")

30-Jun-2018	Fees & Consulting Paid	Super-annuation Paid	Fees & Consulting Accrued	Super-annuation Accrued	Share-based Payments	Total	% of Equity Based Payments
Directors							
M Hill	234,840	24,700	-	-	27,560	287,100	9.60%
A Bantock[1]	10,000	-	15,000	-	-	25,000	-%
J Sestan[2]	100,826	-	-	-	20,000	120,826	16.55%
D Sanders[3]	3,425	325	-	-	7,950	11,700	67.95%
D Buerger	16,250	-	-	-	40,000	56,250	71.11%
N Chen	13,699	1,301	-	-	30,000	45,000	66.67%
G Lou[3]	3,750	-	-	-	15,000	18,750	80.00%
Total Directors	382,790	26,326	15,000	-	140,510	564,626	24.89%
Other KMP							
S McBride	134,248	12,754	-	-	18,000	165,002	10.91%
Total executive KMP	134,248	12,754	-	-	18,000	165,002	10.91%
Totals	517,038	39,080	15,000	-	158,510	729,628	21.72%

1 Appointed on 1 February 2018, 2 Resigned on 18 December 2017, 3 Retired on 22 November 2017.

All Share Based Payments are "in lieu" of cash salary and fees forgone by the KMP.

30-Jun-2017	Fees & Consulting Paid	Super-annuation Paid	Fees & Consulting Accrued	Super-annuation Accrued	Share-based Payments	Total	% of Equity Based Payments
Directors							
M Hill	242,667	23,053	-	-	73,848	339,568	21.75%
J Sestan[1]	247,461	-	-	-	110,164	357,625	30.80%
D Sanders	38,347	3,904	-	-	2,749	45,000	6.11%
D Buerger	55,000	-	-	-	5,000	60,000	8.33%
N Chen	37,444	3,904	-	-	3,652	45,000	8.12%
G Lou	41,250	-	-	-	3,750	45,000	8.33%
Total Directors	662,169	30,861	-	-	199,163	892,193	22.32%
Other KMP							
S McBride[3]	20,000	-	-	-	-	20,000	-
R Vittino[2]	15,000	-	-	-	-	15,000	-
Total executive KMP	35,000	-	-	-	-	35,000	-
Totals	697,169	30,861	-	-	199,163	927,193	21.48%

1 Includes consulting fees of $84,656 received in his capacity as the Chief Commercial Officer and incentive payments of $134,500 relating to the achievement of entry of the first binding commercialisation arrangement which confers any form of right to use the U-grade technology to a third party. These occurred before his appointment as executive commercial director on 6 October 2016, 2 Resigned on 30 September 2016, 3 Appointed on 1 May 2017.

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E. Value of options issued, exercised and expired during the year

Details of vesting profile of options vested or expired during the year and those options unexercised at reporting date granted as remuneration to current key management personnel of the Company are detailed below:

Year ended 30 June 2018

During the 2018 financial year, no options expired.

The following options were issued during the year:

Expiry Date	Exercise Price	Number under Option
25 May 2020	$0.17	7,309,998
30 November 2021	$0.21	422,233

These options were fair valued at $0.05287 and $0.08656 respectively using the Black Scholes option pricing model.

Year ended 30 June 2017

During the 2017 financial year, no options expired or were issued.

F. Shareholdings for Key Management Personnel

30 June 2018	Balance at 1 July 2017	Purchased/ (Sold) during the year	Granted as remuneration	Balance at 30 June 2018
Directors				
M Hill	2,267,437	-	199,710	2,467,147
D Sanders[1]	319,687	-	57,609	377,296
D Buerger	955,097	-	290,145	1,245,242
N Chen	1,031,707	300,000	-	1,331,707
L Guo Qing[1]	548,782	-	-	548,782
J Sestan[2]	2,092,145	(66,651)	146,679	2,172,173
A Bantock[3]	-	200,000	-	200,000
Other KMP:				
S McBride	4,300	14,000	-	18,300
	7,219,155	447,349	694,143	8,360,647

1 Retired 22 November 2017, 2 Resigned 18 December 2017, 3 Appointed 1 February 2018

30 June 2017	Balance at 1 July 2016	Purchased/ (Sold) during the year	Granted as remuneration	Balance at 30 June 2017
Directors				
M Hill	1,188,561	606,376	472,500	2,267,437
D Sanders	253,104	44,401	22,182	319,687
D Buerger	257,521	657,230	40,346	955,097
N Chen	459,907	542,411	29,389	1,031,707
L Guo Qing	140,187	378,335	30,260	548,782
J Sestan[1]	1,210,114	582,031	300,000	2,092,145
Other KMP:				
R Vittino[2]	-	-	-	-
S.McBride[3]	-	4,300	-	4,300
	3,509,394	2,815,084	894,677	7,219,155

1 Appointed Executive Commercial Director on 6 October 2016, 2 Resigned 30 September 2016, 3 Appointed 1 May 2017

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G. Option holdings for Key Management Personnel

30 June 2018	Balance at 1 July 2017	Exercised	Issued	Balance at 30 June 2018	Vested at 30 June 2018 Total	Vested at 30 June 2018 Exercisable	Vested at 30 June 2018 Not exercisable
Directors							
M Hill	-	-	-	-	-	-	-
J Sestan[2]	-	-	-	-	-	-	-
D Sanders[1]	427,678	-	-	427,678	427,678	427,678	-
D Buerger	-	-	-	-	-	-	-
N Chen	-	-	292,857	292,857	292,857	292,857	-
L Guo Qing[1]	-	-	71,428	71,428	71,428	71,428	-
A Bantock[3]	-	-	100,000	100,000	100,000	100,000	-
Other KMP							
S McBride	-	-	207,948	207,948	207,948	207,948	-
	427,678	-	672,233	1,099,911	1,099,911	1,099,911	-

1 Retired 22 November 2017

2 Resigned 18 December 2017

3 Appointed 1 February 2018

In regard to some of the Directors options above, in the event of exercise the Company will fund the exercise price.

30 June 2017	Balance at 1 July 2016	Exercised	Issued	Balance at 30 June 2017	Vested at 30 June 2017 Total	Vested at 30 June 2017 Exercisable	Vested at 30 June 2017 Not exercisable
Directors							
M Hill	-	-	-	-	-	-	-
J Sestan	-	-	-	-	-	-	-
D Sanders	427,678	-	-	427,678	427,678	427,678	-
D Buerger	524,577	(524,577)	-	-	-	-	-
N Chen	399,119	(399,119)	-	-	-	-	-
L Guo Qing	302,115	(302,115)	-	-	-	-	-
Other KMP							
R Vittino	-	-	-	-	-	-	-
S McBride	-	-	-	-	-	-	-
	1,653,489	(1,225,811)	-	427,678	427,678	427,678	-

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H. Performance Rights for Key Management Personnel

30 June 2018	Balance at 1 July 2017	Issued	Vested	Balance at 30 June 2018	Unvested at 30 June 2018 Total	Unvested
Directors						
M Hill	202,500	-	-	202,500	202,500	202,500
A Bantock[3]	-	-	-	-	-	-
J Sestan[2]	-	-	-	-	-	-
D Sanders[1]	-	-	-	-	-	-
D Buerger	-	-	-	-	-	-
N Chen	-	-	-	-	-	-
L Guo Qing[2]	-	-	-	-	-	-
Other KMP						
S McBride	-	-	-	-	-	-
	202,500	-	-	202,500	202,500 -	202,500

1 Retired 22 November 2017

2 Resigned 18 December 2017

3 Appointed 1 February 2018

The Company has issued Mr Hill 675,000 performance rights with the following hurdles:

- 270,000 – successful raising of capital for pilot plant construction and operation
- 202,500 – successful completion of the initial pilot plant programme proving ***U-pgrade™*** works on samples tested
- 202,500 – first commercialisation deal on ***U-pgrade™***

Any unvested performance rights will automatically vest on the occurrence of any of the following events:

- the sale by Uranium Beneficiation Pty Ltd of the Intellectual Property comprising the ***U-pgrade™*** process.
- the sale by Marenica of all of its shares in Uranium Beneficiation Pty Ltd.
- A change of control in Marenica by virtue of any person or entity obtaining a relevant interest within the meaning of the Corporations Act in more than 50% of the voting shares in Marenica.

In the event of Mr Hill ceasing to be an employee of Marenica or a subsidiary of Marenica, any unvested performance rights will lapse unless the Board of Marenica otherwise determines, at its discretion, that all or any of the unvested performance rights shall vest.

Following the signing of the Technology Licence Agreement with Deep Yellow Limited and its intention to fund a pilot plant to demonstrate the ***U-pgrade™*** technology on a continuous basis, the Board determined that the first and third milestones noted above were achieved and 472,500 performance rights vested on 30 September 2016.

End of Remuneration Report

Signed in accordance with a resolution of the Directors.



Andrew Bantock
Chairman

25 September 2018

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	Note	2018 $	2017 $
Continuing operations			
Revenue			
Interest received	4	6,254	5,325
Research and development tax refund	4	103,403	101,681
Activity-based income	4	47,200	33,156
		156,857	140,162
Expenses			
Activity-based expenses		(106,227)	(437,336)
Employee benefit expense		(524,886)	(382,921)
Foreign exchange loss/(gain)	5	(8,518)	(6,020)
Administration expenses		(563,588)	(766,722)
Depreciation expense	5	(3,964)	(5,226)
Finance expense	5	(194,772)	(228,106)
Total expenses		(1,401,955)	(1,826,331)
Loss before income tax expense		(1,245,098)	(1,686,169)
Income tax (expense)/benefit	6	-	-
Net loss for the year		(1,245,098)	(1,686,169)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,245,098)	(1,686,169)
Loss for the year is attributable to:			
Owners of Marenica Energy Limited		(1,245,098)	(1,686,169)
Non-controlling interests		-	-
		(1,245,098)	(1,686,169)
Total comprehensive loss for the year is attributable to:			
Owners of Marenica Energy Limited		(1,245,098)	(1,686,169)
Non-controlling interests		-	-
		(1,245,098)	(1,686,169)
Earnings per share			
Basic loss per share (cents per share)	20	(2.62)	(5.58)

Diluted losses per share are not disclosed as they are not materially different to basic losses per share.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Financial Statements.

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	Note	2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	18	847,923	473,117
Trade and other receivables	7	11,967	37,653
Total Current Assets		859,890	510,770
Non-Current Assets			
Plant & equipment	8	13,360	17,325
Total Non-Current Assets		13,360	17,325
TOTAL ASSETS		873,250	528,095
LIABILITIES			
Current Liabilities			
Trade and other payables	9	304,555	332,543
Borrowings	10	82,488	82,488
Employee benefits	11	66,341	52,942
Total Current Liabilities		453,384	467,973
Non-Current Liabilities			
Borrowings	10	1,627,131	1,564,414
TOTAL LIABILITIES		2,080,515	2,032,387
NET LIABILITIES		(1,207,265)	(1,504,292)
EQUITY			
Contributed equity	12	48,072,158	46,678,105
Reserves	13	423,299	275,227
Accumulated losses	14	(49,702,722)	(48,457,624)
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF MARENICA ENERGY LIMITED		(1,207,265)	(1,504,292)
Non-controlling interests		-	-
TOTAL EQUITY		(1,207,265)	(1,504,292)

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the Financial Statements.

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30 June 2018	Notes	Issued Capital	Accumulated Losses	Reserves	Total	Non-controlling Interests	Total Equity
Balance at beginning of year		46,678,105	(48,457,624)	275,227	(1,504,292)	-	(1,504,292)
Loss for the year	14	-	(1,245,098)	-	(1,245,098)	-	(1,245,098)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		-	(1,245,098)	-	(1,245,098)	-	(1,245,098)
Transactions with owners in their capacity as owners:			-	-	-	-	-
Issue of shares		1,638,519	-	-	1,638,519	-	1,638,519
Share issue costs		(244,466)	-	-	(244,466)	-	(244,466)
Transfer on exercise or expiry of equity	13, 14	-	-	-	-	-	-
Options issued during year	13	-	-	142,288	142,288	-	142,288
Performance Rights vesting	13	-	-	5,784	5,784	-	5,784
Balance at end of year		**48,072,158**	**(49,702,722)**	**423,299**	**(1,207,265)**	**-**	**(1,207,265)**

30 June 2017	Notes	Issued Capital	Accumulated Losses	Reserves	Total	Non-controlling Interests	Total Equity
Balance at beginning of year		44,266,058	(46,771,455)	512,870	(1,992,527)	-	(1,992,527)
Loss for the year	14	-	(1,686,169)	-	(1,686,169)	-	(1,686,169)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		-	(1,686,169)	-	(1,686,169)	-	(1,686,169)
Transactions with owners in their capacity as owners:							
Issue of shares		2,291,448	-	-	2,291,448	-	2,291,448
Share issue costs		(190,892)	-	-	(190,892)	-	(190,892)
Transfer on exercise or expiry of equity	13, 14	311,491	-	(311,491)	-	-	-
Options issued during year	13	-	-	-	-	-	-
Performance Rights vesting	13	-	-	73,848	73,848	-	73,848
Balance at end of year		**46,678,105**	**(48,457,624)**	**275,227**	**(1,504,292)**	**-**	**(1,504,292)**

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the Financial Statements.

	Note	2018 $	2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(963,572)	(1,394,261)
Research and development refund received		103,403	101,681
Interest received		6,254	5,325
Interest paid		(13,205)	(248,019)
Net cash outflow from operating activities	19	(867,120)	(1,535,274)
Cash flows from investing activities			
Sale of plant and equipment		-	-
Purchase of plant and equipment		-	-
Cash generated / (used) in investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of equity securities		1,244,160	1,584,421
Expenses from issue of equity securities		(182,318)	(134,513)
Proceeds from convertible loan		180,000	-
Cash generated / (used) in financing activities		1,241,842	1,449,908
Net increase/(decrease) in cash and cash equivalents		374,722	(85,366)
Cash and cash equivalents at the beginning of the financial year		473,117	558,326
Effects of foreign exchange changes on cash and cash equivalents		84	157
Cash at the end of the financial year	18	847,923	473,117

The Consolidated Statement of Cash flows should be read in conjunction with the notes to the Financial Statements.

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1. CORPORATE INFORMATION

The financial statements of Marenica Energy Limited (the "Company") for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 25 September 2018.

Marenica Energy Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange and the Namibia Stock Exchange.

The nature of operations and principal activities of the Group, comprising Marenica Energy Limited and its subsidiaries, ("Group") are described in the Directors' Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which are the Company's functional currency and the functional currency of the majority of the Group's current financial transactions.

(b) Going Concern

The Group incurred losses of $1,245,098 (2017: $1,686,169) and net operating cash outflows of $867,120 (2017: $1,535,274). These were offset by net cash inflows from financing activities of $1,241,842 (2017: $1,449,808).

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due, is dependent on a number of factors, including:

- the ability of the Group to obtain financing through equity, debt or hybrid financing, joint ventures or other financing arrangements to ensure the continued implementation of the Company's business plan; and
- the financial markets expectations of the Group's uranium projects; and
- the financial markets expectations of the Company's ***U-pgrade™*** process.

Subsequent to year-end the Company announced that it had raised equity capital of $1,178,000, before costs, see Note 26. The $1,178,000 plus cash as at 30 June 2018, would provide the Company with cash funds of $2,025,923.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Marenica Energy Limited ("Company" or "parent entity") as at 30 June 2018 and the results of all subsidiaries for the year then ended. Marenica Energy Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. The effects of all intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated in full.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill (if any), liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) Exploration expenses

Exploration and evaluation costs represent intangible assets. Exploration, evaluation and development costs are expensed as incurred. Acquisition costs related to an area of interest are capitalised and carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the areas of interest are continuing.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any provision for impairment

(h) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset during their expected useful life of 3 to 5 years.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(i) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

(j) Provisions and employee benefits

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(k) Share based payments

The Company provides benefits to Directors, employees, consultants and other advisors of the Company in the form of share-based payments, whereby the directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the market price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired and
(ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(l) Earnings per share

Basic earnings per share is determined by dividing the profit (loss) after income tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

(m) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(n) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(o) Trade and Other Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(q) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(s) Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(t) Segment reporting

The Group uses a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(u) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

A deferred tax asset for unused tax losses is recognised only if it is probable that future taxable amounts will be available to utilise losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(w) New accounting standards and interpretations

(i) New and amended standards adopted by the Company

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

(ii) Early adoption of standards

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(iii) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

AASB 9: Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity

AASB 15: Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16: Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Significant accounting estimates and assumptions

Share based payment transactions

The Group measures the cost of equity-settled share based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined by using a recognised option valuation model, with the assumptions detailed in Note 13. The accounting estimates and assumptions relating to equity-settled share based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	2018 $	2017 $
4. REVENUE FROM CONTINUING OPERATIONS		
Other revenues		
Activity-based income	47,200	33,156
Research and development tax refund	103,403	101,681
Financial income		
Interest received	6,254	5,325

5. EXPENSES

Loss before income tax includes the following specific expenses:

Depreciation		
Plant and equipment	3,964	5,226
Finance costs		
Convertible notes	194,772	228,106
Net foreign exchange loss/(gain)	8,518	6,020
Rental expense relating to operating lease		
Minimum lease payments	10,366	11,156
Superannuation expense		
Defined contribution superannuation expense	42,381	33,659
Share-based payments expense		
Equity-settled share based payments	24,332	73,848

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		2018 $	2017 $
6.	**INCOME TAX**		
	Loss for year	(1,245,098)	(1,686,169)
	Tax expense/(benefit) at tax rate of 27.5% (2017: 27.5%)	(342,402)	(463,696)
	Tax effect of amounts that are not deductible/taxable in calculating taxable income	(370)	50,896
	Deferred tax assets not brought to account	(12,294)	(497,019)
	Revenue losses not brought to account	355,066	909,819
	Income tax expense/(benefit)	-	-
	Tax losses Unused Australian revenue tax losses for which no deferred tax asset has been recognised	25,258,677	24,292,194
	Potential tax benefit at 27.5% (2017: 27.5%) The Directors estimate that the potential deferred tax benefit, at the prevailing rate of 27.5% (2017: 27.5%), in respect of tax losses not brought to account is:	6,946,136	6,680,353

No income tax expense has been provided in the accounts because the Company has an operating loss for the year. No deferred tax asset attributable to tax losses has been brought to account as recovery is not certain or assured.

The benefit will only be obtained if the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, continues to comply with the conditions for deductibility imposed by taxation legislation and there are no changes in tax legislation adversely affecting the Group in realising the benefit.

7. TRADE AND OTHER RECEIVABLES

Current Assets		
GST and VAT refundable	10,523	36,192
Other receivables	1,227	1,461
Rental & Security Bonds	217	-
	11,967	37,653

None of the receivables are past due and are therefore not impaired.

Non-Current Assets		
Amount receivable from sale of Marenica Minerals (Proprietary) Limited (incorporated in Namibia)	3,425,275	3,425,275
Provision for impairment	(3,425,275)	(3,425,275)
	-	-

The recoverability of the amount receivable from the sale to the Company's Black Economic Empowerment partner Millennium Minerals Pty Ltd of a 5% interest in the Company's shareholding in Marenica Minerals (Proprietary) Limited (incorporated in Namibia) is subject to the successful exploitation and development of the Company's Marenica Uranium Project. As the project has not yet reached a stage at which this can be assured, the amount receivable from the purchaser is considered to be impaired.

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		2018 $	2017 $
8.	**PLANT AND EQUIPMENT**		
	Cost	102,395	102,420
	Less: Accumulated Depreciation	(89,035)	(85,095)
	Net book value	13,360	17,325
	Reconciliations:		
	Reconciliations of written down values at the beginning and end of the current and previous financial year are set out below:		
	Opening net book amount	17,325	22,548
	Additions	-	-
	Disposals	-	3
	Profit on sale	-	-
	Depreciation charge	(3,965)	(5,226)
	Closing net book amount	13,360	17,325
9.	**PAYABLES**		
	Trade payables	56,235	142,181
	Accrued charges	248,320	190,362
		304,555	332,543

Included in Accrued charges is the sum of $226,220 (2017; $157,224) relating to unpaid non-executive Directors fees (inclusive of superannuation) at year end. The sum of $211,220 relates to the Company's obligation to fund the exercise price of options issued to Directors should the specific Directors exercise the options.

Refer to Note 27 for further information on financial instruments.

10.	**BORROWINGS**		
	Current Liabilities		
	Convertible note – accrued interest	82,488	82,488
		82,488	82,488
	Non-Current Liabilities		
	Convertible note	1,627,131	1,564,414
		1,627,131	1,564,414

On 9 February 2016, the Company reached agreement with Hanlong for the extension of the Convertible Notes from its maturity date of 14 November 2016 to 14 November 2018. The key terms of the amended Convertible Notes are a revision of the conversion price from $1.80 per share to $0.58 per share, an unchanged coupon interest rate of 8% per annum with annual interest being payable on 14 November of 2016, 2017 and 2018. In addition, the Company was granted the right to repay the debt at maturity in shares issued at $0.58 per share or cash. The amendments came into effect from 5 April 2016 after obtaining shareholder approval at the general meeting.

Accordingly, over the term of the Convertible Note, the debt component will increase to the face value of $1,650,671 at the maturity date of 14 November 2018.

Refer to Note 27 for further information on financial instruments.

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		2018 $	2017 $
11.	**PROVISIONS**		
	Provision for annual leave	66,341	52,942
12.	**CONTRIBUTED EQUITY**		
	(a) Ordinary Shares		
	Paid up capital – ordinary shares	49,197,199	47,558,689
	Capital raising costs capitalised	(1,125,041)	(880,584)
		48,072,158	46,678,105

Movement during the year:	**Number of shares**	**$**
Balance at 1 July 2016	24,329,061	44,266,058
Issued during the year		
In lieu of payment of consulting fees on 30 September 2016	300,000	34,500
Performance rights vested on 30 September 2016	472,500	94,500
Options exercised on 30 September 2016	1,257,501	278,959
Transfer from share-based payments reserve for options exercised on 30 September 2016	-	158,911
Share placement on 16 November 2016	1,000,000	100,000
Share placement on 22 November 2016	4,000,000	400,000
In lieu of director fees on 16 January 2017	122,177	15,151
Share placement on 20 April 2017	4,376,923	569,000
Options exercised on 2 June 2017	427,678	101,128
Transfer from share based payments reserve for options exercised on 2 June 2017	-	58,080
In lieu of payment of accrued interest on convertible notes on 2 June 2017	604,163	78,541
Rights issue on 2 June 2017	2,472,421	321,414
In lieu of payment of accrued interest on convertible notes on 9 June 2017	951,800	123,734
Share placement on 9 June 2017	2,069,392	269,021
Less: Share issue costs	-	(190,892)
Balance at 30 June 2017	42,383,616	46,678,105
Balance at 1 July 2017	42,383,616	46,678,105
Share placement on 3 August 2017	1,401,236	182,161
Share issued to convert converting loan and in lieu of interest on convertible notes	2,298,834	298,848
Share issued in lieu of directors and executive fees on 4 December 2017	573,731	79,136
Share issued in lieu of consultancy fees on 18 December 2017	120,411	16,376
Share placement on 23 March 2018	7,016,674	701,667
Share placement on 14 May 2018	3,603,322	360,332
Less: Share issue costs	-	(244,467)
Balance at 30 June 2018	57,397,824	48,072,158

Ordinary shares participate in dividends and the proceeds on winding up of Marenica Energy Limited in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At shareholder meetings, when a poll is called, each ordinary share is entitled to one vote otherwise each shareholder has one vote on a show of hands.

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(b) Shares Options

Movements in share options:	Unlisted, 21c Options 30/11/2021	Unlisted, 17c Options 25/05/2020	Unlisted, 40c Options 17/09/2019	Unlisted, 18.06c Options 01/12/19	Unlisted, 35.5c Options 01/12/19
Balance at 1 July 2016	-	-	26,700	1,548,456	721,059
Issued during the year	-	-	-	-	-
Exercised during year	-	-	(26,700)	(1,257,758)	(400,721)
Balance at 30 June 2017	-	-	-	290,698	320,338
Issued during the year	422,233	7,309,998	-	-	-
Exercised during year	-	-	-	-	-
Balance at 30 June 2018	422,233	7,309,998	-	290,698	320,338

	2018 $	2017 $
13. RESERVES		
Share-based payments reserve	259,373	111,301
Convertible note reserve	163,926	163,926
	423,299	275,227
(a) Share-Based Payments Reserve		
Balance at beginning of year:	111,301	348,944
Options exercised during year	-	(216,991)
Options issued during year	142,288	-
Performance rights vesting (b)	5,784	73,848
Performance rights vested (b)	-	(94,500)
Balance at end of year:	259,373	111,301

(i) Share Options

	Number of options	$	Weighted average exercise price $
Movements in share options			
Balance as at 1 July 2016	2,296,215	311,181	0.2379
Options exercised	(1,685,179)	(216,991)	0.2255
Balance as at 30 June 2017	611,036	94,190	0.2720
Options exercised	-	-	-
Options issued to placement lead manager	2,000,000	105,740	0.17
Options issued to specified officers	422,233	36,548	0.21
Options issued	5,309,998	-	0.17
Balance as at 30 June 2018	8,343,267	236,478	0.1795

(ii) Performance Rights

Movements in performance rights	
Balance as at 1 July 2016	37,763
Rights vesting ref. (b) next page	73,848
Rights vested ref. (b) next page	(94,500)
Balance as at 30 June 2017	17,111
Rights vesting ref. (b) next page	5,784
Rights vested ref. (b) next page	-
Balance as at 30 June 2018	22,895
Total (i) & (ii) Share Based Payments Reserve	**259,373**

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13. RESERVES (continued)

(a) On 22 November 2017, shareholders approved the issue of 422,233 options exercisable at $0.21 each on or before 30 December 2021 to specified officers. During 2017 no options were exercised.

The fair value of these options granted is $0.08656 per option with a total allotment value of $36,548. In valuing these options the Company used the following inputs in the Black Scholes option valuation model.

Inputs into the Model	
Grant date share price	$0.14
Exercise price	$0.21
Expected volatility	100%
Option life	4.02 years
Risk-free interest rate	2.14%

On 9 May 2018, shareholders approved the issue of 2,000,000 options exercisable at $0.17 each on or before 25 May 2020, to the Company's placement lead manager.

The fair value of these options granted is $0.05287 per option with a total allotment value of $105,740. In valuing these options the Company used the following inputs in the Black Scholes option valuation model.

Inputs into the Model	
Grant date share price	$0.115
Exercise price	$0.17
Expected volatility	83.33%
Option life	2 years
Risk-free interest rate	2.02%

(b) On 16 July 2014, the Company approved 675,000 (post consolidation) performance rights to be issued to the CEO, Murray Hill, which are subject to the following performance hurdles:

(i) Successful raising of capital for Pilot Plant construction & operation	270,000
(ii) Successful completion of the initial Pilot Plant program proving ***U-pgrade***^{TM} works on samples tested	202,500
(iii) First commercialisation deal on ***U-pgrade***^{TM} process	202,500
Total	675,000

The second milestone is conditional on achieving a Pilot Plant uranium recovery to final concentrate of +/- 10% of the bench scale testwork result. The first and third milestones were achieved and vested on 30 September 2016.

Any unvested performance rights will automatically vest on sale of the ***U-pgrade***^{TM} technology or change of control of the Company. In the event of the CEO ceasing to be an employee of the Company or its subsidiary any unvested performance rights will lapse unless the Company's Board otherwise determines, at its discretion, that all or any of the unvested performance rights shall vest. Any performance rights that have not vested within seven (7) years from the date of issue will lapse. These have been fair valued at $0.20 each (post consolidation basis).

As at reporting date, nil (2017: 472,500) of the above performance rights have vested. Following the signing of the Technology Licence Agreement with Deep Yellow Limited in the prior period and its intention to fund a pilot plant to demonstrate the upgrade ***U-pgrade***^{TM} technology on a continuous basis, the Board determined that the first and third milestones were achieved and 472,500 performance rights vested on 30 September 2016. The expense relating to the fair value of the remaining performance rights has been spread across their seven year life on the assumption that they will vest. If they do not vest the expense will be reversed.

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13. RESERVES (continued)	2018 $	2017 $
(b) Convertible Note Reserve		
Balance at beginning of year:	163,926	163,926
Balance at end of year:	163,926	163,926

Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised equity instruments granted to management and consultants of the Company recognised in accordance with the accounting policy adopted for share-based payments and the cash price of rights/options issued to investors.

(ii) Convertible note reserve

The convertible note reserve represents the fair value of the option portion on the convertible note.

14. ACCUMULATED LOSSES

Accumulated losses at beginning of year	(48,457,624)	(46,771,455)
Net losses attributable to members of the parent entity	(1,245,098)	(1,686,169)
Accumulated losses at the end of the year	(49,702,722)	(48,457,624)

15. SEGMENT INFORMATION

The Group operates predominately in the mineral exploration and development industry in Namibia. For management purposes, the Group is organised into one main operating segment which involves the exploration and evaluation of uranium deposits in Namibia and beneficiation testwork in Australia. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

16. RELATED PARTIES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Marenica Energy Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest 2018	% Equity Interest 2017
Marenica Energy Namibia (Pty) Ltd	Namibia	100%	100%
Marenica Minerals (Pty) Ltd	Namibia	75%	75%
Marenica Ventures (Pty) Ltd	Namibia	95%	-
Uranium Beneficiation Pty Ltd	Australia	100%	100%
Bronzewing Gold Pty Ltd	Australia	100%	100%
Metals Namibia Pty Ltd (Refer Note 29)	Namibia	100%	-

(b) Ultimate parent

Marenica Energy Limited is the ultimate Australian parent entity and ultimate parent of the Group.

16. RELATED PARTIES (continued)

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 22 and the audited remuneration report section of the Directors' report.

(d) Transaction with other related parties

A former Director, Mr D Sanders, is a shareholder, director and employee of the legal firm Bennett & Co. This firm provided legal services to the Company on normal commercial terms and conditions. Total fees paid in the financial year ended 30 June 2018 was $7,750 (2017: $3,685).

17. COMMITMENTS FOR EXPENDITURE

Mineral Tenement Lease

The Company has been granted a mineral deposit retention licence (MDRL) for its Namibian licence 3287. MDRL 3287 expires in November 2021 and provides Marenica a period grace with respect to exploration expenditure obligations on this licence.

	2018 $	2017 $
Building Lease		
The Company leases offices in Perth from February 2018 for 1 year for $11,365 per annum. The Company has leased a secure storage shed in Namibia from August 2017 for 1 year at ~ $8,778 per annum		
Within one year	6,630	15,280
Between 1 and 5 years	-	731
	6,630	16,011

18. CASH AND CASH EQUIVALENTS

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash at bank and on deposit	847,923	473,117
Balance per statement of cash flows	847,923	473,117

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		2018 $	2017 $
19.	**RECONCILIATION OF LOSS AFTER INCOME TAX TO CASH FLOWS USED IN OPERATING ACTIVITIES**		
	Operating Profit (Loss)	(1,245,098)	(1,686,169)
	Add (less) non-cash items		
	Depreciation	3,964	5,226
	Share-based payments	256,690	780,865
	Amortisation of convertible note	62,718	62,718
	Unrealised foreign exchange	(251)	1,347
	Decrease/increase in operating assets and liabilities:		
	Receivables	25,718	(23,103)
	Trade and other payables	15,740	(394,632)
	Insurance Funding	-	(7,722)
	Provisions	13,399	11,102
	Accrued interest	-	(284,906)
	Net cash (outflow) from operating activities	(867,120)	(1,535,274)
20.	**EARNINGS PER SHARE**		
(a)	**Basic earnings per share – cents per share**		
	Loss attributable to the ordinary equity holders of the Company	(2.62)	(5.58)
(b)	**Diluted earnings per share**		
	Diluted earnings per share are not disclosed as they are not materially different to basic earnings per share.		
(c)	**Weighted average number of shares used as the denominator**		
	Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	47,573,840	30,226,801
21.	**AUDITORS' REMUNERATION**		
	During the year the following fees were paid or payable for services provided by the auditors:		
(a)	**Audit services**		
	Audit and review of financial reports under the Corporations Act 2001	23,500	18,500
	Audit and review of financial reports of Namibian subsidiaries	6,479	3,292
(b)	**Other services**		
	Income tax return preparation	-	-
	Total remuneration of auditors	29,979	21,792

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	2018 $	2017 $

22. KEY MANAGEMENT PERSONNEL

Compensation for Key Management Personnel
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

Short term employee benefits	532,038	697,169
Post-employment benefits	39,080	30,861
Share-based payments	158,510	199,163
Total compensation	729,628	927,193

23. SHARE BASED PAYMENTS

Set out below are summaries of options granted during the year:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired/ forfeited/ other	Balance at the end of the year
22/11/2017	30/11/2021	$0.21	-	422,233	-	422,233
25/05/2018	25/05/2020	$0.17	-	2,000,000	-	2,000,000

2017
No options were granted during the year ended 30 June 2017.

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2018 Number	2017 Number
3/11/2014	26/11/2018	320,338	320,338
30/11/2015	1/12/2019	290,698	290,698
22/11/2017	30/11/2021	422,233	-
25/05/2018	25/05/2020	7,309,998	-
		8,343,267	611,036

The weighted average share price during the financial year was $0.1795 (2017: $0.1520).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.91 years (2017: 1.89 years).

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24. PARENT ENTITY FINANCIAL INFORMATION

(a) Information relating to Marenica Energy Limited

	2018 $	2017 $
Current Assets	854,350	505,567
Non-Current Assets	45,560	17,298
Total Assets	899,910	522,865
Current Liabilities	(441,239)	(455,685)
Non-Current Liabilities	(1,627,131)	(1,564,413)
Total Liabilities	(2,068,369)	(2,020,098)
NET ASSETS	(1,168,459)	(1,497,233)
EQUITY		
Issued capital	48,072,158	46,678,095
Reserves	423,299	275,227
Accumulated losses	(49,663,917)	(48,450,555)
TOTAL EQUITY	(1,168,459)	(1,497,233)
Loss for the year	(1,213,361)	(1,686,222)
Total comprehensive income	(1,213,361)	(1,686,222)

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in Note 17 to the financial statements.

25. CONTINGENT LIABILITIES

(a) Mallee Minerals Pty Ltd

On 7 April 2006, the Company entered into an introduction agreement with Mallee Minerals Pty Limited in respect of a mineral licence in Namibia (Project). Upon the Company receiving a bankable feasibility study in respect of the Project or the Company delineating, classifying or reclassifying uranium resources in respect of the project, the Company will pay to Mallee Minerals Pty Limited:

(i) $0.01 per tonne of uranium ore classified as inferred resources in respect of the Project; and a further

(ii) $0.02 per tonne of uranium ore classified as indicated resources in respect of the Project; and a further

(iii) $0.03 per tonne of uranium ore classified as measured resources in respect of the Project.

Pursuant to this agreement no payments were made during the year ended June 2018 (2017: nil). In total $2,026,000 has been paid under this agreement.

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26. EVENTS AFTER THE REPORTING PERIOD

On 31 July 2018, Mr. Alan Doug Buerger retired as a non-executive director of Marenica Energy Limited.

On 19 September 2018, the Company announced that it had completed a placement to raise $1,178,000 million, before costs. The Company will issue 11,780,000 fully paid ordinary shares ("Share") at an issue price of 10 cents per Share plus 5,890,000 attaching Options, which will be granted on the basis of one Option for every two Shares subscribed. The unlisted options will have an exercise price of $0.17 per share, exercisable within two years of grant ("Option"). The Company will pay a cash fee of 6% on the funds raised, before costs and grant 2,000,000 Options to the participating brokers. The placement will be completed in two tranches.

Other than the matters referred to above, there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

(i) the Group's operations in future years; or

(ii) the results of those operations in future years; or

(iii) the Group's state of affairs in future years.

27. FINANCIAL INSTRUMENTS

Overview – Risk Management
This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company and the Group through regular reviews of the risks.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. At 30 June 2018 there were no significant concentrations of credit risk.

Cash and cash equivalents
The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

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27. FINANCIAL INSTRUMENTS (continued)

Trade and other receivables
As the Group operates primarily in exploration activities, it does not have any significant trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Group where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	2018 $	2017 $
Trade and other receivables	7	11,967	37,563
Cash and cash equivalents	18	847,923	473,117

Impairment Losses
None of the Group's receivables are past due (2017: $ nil).

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual flows. Apart from the convertible note, the Group does not have any significant external borrowings.

The Group will need to raise additional capital in the next 12 months to meet forecast operational and development activities. The decision on when and how the Group will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2018

	Note	Carrying amount	Contractual cash flow	6 months or less	>12 months
Trade and other payables	9	78,335	78,335	78,335	-
Directors Fees	9	226,220	226,220	-	226,220
Borrowings	10	1,709,619	1,733,159	1,733,159	-

30 June 2017

	Note	Carrying amount	Contractual cash flow	6 months or less	>12 months
Trade and other payables	9	175,319	175,319	175,319	-
Directors Fees	9	157,224	157,224	-	157,224
Borrowings	10	1,646,902	1,733,159	82,488	1,650,671

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27. FINANCIAL INSTRUMENTS (continued)

Market Risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Currency Risk
The Group's exposure to currency risk at 30 June 2018 on financial assets denominated in Namibian dollars was nil (2017: nil) which amounts are not hedged. The effect of future movements in the exchange rate for Namibian dollars on the Group's financial position and results of fully expensed exploration and evaluation activities is likely to be negligible.

Interest Rate Risk
The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Company adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on short term deposit at interest rates maturing over 30 to 90 day rolling periods.

Profile
At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	2018 $	2017 $
Fixed rate instruments		
Financial assets – cash and cash equivalents	-	-
Financial liabilities – convertible notes	1,709,619	1,646,902
Variable rate instruments		
Financial assets – cash and cash equivalents	847,923	473,117

Fair value sensitivity analysis for fixed rate instruments
The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments
A change of 50 basis points (2017: 50 basis points) in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2017.

	Profit or loss		Equity	
	50bp increase	50bp decrease	50bp increase	50bp decrease
30 June 2018				
Variable rate instruments	4,240	(4,240)	4,240	(4,240)
	50bp increase	**50bp decrease**	**50bp increase**	**50bp decrease**
30 June 2017				
Variable rate instruments	2,366	(2,366)	2,366	(2,366)

Fair Value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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27. FINANCIAL INSTRUMENTS (continued)

Commodity Price Risk
The Group operates primarily in the exploration and evaluation phase and accordingly the Group's financial assets and liabilities are subject to minimal commodity price risk.

Capital Management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. The Group's focus has been to raise sufficient funds through equity or debt to fund its exploration and evaluation activities.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

28. FAIR VALUE MEASUREMENT

Fair value hierarchy
The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

29. ASSET ACQUISITION

On 9 May 2018, the Company acquired 100% of the shares of a Namibian company, Metals Namibia (Proprietary) Limited ("Metals Namibia") from Metals Australia Limited for a total cash consideration of $30,000. Metals Namibia owns a 100% interest in the Mile 72 Uranium Project in Namibia on exclusive prospecting licence 3308 ("EPL 3308").

Metals Namibia has granted Metals Australia Limited a 1.0% gross preferential dividend on any mineral production from the area of EPL 3308.

The Company incurred legal expenses relating to this transaction of $2,227. There were no significant assets or liabilities as at acquisition date and therefore, the total of the cash consideration and legal expenses which total $32,227 has been expensed and included within 'Activity-based expenses costs in the Statement of Profit or Loss and Other Comprehensive Income.

The Directors of the Company declare that:

1. the financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the Company and of the Group are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standards and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the Company's and Group's financial position as at 30 June 2018 and of their performance for the year ended on that date.

2. in the Directors' opinion there are reasonable grounds to believe that the Company and Group will be able to pay their debts as and when they become due and payable.

3. the financial report also complies with International Financial Reporting Standards.

4. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

This declaration is made in accordance with a resolution of the board of Directors.

On behalf of the board.



Andrew Bantock
Chairman
Perth
25 September 2018

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MARENICA ENERGY LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Marenica Energy Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Borrowings

The Convertible Note is the material liability by value. We do not consider the convertible note to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because it is supported by a funding deed and deeds of variation. However due to the materiality in the context of the

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financial statements as a whole, the convertible note is considered to be the area which had the greatest effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence, completeness and valuation of the convertible note included but were not limited to:

- Documenting and assessing the processes and controls in place to record the convertible note and the movements in its value during the year ;
- Agreeing the key terms of the amended convertible note to the funding deed between the issuer and the subscriber dated 12 February 2016; and
- Agreeing and checking the calculations and value of the convertible note and interest to workpapers prepared by the Group's accountants, a reputable mid- tier firm.

We have also assessed the appropriateness of the disclosures included in Notes 1, 10, 13, and 27 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

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accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018.

In our opinion the remuneration report of Marenica Energy Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay

Rothsay Auditing

Dated 25 September 2018

GR Swan

Graham Swan FCA
Partner

The following additional information is required by the Australian Securities Exchange and is current as at 17 September 2018.

(a) Distribution schedule and number of holders of equity securities

	1 – 1,000	1,001 – 5,000	5,001 – 10,000	10,001 – 100,000	100,001 – and over	Total
Fully Paid Ordinary Shares (MEY)	1,230	181	65	112	75	1,663
Unlisted Options – 17.00c 25/5/2020	-	-	-	14	21	35
Unlisted Options – 21.00c 30/11/2021	-	-	-	-	3	3
Unlisted Options – 18.06c 1/12/2019	-	-	-	-	1	1
Unlisted Options – 35.5c 26/11/2018	-	-	-	-	2	2
Convertible Notes	-	-	-	1	-	1
Performance Rights	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares 1,386.

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(b) 20 Largest holders of quoted equity securities

The names of the twenty largest holders of fully paid ordinary shares (ASX code: MEY) are:

Rank	Name	Shares	% of Total Shares
1	Hanlong Energy Limited	7,600,603	13.24
2	Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	5,153,847	8.98
3	BNP Paribas Nominees Pty Ltd	3,024,481	5.27
4	Pershing Australia Nominees Pty Ltd <Phillip Securities (HK) A/C>	2,395,580	4.17
5	J P Morgan Nominees Pty Limited	2,322,535	4.05
6	Citicorp Nominees Pty Limited	2,181,457	3.80
7	Mrs Carol Ann Hill	1,842,858	3.21
8	Equity Trustees Limited <Lowell Resources Fund A/C>	1,653,847	2.88
9	T E & J Pasias Pty Ltd	1,500,000	2.61
10	Gray Foam Super Fund Pty Ltd <Reliance Carpet STF S/F A/C>	1,300,005	2.26
11	Buerger Investments Pty Ltd <D & F Super Fund A/C>	1,245,242	2.17
12	Unisoft Pty Ltd <John Sestan Super Fund A/C>	1,100,000	1.92
13	Sam Goulopoulos Pty Ltd <S Goulopoulos F/Super A/C>	1,084,616	1.89
14	Mr John Ivan Sestan	1,064,740	1.86
15	Lormic Pty Ltd <The LK A/C>	1,000,000	1.74
16	Micdor Pty Ltd <The MN A/C>	1,000,000	1.74
17	Mr Richard Thomas Hayward Daly + Mrs Sarah Kay Daly <Daly Family S/F A/C>	884,616	1.54
18	HSBC Custody Nominees (Australia) Limited	834,522	1.45
19	Bonos Pty Ltd	810,000	1.41
20	Mr Murray Philip Hill + Mrs Carol Ann Hill <Carmu Super Fund A/C>	624,289	1.09
	TOTAL	38,623,238	67.29

Stock Exchange Listing – there are 57,397,824 ordinary fully paid shares of the Company on issue on the Australian Securities Exchange.

The unquoted securities on issue are detailed below in part (d).

(c) Substantial shareholders

Substantial shareholders in Marenica Energy Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Name	Shares
Hanlong Energy Limited	7,600,603
Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	4,705,350

(d) Unquoted Securities

The number of unquoted securities on issue:

Security	Number on issue
Unlisted options, exercisable at $0.17 each on or before 25 May 2020.	7,309,998
Unlisted options, exercisable at $0.21 each on or before 30 November 2021.	422,233
Unlisted options, exercisable at $0.1806 each on or before 1 December 2019.	290,698
Unlisted options, exercisable at $0.355 each on or before 26 November 2018.	320,338
Convertible notes - (face value $1,650,671) convertible at $0.58 per share on or before 14 November 2018.	16,507
Employee performance rights.	202,500

(e) Holder Details of Unquoted Securities

Names of people that hold more than 20% of a given class of unquoted securities (other than unquoted securities issued under an employee incentive scheme) are below:

Security	Name	Number of Securities
Convertible Notes	Hanlong Energy Limited	16,507

(f) Restricted Securities

There were no restricted securities on issue.

(g) Voting Rights

All fully paid ordinary shares carry one vote per ordinary share without restriction.

The options, employee performance rights and the convertible notes have no voting rights.

(h) Company Secretary

The Company Secretary is Mr Shane McBride.

(i) Registered Office

The Company's Registered Office is AMRC Building, 7 Conlon Street, WATERFORD, WA, AUSTRALIA, 6152.

(j) Share Registry

The Company's Share Registry is Advanced Share Registry Services, 110 Stirling Highway, Nedlands WA 6009. Telephone: +61 8 9389 8033. Facsimile: +61 8 9262 3723.

(k) On-Market Buy-back

The Company is not currently conducting an on-market buy-back.

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(I) Corporate Governance

The Board of Marenica Energy Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at www.marenicaenergy.com.au.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

The Group holds the following mineral tenements:

Tenement Number	Registered Title Holder	Registered Interest	Project Name
Namibia			
MDRL 3287	Marenica Minerals (Pty) Ltd	75%	Marenica Uranium
EPL 3308	Metals Namibia (Pty) Ltd	100%	Mile 72 Uranium Project

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REGISTERED OFFICE
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