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MARENICA ENERGY LIMITED

ABN 71 001 666 600

ANNUAL REPORT

30 JUNE 2019

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

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S McBride

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Dear Shareholder,

I am pleased to provide my second Chairman's Letter, introducing your Company's 30 June 2019 Annual Report, at a time when Marenica is poised for transformation on two key fronts:

1. Leveraging our in-country exploration presence, our significant new ground position in Namibia offers a great opportunity to add new uranium resources through exploration and discovery; and

2. At the same time, we are in the process of acquiring over 48 million pounds of high-grade Australian uranium resources, having executed a binding term sheet with Optimal Mining Limited ("Optimal") for the acquisition of Optimal's Australian uranium assets.

We anticipate that similar to our existing Marenica Uranium Project, which contains a 61 million pound uranium resource, the development economics of each of these growth initiatives may be enhanced by applying our patented ***U-pgrade™*** uranium ore beneficiation process.

Upon completion, the Optimal acquisition will elevate Marenica to sit within the leading ASX listed companies, in terms of pounds of uranium resources, across a portfolio of tenements spanning the premier uranium jurisdictions of Namibia and Australia.

Leading Namibian exploration position

Over the past year we have continued to significantly grow our Namibian ground position, which in terms of granted exploration licences and applications, now exceeds over 4,500 km^2; the largest uranium tenement area held by a single company in Namibia.

We targeted this ground on a strategic basis, applying our geological model which posits the movement of uranium mineralisation, from mountain rock formations, through the Namib desert via ancient drainage paths - which we interpret to have fed into some of the most well-known and substantial Namibian uranium deposits.

Included within this ground are recently granted highly prospective tenements in the Koppies area, which abut Deep Yellow Limited's recent Tumas East discovery. Drilling has commenced at Koppies, with initial results defining a large 1,000m long by 800m wide zone of uranium mineralisation, at significant grade.

We intend to push forward with further drilling at Koppies over the course of the coming year, as well as to commence exploration of other priority areas within our granted Namibian tenements.

It will be an active and exciting period.

Adding new high-grade Australian resources

We are delighted to be on the verge of acquiring an outstanding suite of Australian uranium assets.

As announced to ASX on 4 July 2019, and subject to the approval of respective shareholders, Marenica is set to complete the acquisition of the Australian uranium assets of Optimal, adding 48 million pounds of high-grade uranium resources at an average grade of 859 ppm U_3O_8.

The acquisition price is $0.25m cash and 27.5 million shares in Marenica, with the shares to be distributed in-specie to existing Optimal shareholders immediately following completion of the acquisition.

Our pre-acquisition due diligence has highlighted the potential for the uranium ores within the Optimal deposits to be amenable to beneficiation via ***U-pgrade™*** which could, if proven, transform the cost base and therefore the economics of future development of these resources.

This Annual Report provides additional details on the uranium assets to be acquired from Optimal and you will of course be receiving further details of the acquisition in the Notice of Meeting and Prospectus documents which will precede a General Meeting of Shareholders to approve the transaction.

In closing, I again extend my thanks for the leadership and efforts of your CEO Murray Hill, as well as the ongoing support of your CFO Shane McBride, my fellow director Nelson Chen and all who have worked with Marenica over the past year. As a relatively small and lean business we work closely together. The progress in advancing our strategic goals this year is testament to the team dynamic.

Finally, thank-you for your continued support as shareholders. With the physical uranium market shifting to a deficit of supply versus demand in the past year, leading to the potential for a significant future market price improvement, we will continue to work hard to see Marenica recognised for its enviable portfolio of uranium resources and exploration opportunities.

Yours Faithfully



Andrew Bantock

Chairman

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OVERVIEW

Marenica's business strategy is focused on exploring its own projects and acquiring assets on which ***U-pgrade™*** is expected to add value. Over the past year Marenica has:

- ✓ Secured nine new strategic tenements in Namibia, upstream of key mineralised palaeochannels;
- ✓ Intersected significant grade uranium mineralisation in all holes drilled at Koppies;
- ✓ Increased its Namibia tenement package from 321 km² to 4,527 km², (granted and under application);
- ✓ Executed a Binding Term Sheet to acquire high-grade uranium resources in Australia of 48 Mlb at an average grade of 859 ppm U_3O_8; and
- ✓ Acquired resources to which ***U-pgrade™*** has the potential to lower the cost base for development.

As at year-end, the Company had become the largest tenement holder (granted and in application) for nuclear fuel minerals in Namibia, and it was in the process of acquiring a portfolio of Australian uranium resources. Marenica's uranium assets are in politically safe jurisdictions with commercially supportive governments, and the assets are suitable to the application of ***U-pgrade™*** to reduce the cost base. A lower uranium price required to commence development, positions Marenica to provide a pipeline of sustainable developments from its multi asset uranium portfolio into the future, in a market where uranium demand continues to outstrip production.

Expanding its tenement portfolio in Namibia

Marenica has three uranium project areas in the Erongo Region of Namibia, being the Namib Project, Mile 72 Project and Marenica Project. This region has a history of uranium discovery and production over 40 years.

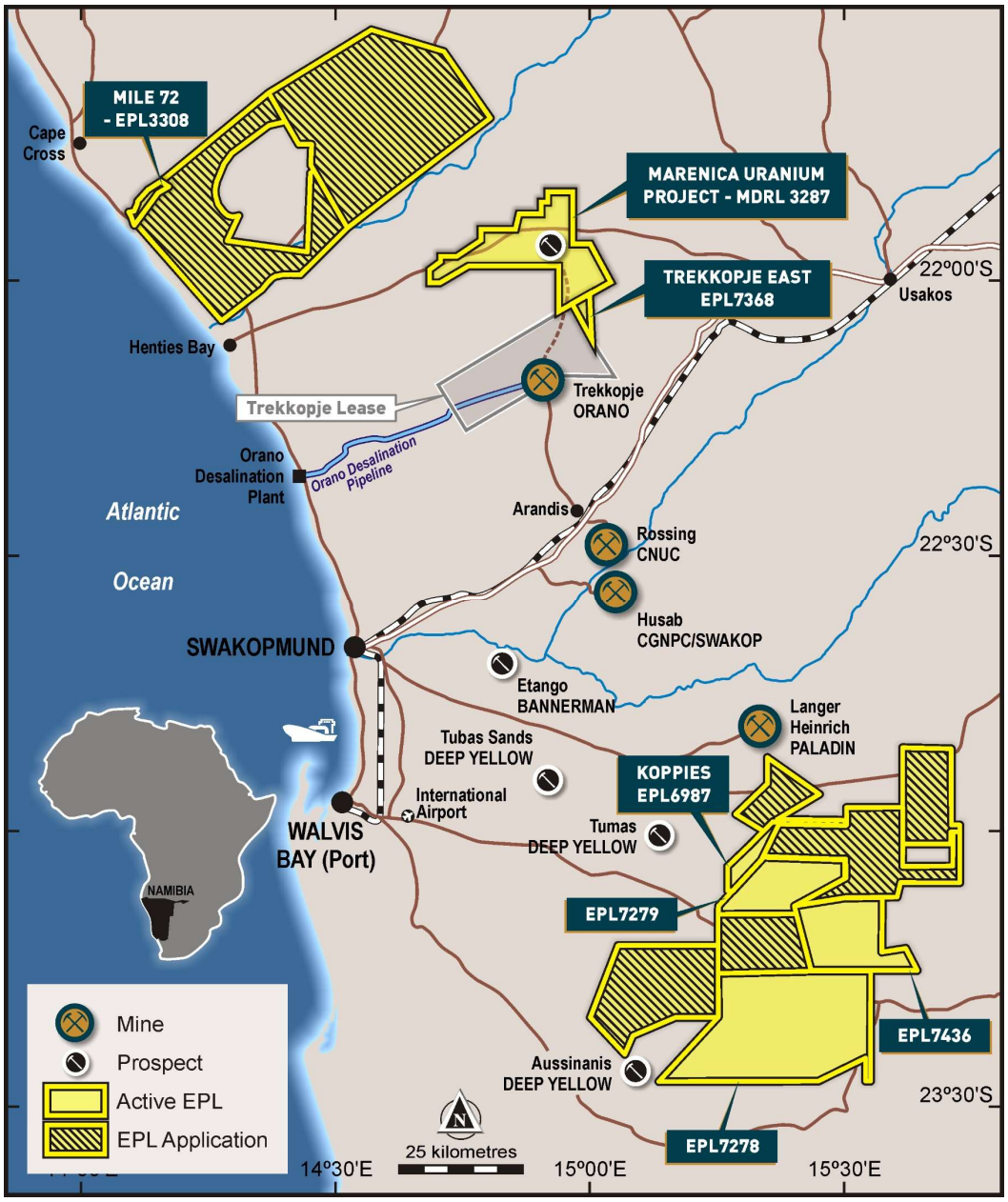
Prior to 2018, Marenica only owned the Marenica Uranium Project in Namibia, on which it developed the ***U-pgrade™*** beneficiation process. In early 2018, Marenica started the process to acquire tenements in the Erongo Region which contained surficial uranium mineralisation, which were likely to be suitable for processing with ***U-pgrade™***.

In order to identify areas to explore Marenica sourced historical reports from exploration activities undertaken by General Mining Union Corporation Limited in the 1970's ("General Mining" – later becoming part of BHP). These reports contained extensive fieldwork which identified exploration targets. The vast majority of these exploration targets are located east of known deposits in the south of the Erongo Region, and had not been followed up since the 1980's. Ground proofing undertaken by Marenica over the past year confirmed the potential of the targets identified by General Mining and also identified additional targets.

During 2018 and 2019, Marenica applied for tenements, dealt with the queries from government departments and facilitated the grant of new tenements. Marenica has also been negotiating with tenement holders to acquire tenements in areas that Marenica believe are strategic to its business strategy. As at year end, Marenica has fourteen tenements in the Erongo Region of Namibia, seven granted and seven under application, totalling 4,527 km², all of which are highly prospective for surficial uranium mineralisation. Over half the tenement area (2,494 km²) is in the Namib Region upstream from the known deposits of Langer Heinrich, Tumas and Aussinanis.

Some of the applications add to Marenica's ground position around Mile 72 and adjacent to the Marenica Uranium Project. The Erongo Region map with Marenica tenements, known as exclusive prospecting licences (EPL) in Namibia, are shown in Figure 1.

Figure 1 - Marenica's tenements in the Erongo Region of Namibia



Late in the year, Marenica was granted environmental clearance to commence exploration on EPL 6987 ("Koppies"), which is within the Namib Project Area and is the first of Marenica's new tenements in the area to be explored. Koppies covers part of the eastern extension of the Tumas palaeochannel, which hosts the Tumas and Tubas uranium deposits owned by Deep Yellow Limited ASX: DYL ("DYL"). The location of Koppies relative to Tumas and Marenica's other EPL's in the region is shown in Figure 2.

On 27 March 2019, DYL announced an inferred resource of 25 million tonnes at 331 ppm U_3O_8 in the Tumas East palaeochannel (DYL ASX announcement 27 March 2019 – "Uranium Resources Expanded by 51% at Tumas 1, 2 and 3 Deposits"). The Tumas East deposit extends from the boundary of EPL 6987 to a distance of 3 km to the west.

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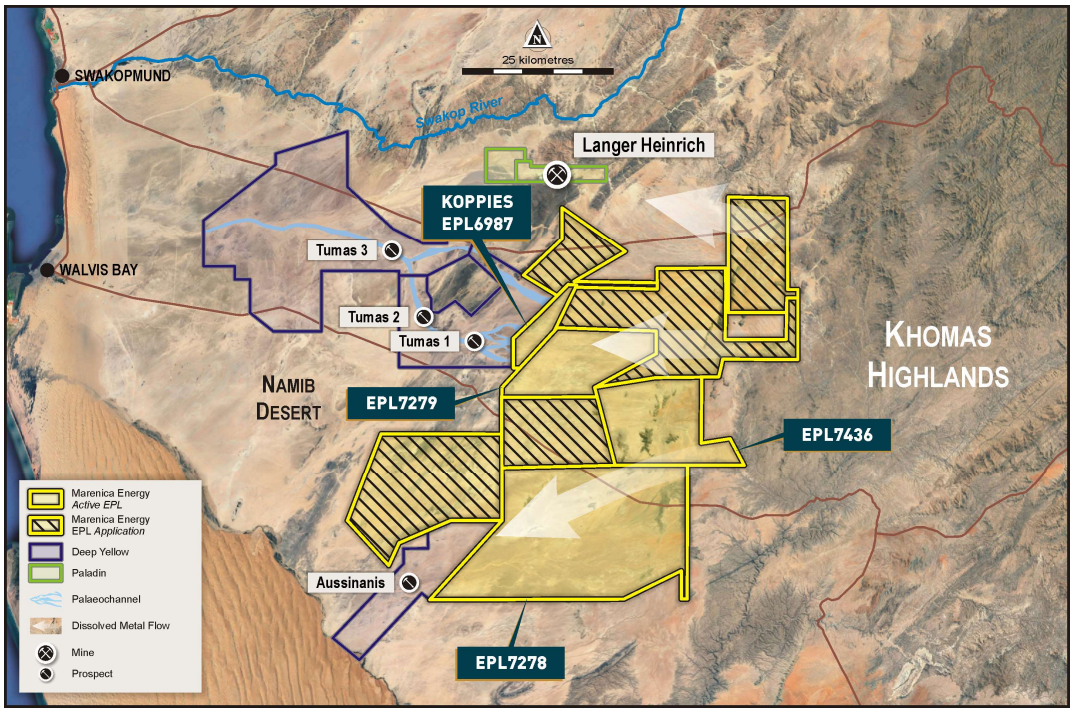
Figure 2 - Marenica's tenements in the Namib region of Namibia



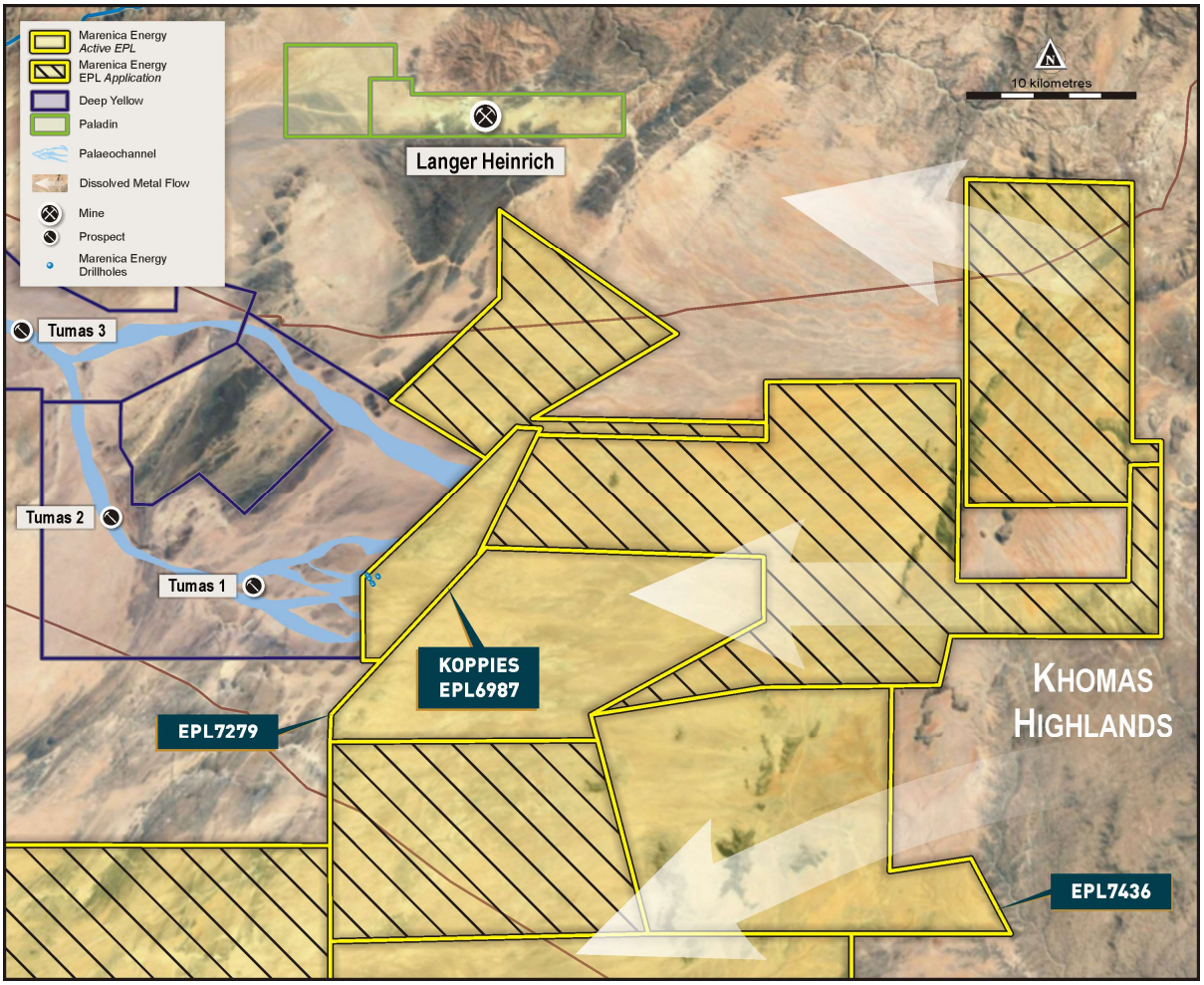
Drilling at Koppies

During July 2019, Marenica commenced exploration of the Koppies licence area, with a small reconnaissance RAB drill program to confirm the presence of uranium mineralisation prior to a more extensive exploration program. All eight holes intersected surficial uranium mineralisation at shallow depths. The results summarised in Table 1 and the location of the drill holes is shown in Figure 3.

Table 1 Drill Hole Assay Results from EPL 6987

Drill Hole		From (m)	To (m)	Interval (m)	U_3O_8 Grade (ppm)	Total Hole Depth (m)
KP001		8	14	**6**	**342**	14
KP002		6	13	**7**	**240**	20
	including	8	11	**3**	**342**	
KP003		2	5	3	170	19
	and	8	14	**6**	**219**	
KP004		1	3	**2**	**253**	17
	and	7	13	**6**	**432**	
KP005		7	13	6	159	19
KP006		6	14	**8**	**263**	17
	including	6	11	**5**	**351**	
KP007		3	9	6	145	12
	including	3	6	**3**	**212**	
KP008		11	16	5	104	18

Figure 3 – Location of Koppies Drill Holes



The uranium mineralisation is shallow, with the deepest 16m below surface. The cross section of drill holes KP001 to KP006 (Figure 4) shows two zones of mineralisation, a zone about 1 to 2 m below surface and the main zone about 7 to 8 m below surface.

The cross section shows a consistent channel of 14 to 19 m deep, broken up by a schist outcrop, about 130 m wide, between holes KP004 and KP005. The broader channel may be split into multiple channels by the schist or this could be an outcrop within the channel. Subsequent to drilling of these holes, geophysical and geochemical work has been in progress to identify channels, the outcome of which will feed into the next stage of drilling.

The results from the drilling confirms mineralisation over a zone of 1,000 m along the length of the channel from the EPL boundary to KP008. The channel is estimated to be about 800m wide but with DYL mineralised drill holes across the EPL boundary further north it is possible the channel could be 1,300 m wide.

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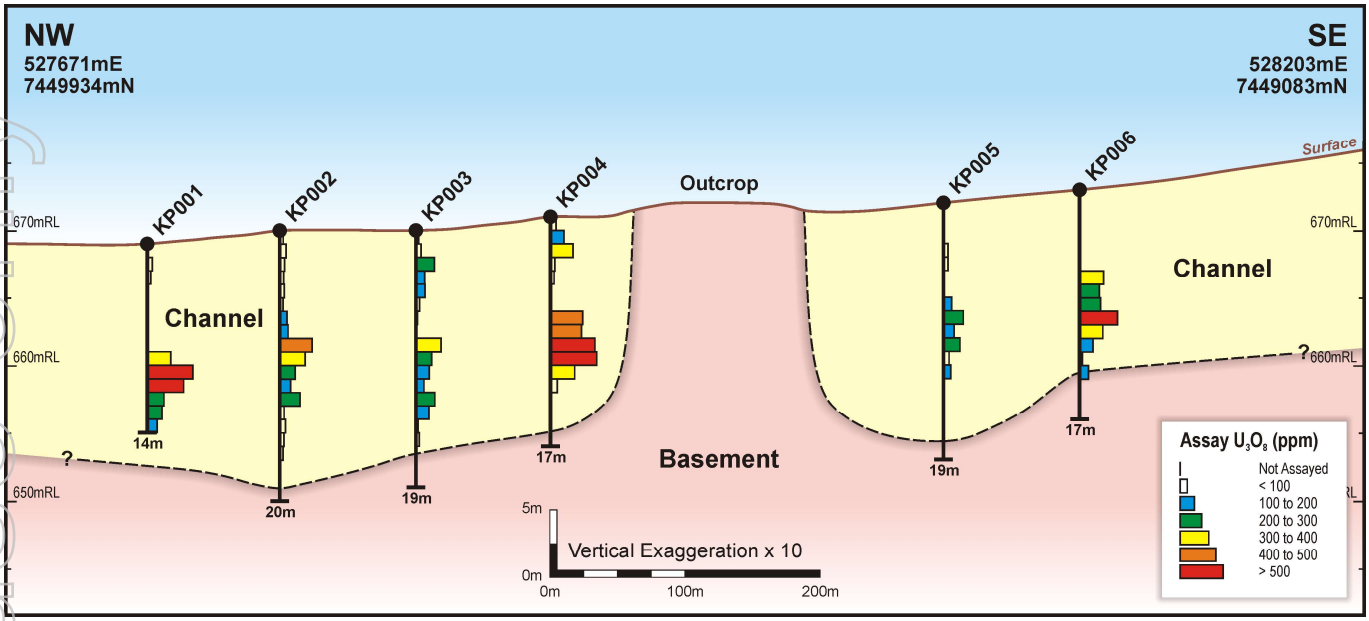
Figure 4 - Cross section of drilling at Koppies



The exploration strategy at Koppies involves completing geophysical and geochemical exploration to identify palaeochannels over 2 km strike lengths, before then drilling to confirm the channel and mineralisation. This sequential exploration program, over each 2 km, is planned to continue over the extent of the EPL.

Marenica plans to use this exploration strategy on all of its tenements in the Namib Project area.

Acquisition of Australian Uranium Projects (subject to completion)

On 4 July 2019, the Company announced that it had executed a binding term sheet with Optimal Mining Limited (Optimal) for the acquisition of Optimal's Australian uranium tenement holdings (Acquisition Assets), which are owned by African Uranium Limited and Jackson Cage Pty Limited (collectively, Acquisition Entities). The Acquisition Entities are 100% owned Australian subsidiaries of Optimal. Marenica will acquire 100% of the share capital of the Acquisition Entities (Optimal Acquisition). Completion of the Optimal Acquisition is subject to a number of conditions.

The outright purchase of the Angela, Thatcher Soak, Oobagooma and Minerva project areas and joint venture holdings in the Bigrlyi, Malawiri, Walbiri and Areva joint ventures in Australia will add 48 Mlb U_3O_8 of high-grade mineral resources to Marenica's asset base. The mineral resources are significant in their own right but could be enhanced when coupled with Marenica's ***U-pgrade™*** beneficiation process.

The Acquisition Assets are significantly more advanced than most of Marenica's Namibian tenements. Most already have estimated mineral resources, one has an historical resource that cannot be reported and most of the remainder are joint venture interests in which Marenica is not the manager nor majority interest holder. Marenica's strategy on these tenements will be to update the historical estimates and JORC 2004 estimates where applicable and consider the application of ***U-pgrade™*** to these mineral resources. This is a more advanced strategy to that being implemented in Namibia.

The project locations of the Acquisition Assets are shown in Figure 5 and the JORC resources to be acquired are listed in Table 2.

All but Thatcher Soak were formerly held by Paladin Energy Limited (ASX:PDN) but Paladin had limited capacity or priority to truly explore and develop these assets.

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Figure 5 – Location of Tenements
(to be acquired from Optimal Mining Ltd)

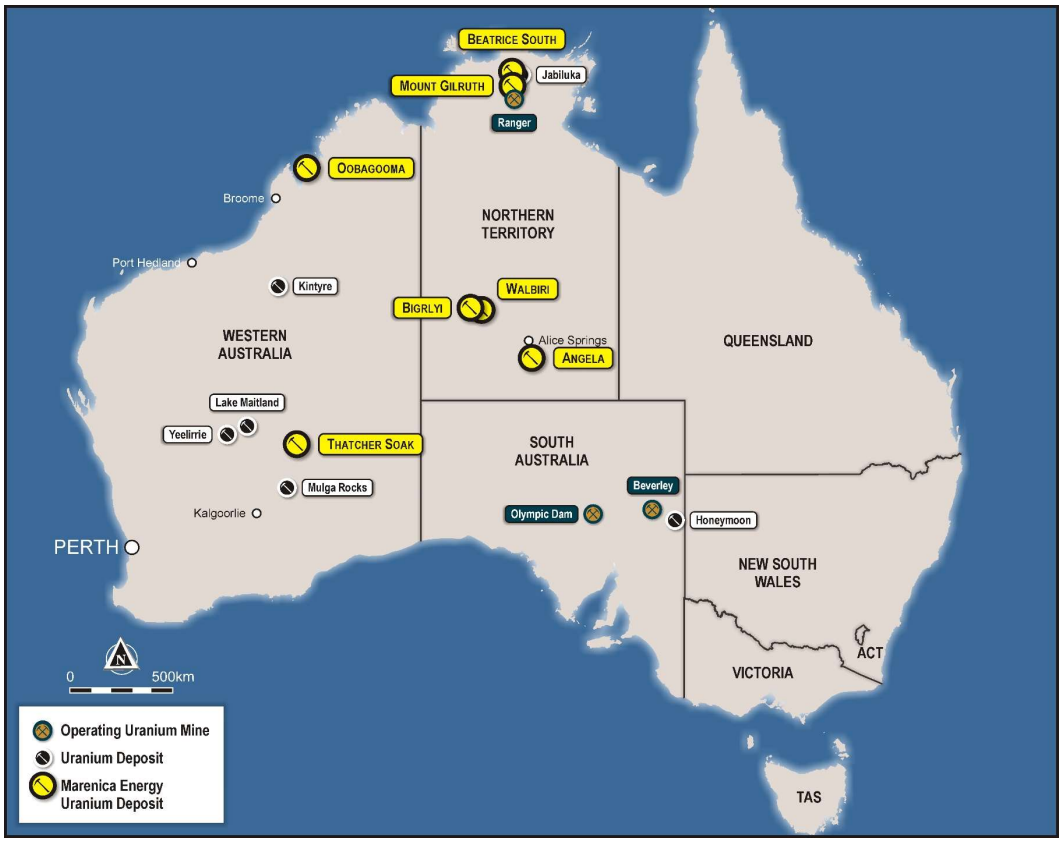

Table 2 - Uranium Mineral Resources in Australia
(to be acquired from Optimal Mining Limited)

Deposit	Category	Cut-off (ppm)	Total Resource Tonnes	Total Resource U_3O_8	Total Resource U_3O_8	Marenica's Share Holding	Marenica's Share Tonnes	Marenica's Share U_3O_8	Marenica's Share U_3O_8
100% Holding									
Angela *	Inferred	300	10.7	1,310	30.8	100%	10.7	1,310	30.8
Thatcher	Inferred	150	11.6	425	10.9	100%	11.6	425	10.9
100% Held Resource			**22.3**	**850**	**41.7**	**100%**	**22.3**	**850**	**41.7**
Bigrlyi Joint Venture									
Bigrlyi Deposit*	Indicated	500	4.7	1,366	14.0				
	Inferred	500	2.8	1,144	7.1				
Bigrlyi Deposit Total		**500**	**7.5**	**1,283**	**21.1**	**20.82%**	**1.55**	**1,283**	**4.39**
Sundberg	Inferred	200	1.01	259	0.57	20.82%	0.21	259	0.12
Hill One JV	Inferred	200	0.26	281	0.16	20.82%	0.05	281	0.03
Hill One EME	Inferred	200	0.24	371	0.19				
Karins	Inferred	200	1.24	556	1.52	20.82%	0.26	556	0.32
Bigrlyi Joint Venture			**10.2**	**1,049**	**23.5**	**20.82%**	**2.07**	**1,065**	**4.86**
Walbiri Joint Venture									
Joint Venture	Inferred	200	5.1	636	7.1	22.88%	1.16	636	1.63
100% EME	Inferred	200	5.9	646	8.4				
Walbiri Total	**Total**	**200**	**11.0**	**641**	**15.5**				
Malawiri Joint Venture									
Malawiri JV	Inferred	100	0.42	1,288	1.20	23.97%	0.10	1,288	0.29
Joint Venture Resource Total			**21.6**	**847**	**40.2**		**3.34**	**923**	**6.77**
Australian Resource Total			**43.9**	**848**	**81.9**		**25.6**	**859**	**48.4**

* JORC 2004 Resources, all others are JORC 2012.

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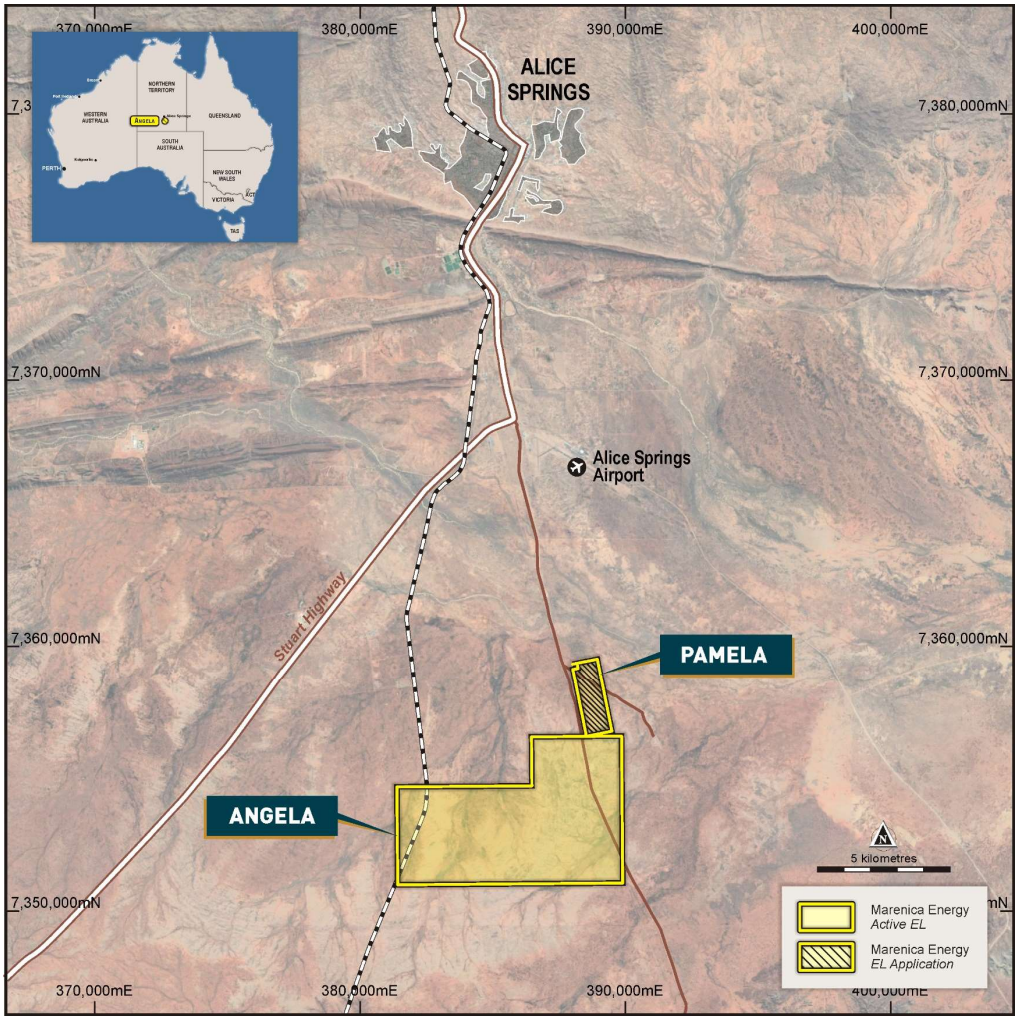
Angela Project (100%)

The Angela Project is a sandstone-hosted roll-front type uranium deposit with an JORC 2004 Inferred Mineral Resource of 30.8 Mlb U_3O_8 at 1,310 ppm U_3O_8, using a cut-off of 300 ppm. The project is located in the Amadeus Basin of the Northern Territory, approximately 25 km from Alice Springs (see Figure 6).

Uranerz Australia Ltd (UAL) discovered the Angela uranium mineralisation through an airborne survey in 1972. Subsequent trenching and drilling confirmed the discovery of uranium mineralisation at Angela and nearby Pamela.

Figure 6 – Location of Angela / Pamela



Thatcher Soak Project (100%)

The Thatcher Soak Project is located within the main Yilgarn calcrete province in Western Australia with a JORC 2012 Inferred Mineral Resource of 10.9 Mlbs U_3O_8 at 425 ppm U_3O_8. Thatcher Soak is a calcrete hosted uranium deposit. Other similar style deposits in this province include Yeelirrie, Centipede and Lake Maitland.

The Project is located approximately 160 km northeast of Laverton in Western Australia, with access via the Great Central Road (see Figure 7).

The calcrete deposit is mostly less than 10 m below surface with the mineralogy similar to other West Australian calcrete deposits tested by Marenica for ***U-pgrade™*** amenability.

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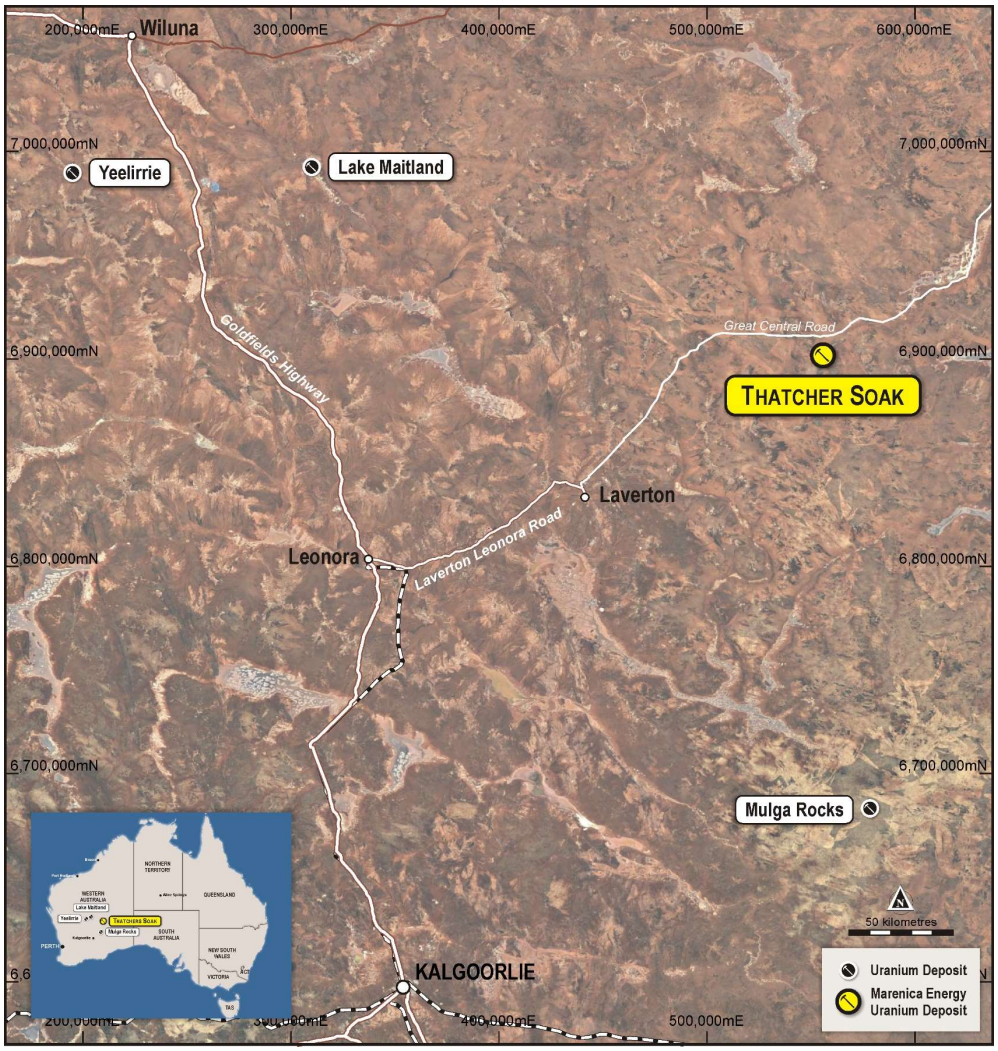
Figure 7 – Location of Thatcher Soak



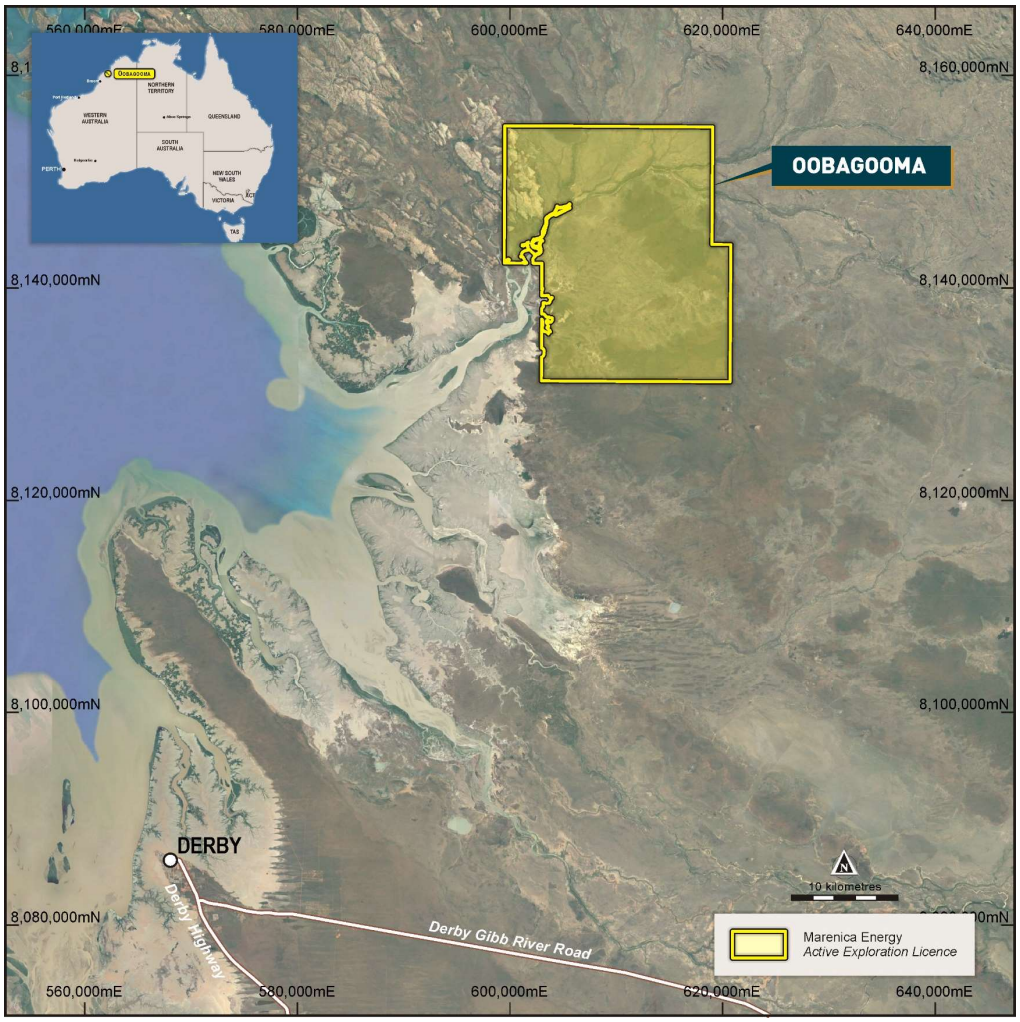
Oobagooma Project (100%)

The Oobagooma Project is located 75 km north east of Derby in the Kimberley Region of Western Australia, on freehold land owned by the Commonwealth of Australia and used by the Australian Army as the Yampi Sound Training Area (see Figure 8). The project area contains a sandstone-hosted uranium deposit discovered by Afmeco Pty Ltd (Afmeco) in 1981. Oobagooma was explored by Afmeco from 1983 to 1986 during which time extensive zones of uranium mineralisation were discovered. Work included drilling totalling 40,536 m with spacing varying from 800 to 12.5 m.

Afmeco defined an historic resource in the Yampi Sandstone. This work defined a 15 to 20 m thick prospective sequence in the Yampi Sandstone which includes a redox front system at least 7 km in length containing 4 to 5 roll fronts showing uranium mineralisation. The uranium mineralisation is largely controlled by a package of reduced sediments located centrally in the Yampi Sandstone at 45 to 80 m depth to the north and 80 to 120 m in the south of the prospect area.

Paladin Energy Limited estimated an historic resource in 2015, but Marenica is unable to refer to that resource and will complete a JORC 2012 compliant resource estimate in due course.

Figure 8 – Location of Oobagooma



Minerva Project (100%)

The Minerva Project covers exploration licences located in the Ngalia Basin approximately 170 km northwest of Alice Springs in the Northern Territory (see Figure 9). Minerva was explored by Agip Australia Pty Ltd and Central Pacific Minerals NL during the 1970's and early 1980's. A number of drilling programs were completed but a JORC resource has not been estimated.

Joint Venture Assets

Bigrlyi Joint Venture (Energy Metals Limited 72.39%, Northern Territory Uranium Pty Ltd 20.82%, Southern Cross Exploration NL 6.79%) (Northern Territory Uranium Pty Ltd will be acquired as part of the Optimal Acquisition.)

The Bigrlyi Joint Venture covers exploration licences located in the Ngalia Basin approximately 320 km northwest of Alice Springs in the Northern Territory (see Figure 9). The Bigrlyi deposit is a sandstone-hosted roll-front type uranium deposit with a total Mineral Resource of 21.1 Mlb U_3O_8 at 1,283 ppm U_3O_8 and also contains a vanadium resource of 19.7 Mlb V_2O_5 at 1,197 ppm V_2O_5 (19.7 Mlb V_2O_5 at 1,197 ppm V_2O_5 in the Indicated Resource Category and 6.3 Mlb V_2O_5 at 1,020 ppm V_2O_5 in the Inferred Resource Category) (see Table 2).

The mineral resources of the Sundberg, Hill One and Karins deposits are also included in the Bigrlyi Joint Venture.

Walbiri Joint Venture (Energy Metals Limited 77.12%, Northern Territory Uranium Pty Ltd 22.88%)

Walbiri is a sandstone-hosted roll-front type uranium deposit with an Inferred Mineral Resource of 15.5 Mlb U_3O_8 at 641 ppm U_3O_8 located in the Ngalia Basin of the Northern Territory (see Figure 9).

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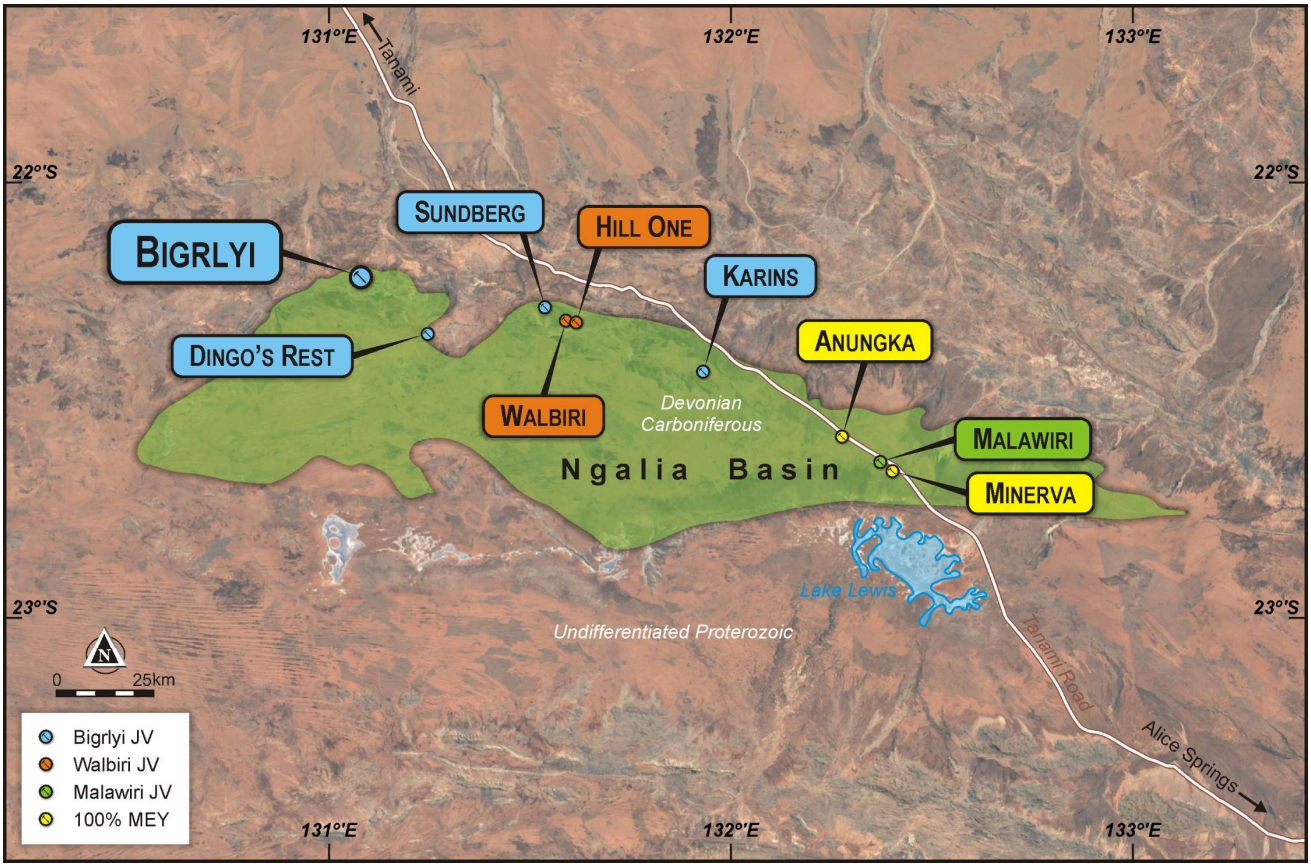
Malawiri Joint Venture (Energy Metals Limited 76.03%, Northern Territory Uranium Pty Ltd 23.97%)

Malawiri is a sandstone-hosted roll-front type uranium deposit with an Inferred Mineral Resource of 1.2 Mlb U_3O_8 at 1,288 ppm U_3O_8 located in the Ngalia Basin of the Northern Territory (see Figure 9).

Areva Joint Venture (Areva Resources Australia Pty Ltd 66.67%, Jackson Cage Pty Ltd 33.33%)

The Areva Joint Venture incorporates the Mount Gilruth Project and Beatrice South Project, which are located near the Ranger Uranium Mine in the Northern Territory (see Figure 5). These tenement applications do not contain JORC resources.

Figure 9 – Ngalia Basin Projects



***U-pgrade™* Beneficiation Process**

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

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

- Uranium concentration is increased approximately 50 times 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.

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Beyond application at the Marenica Uranium Project, Marenica has determined, through bench scale testing, that Deep Yellow's Tumas Deposit, Paladin's Langer Heinrich Deposit, Orano's Trekkopje Deposit and Toro Energy's Wiluna Deposit, are amongst those that are amenable to the ***U-pgrade™*** process.

Marenica's business strategy is to acquire tenements with uranium mineralisation styles suitable for processing via its breakthrough proprietary ***U-pgrade™*** beneficiation process. The patented ***U-pgrade™*** beneficiation process, was demonstrated in the 2017 Scoping Study to materially lower development and operating costs for the calcrete hosted Marenica Uranium Project. The ***U-pgrade™*** process is applicable to surficial style uranium mineralisation, of which calcrete hosted uranium deposits are included in the surficial category.

Marenica Uranium Project Resource

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

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

Table 3 - Marenica Project Resource Estimate

Marenica Uranium Project **Total Mineral Resources as at 30 June 2019 *(at a 50ppm U_3O_8 cut-off grade)***			
Resource Category	**Tonnes (millions)**	**U_3O_8 Grade (ppm)**	**U_3O_8 Mlb**
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**

In November 2011, Optiro Pty Ltd completed a mineral resource estimate for the Marenica Project for the Company. The Company confirms that it is not aware of any new information or data that materially affects the mineral resource estimate.

The mineral resource as at 30 June 2019 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.

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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 2019 (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, 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.

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

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 Resources Limited 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 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

* Denotes current directorship

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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.

Directors' interests

The interests of Directors in securities of the Company are:

Director	Fully Paid Ordinary Shares		Options	Performance Rights
	At 30 June 2019	At 30 June 2018		
M Hill	2,542,858	2,467,147	3,600,000	202,500
D Buerger[1]	1,245,242	1,245,242	-	-
N Chen	1,331,707	1,331,707	1,292,857	-
A Bantock	200,000	200,000	1,100,000	-

1 Retired on 31 July 2018

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 37 years of commercial management experience gained in listed Australian public companies including 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 three 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 2019 (30 June 2018: Nil).

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PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year was to create value through exploration and evaluation of its mineral tenements through the potential application of the Company's patented ***U-pgrade™*** uranium beneficiation process to its own mineral tenements and those of third parties.

OPERATING RESULTS FOR THE YEAR

The total loss of the Group attributable to the owners of Marenica Energy Limited for the financial year was $1,296,861 (2018: $1,245,098).

FINANCIAL POSITION AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Group has significantly improved its balance sheet position during the year after reporting net assets of $503,750 from a net liabilities position of $1,207,265 at 30 June 2018. This is a result of the conversion of the Hanlong Mining Limited loan of $1,650,671 at the maturity date of 13 November 2018, into shares in the Company at $0.58 per share.

Cash on hand at 30 June 2019 was $487,862 (2018: $847,923).

On 24 September 2018, the Company competed Tranche One of an equity Placement raising $860,967. On 13 November 2018, the Company competed Tranche Two of the Placement raising $317,033.

On 13 November 2018, the Company eliminated convertible notes with a face value of $1,650,671, by the issue of shares at $0.58 per share.

Other than the changes mentioned above, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 4 July 2019, the Company announced that it executed a binding term sheet with Optimal Mining Limited ("Optimal") for the acquisition of Optimal's Australian uranium tenements ("Acquisition Assets"). The Company will acquire the Acquisition Assets from Optimal by paying cash of $250,000 and issuing 27,500,000 convertible preference shares ("CPS"), which Optimal will then in-specie distribute to its shareholders, at which time the CPS will automatically convert into ordinary shares in Marenica. Completion of the purchase is subject to a number of conditions, including that the CPS in the Company will be in-specie distributed to Optimal's shareholders. On completion, the company will acquire the interests in three Australian subsidiaries of Optimal which collectively hold 16 mining tenements and joint venture interests in 28 mining tenements in Western Australia and the Northern Territory that are prospective for uranium.

On 26 July 2019, the Company announced that it completed a capital raising for a total of $1,601,242, before costs ("Placement"). The Company issued 16,012,417 fully paid ordinary shares at an issue price of 10 cents per share ("Share") plus, subject to shareholder approval, 16,012,417 free attaching options, which will be granted on the basis of one Option for every Share subscribed. The unlisted options will have an exercise price of $0.17 per share, exercisable within two years of grant ("Placement Option"). The Company will pay a cash fee of 6% on the funds raised, before costs and grant two options for every one dollar of cash raised for a total of 3,202,483 Options ("Broker Options") to the participating brokers.

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 explore and evaluate its mineral tenements and potentially apply its patented ***U-pgrade™*** uranium beneficiation process to its own mineral tenements and those of third parties.

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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.

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
1 December 2019	$0.1806	290,698
25 May 2020	$0.17	7,309,998
30 November 2021	$0.21	422,233
13 December 2020	$0.17	5,890,000
13 December 2020	$0.17	2,000,000
13 December 2020	$0.17	7,600,000

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 the Directors options with an expiry date of 1 December 2019 and 30 November 2021, in the event of exercise the Company is required to 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 $13,041 (2018: $12,751).

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	7	7
A Bantock	7	7
D Buerger[1]	1	1
N Chen	7	7

1 Retired on 31 July 2018

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration for the year ended 30 June 2019 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.

ROTHSAY
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The Directors
Marenica Energy Ltd
Suite C1 1139 Hay St
West Perth WA 6005

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 2019 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 26TH September 2019

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

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This remuneration report for the year ended 30 June 2019 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
M Hill	Managing director and CEO
N Chen	Non-executive director
D Buerger	Non-executive director – Retired on 31 July 2018

(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.

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 interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

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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*

Effective 15 June 2019, Mr McBride's remuneration is based on a fixed monthly retainer of $25,000 for 5 days per week, with a 2-month notice period for either party.

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

30-Jun-2019	Fees & Consulting Paid	Super-annuation Paid	Fees & Consulting Accrued	Super-annuation Accrued	Share-based Payments	Total	% of Equity Based Payments
Directors							
M Hill	260,000	24,700	-	-	83,709	368,409	22.72%
A Bantock	57,680	2,820	-	-	21,646	82,146	26.35%
D Buerger[1]	3,750	-	-	-	-	3,750	-%
N Chen	41,096	3,904	-	-	21,646	66,646	32.48%
Total Directors	362,526	31,424	-	-	127,001	520,951	24.38%
Other KMP							
S McBride	168,138	15,617	-	-	43,292	227,047	19.07%
Total executive KMP	168,138	15,617	-	-	43,292	227,047	19.07%
Totals	530,664	47,041	-	-	170,293	747,998	22.77%

1 Retired on 31 July 2018.

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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.

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 2019

During the 2019 financial year, the following options lapsed:

Expiry Date	Exercise Price	Number under Option
26 November 2018	$0.355	320,338

The following options were issued during the year:

Expiry Date	Exercise Price	Number under Option
13 December 2020	$0.17	7,600,000

These options were fair valued at $0.021546 using the Black Scholes option pricing model.

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
30 November 2021	$0.21	422,233

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

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F. Shareholdings for Key Management Personnel

30 June 2019	Balance at 1 July 2018	Purchased/ (Sold) during the year	Granted as remuneration	Balance at 30 June 2019
Directors				
M Hill	2,467,147	75,711	-	2,542,858
D Buerger [1]	1,245,242	-	-	1,245,242
N Chen	1,331,707	-	-	1,331,707
A Bantock	200,000	-	-	200,000
Other KMP:				
S McBride	18,300	51,700	-	70,000
	5,262,396	127,411	-	5,389,807

1 Retired 31 July 2018

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

G. Option holdings for Key Management Personnel

					Vested at 30 June 2019		
30 June 2019	Balance at 1 July 2018	Exercised	Issued	Balance at 30 June 2019	Total	Exercisable	Not exercisable
Directors							
M Hill	-	-	3,600,000	3,600,000	3,600,000	3,600,000	-
D Buerger[1]	-	-	-	-	-	-	-
N Chen	292,857	-	1,000,000	1,292,857	1,292,857	1,292,857	-
A Bantock	100,000	-	1,000,000	1,100,000	1,100,000	1,100,000	-
Other KMP							
S McBride	207,948	-	2,000,000	2,207,948	2,207,948	2,207,948	-
	600,805	-	7,600,000	8,200,805	8,200,805	8,200,805	-

1 Retired 31 July 2018

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

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

H. Performance Rights for Key Management Personnel

30 June 2019	Balance at 1 July 2018	Issued	Vested	Balance at 30 June 2019	Total	Unvested
Directors						
M Hill	202,500	-	-	202,500	202,500	202,500
A Bantock	-	-	-	-	-	-
D Buerger[1]	-	-	-	-	-	-
N Chen	-	-	-	-	-	-
Other KMP						
S McBride	-	-	-	-	-	-
	202,500	-	-	202,500	202,500	202,500

1 Retired 31 July 2018

On 14 July 2016, the Company 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.

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- 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. In any case, the performance rights lapse on 14 July 2023, if they are not vested.

Following the signing of the Technology Licence Agreement with Deep Yellow Limited in 2016, including at the time, advice of its intention to fund a pilot plant to demonstrate the ***U-pgrade***^{TM} 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

26 September 2019

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	Note	2019 $	2018 $
Continuing operations			
Revenue			
Interest received	4	14,703	6,254
Research and development tax refund	4	101,654	103,403
Other income	4	18,336	47,200
		134,693	156,857
Expenses			
Exploration and evaluation expenses		(220,574)	(106,227)
Share based employee benefits		(170,293)	(158,510)
Employee benefit expense		(562,543)	(366,376)
Foreign exchange loss	5	(10,419)	(8,518)
Administration expenses		(390,302)	(563,588)
Depreciation expense	5	(4,317)	(3,964)
Finance expense	5	(73,106)	(194,772)
Total expenses		(1,431,554)	(1,401,955)
Loss before income tax expense		(1,296,861)	(1,245,098)
Income tax (expense)/benefit	6	-	-
Net loss for the year		(1,296,861)	(1,245,098)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,296,861)	(1,245,098)
Loss for the year is attributable to:			
Owners of Marenica Energy Limited		(1,296,861)	(1,245,098)
Non-controlling interests		-	-
		(1,296,861)	(1,245,098)
Total comprehensive loss for the year is attributable to:			
Owners of Marenica Energy Limited		(1,296,861)	(1,245,098)
Non-controlling interests		-	-
		(1,296,861)	(1,245,098)
Earnings per share			
Basic loss per share (cents per share)	20	(1.89)	(2.62)

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.

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	18	487,862	847,923
Trade and other receivables	7	283,026	11,967
Total Current Assets		770,888	859,890
Non-Current Assets			
Plant & equipment	8	20,886	13,360
Trade and other receivables	7	7,290	-
Total Non-Current Assets		28,176	13,360
TOTAL ASSETS		799,064	873,250
LIABILITIES			
Current Liabilities			
Trade and other payables	9	170,276	304,555
Borrowings	10	-	82,488
Employee benefits	11	91,053	66,341
Total Current Liabilities		261,329	453,384
Non-Current Liabilities			
Borrowings	10	-	1,627,131
Employee benefits	11	33,985	-
TOTAL LIABILITIES		295,314	2,080,515
NET ASSETS / (LIABILITIES)		503,750	(1,207,265)
EQUITY			
Contributed equity	12	51,030,575	48,072,158
Reserves	13	409,674	423,299
Accumulated losses	14	(50,936,499)	(49,702,722)
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF MARENICA ENERGY LIMITED		503,750	(1,207,265)
Non-controlling interests		-	-
TOTAL EQUITY		503,750	(1,207,265)

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

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30 June 2019	Notes	Issued Capital	Accumulated Losses	Reserves	Total	Non-controlling Interests	Total Equity
Balance at beginning of year		48,072,158	(49,702,722)	423,299	(1,207,265)	-	(1,207,265)
Loss for the year	14	-	(1,296,861)	-	(1,296,861)	-	(1,296,861)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		-	(1,296,861)	-	(1,296,861)	-	(1,296,861)
Transactions with owners in their capacity as owners:							
Issue of shares		1,178,000	-	-	1,178,000	-	1,178,000
Share issue costs		(153,228)	-	-	(153,228)	-	(153,228)
Transfer on exercise or expiry of equity	12, 13	1,933,445	-	(163,926)	1,769,519	-	1,769,519
Options issued during year	13	200	-	207,602	207,802	-	207,802
Options lapsed during year	13	-	63,084	(63,084)	-	-	-
Performance Rights vesting	13	-	-	5,783	5,783	-	5,783
Balance at end of year		**51,030,575**	**(50,936,499)**	**409,674**	**503,750**	**-**	**503,750**

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)
Opening balance difference				-	-	-	-
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		-	-	-	-	-	-
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)**

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

	Note	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,255,312)	(963,572)
Research and development refund received		101,654	103,403
Interest received		14,703	6,254
Interest paid		(13,205)	(13,205)
Net cash outflow from operating activities	19	(1,152,160)	(867,120)
Cash flows from investing activities			
Purchase of plant and equipment		(11,869)	-
Investments in subsidiaries		(672)	-
Loans to other entities		(250,000)	-
Cash generated / (used) in investing activities		(262,541)	-
Cash flows from financing activities			
Proceeds from issue of equity securities		1,178,200	1,244,160
Expenses from issue of equity securities		(123,564)	(182,318)
Proceeds from convertible loan		-	180,000
Cash generated / (used) in financing activities		1,054,636	1,241,842
Net increase/(decrease) in cash and cash equivalents		(360,065)	374,722
Cash and cash equivalents at the beginning of the financial year		847,922	473,117
Effects of foreign exchange changes on cash and cash equivalents		5	84
Cash at the end of the financial year	18	487,862	847,923

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 2019 were authorised for issue in accordance with a resolution of the Directors on 26 September 2019.

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 $1,296,861 (2018: $1,245,098) and net operating cash outflows of $1,152,160 (2018: $867,120). These were offset by net cash inflows from financing activities of $1,054,636 (2018: $1,241,842).

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 the year-end, the Company announced that it had raised equity capital of $1,601,242, before costs, see Note 26. The $1,601,242 plus cash as at 30 June 2019, provides the Company with cash funds of $2,089,104, before the cost of the capital raising.

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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 2019 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 include 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. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit and loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be 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 a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(j) Provisions and employee benefits

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group 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.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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).

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. There was no impact on the Group upon the adoption of AASB 15.

(ii) Early adoption of standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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 Group will adopt this standard from 1 July 2019 and its impact on adoption is expected to result in total assets increasing by $50,524, total liabilities increasing by $51,002 and net assets decreasing by $748.

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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.

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.

4. REVENUE FROM CONTINUING OPERATIONS

	2019 $	2018 $
Other income	18,336	47,200
Research and development tax refund	101,654	103,403
Interest received	14,703	6,254

5. EXPENSES

Loss before income tax includes the following specific expenses:

Depreciation		
Plant and equipment	4,317	3,964
Finance costs		
Convertible notes	73,106	194,772
Net foreign exchange loss/(gain)	10,419	8,518
Rental expense relating to operating lease		
Minimum lease payments	41,472	10,366
Superannuation expense		
Defined contribution superannuation expense	56,818	42,381
Share-based payments expense		
Equity-settled share based payments	170,293	24,332

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	2019 $	2018 $
6. INCOME TAX		
Loss for year	(1,296,861)	(1,245,098)
Tax expense/(benefit) at tax rate of 27.5% (2018: 27.5%)	(356,637)	(342,402)
Tax effect of amounts that are not deductible/taxable in calculating taxable income	28,122	(370)
Deferred tax assets not brought to account	(38,521)	(12,294)
Revenue losses not brought to account	367,036	355,066
Income tax expense/(benefit)	-	-

DEFERRED TAX

Deferred Tax Assets
at 27.5% (2018: 27.5%) unless stated otherwise

Provisions and accruals	36,671	47,720
Capital raising costs	70,955	111,361
Overseas tax losses (at 32% corporate tax rate)	574,395	502,202
Australian capital losses carried forward	1,001,933	1,001,933
Australian carried forward revenue losses	7,185,800	6,946,136
	8,869,754	8,609,352

The tax benefit of the above Deferred Tax Assets will only be obtained if:

a) The company derives future assessable income or a nature and of an amount sufficient to enable the benefits to be utilised; and
b) The company continues to comply with the conditions for deductibility imposed by law; and
c) No changes in income tax legislation adversely affect the company in utilising the benefits

Deferred Tax Liabilities
at 27.5% (2018: 27.5%)

Prepayments	1,081	-
Convertible note	-	6,474
	1,081	6,474

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised

7. TRADE AND OTHER RECEIVABLES

Current Assets

GST and VAT refundable	33,026	10,523
Other receivables	-	1,227
Loans to entities	250,000	-
Rental & Security Bonds	-	217
	283,026	11,967

The Company has provided Optimal Mining Limited a bridge loan of $250,000 to provide funding for Optimal while it completes the sale of its Australian Uranium Assets to Marenica. This amount will be offset against the cash portion of the purchase price of $250,000 and the loan facility will terminate on 30 September 2019, subject to any amendment of that date.

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)
Other receivables	3,930	-
Rental & Security Bonds	3,360	-
	7,290	-

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7. TRADE AND OTHER RECEIVABLES (continued)

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.

	2019 $	2018 $
8. PLANT AND EQUIPMENT		
Cost	112,143	102,395
Less: Accumulated Depreciation	(91,257)	(89,035)
Net book value	20,886	13,360
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	13,360	17,325
Additions	11,870	-
Disposals	(27)	-
Profit on sale	-	-
Depreciation charge	(4,317)	(3,965)
Closing net book amount	20,886	13,360

9. PAYABLES

Trade payables	69,019	56,235
Accrued charges	101,257	248,320
	170,276	304,555

Included in Accrued charges is the sum of $97,500 (2018: $226,220) relating to unpaid non-executive Directors fees (inclusive of superannuation) at year end. The sum of $97,500 relates to the Company's obligation to fund the exercise price of options issued to Directors should those specific Directors choose to 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
Non-Current Liabilities		
Convertible note	-	1,627,131
	-	1,627,131

On 13 November 2018, the Company settled and eliminated the Convertible Notes of $1,650,671 and part of the outstanding interest of $118,849 by the issue of 4,034,469 shares. The Company settled the balance of the outstanding interest through the payment of $13,205 in cash. Refer to Note 12 for further details.

Over the term of the Convertible Note, the debt component increased 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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	2019 $	2018 $
11. PROVISIONS		
Current Liabilities		
Provision for annual leave	91,053	66,341
	91,053	66,341
Non-Current Liabilities		
Provision for long service leave	33,985	-
	33,985	-

12. CONTRIBUTED EQUITY

(a) Ordinary Shares

Paid up capital – ordinary shares	52,308,844	49,197,199
Capital raising costs capitalised	(1,278,269)	(1,125,041)
	51,030,575	48,072,158

Movement during the year:	**Number of shares**	**$**
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
Balance at 1 July 2018	57,397,824	48,072,158
Share placement on 24 September 2018	8,609,674	860,967
Share placement on 13 November 2018	3,170,326	317,033
Share issued to convert converting loan and in lieu of interest on convertible notes on 13 November 2018	4,034,469	1,769,519
Share options issued on 13 December 2018		200
Add: Transfer from convertible note reserve	-	163,926
Less: Share issue costs	-	(153,228)
Balance at 30 June 2019	73,212,293	51,030,575

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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12. CONTRIBUTED EQUITY (continued)

(b) Shares Options

Movements in share options:	Unlisted, $0.17 Options 13/12/20	Unlisted, $0.17 Options 13/12/20	Unlisted, $0.21 Options 30/11/21	Unlisted, $017 Options 25/05/20	Unlisted, $0.1806 Options 01/12/19	Unlisted, $0.355 Options 26/11/18
Balance at 1 July 2017	-	-	-	-	290,698	320,338
Issued during the year	-	-	422,233	7,309,998	-	-
Exercised during the year	-	-	-	-	-	-
Balance at 30 June 2018	-	-	422,233	7,309,998	290,698	320,338
Issued during the year	7,890,000	7,600,000	-	-	-	-
Lapsed during the year	-	-	-	-	-	(320,338)
Balance at 30 June 2019	7,890,000	7,600,000	422,233	7,309,998	290,698	-

13. RESERVES

	2019 $	2018 $
Share-based payments reserve	409,674	259,373
Convertible note reserve	-	163,926
	409,674	423,299

(A) Share-Based Payments Reserve

Balance at beginning of year:	259,373	111,301
Options issued during the year	207,602	142,288
Options lapsed during the year	(63,084)	-
Performance rights vesting (b)	5,783	5,784
Balance at end of year:	409,674	259,373

(i) Share Options

	Number of options	$	Weighted average exercise price $
Movements in share options			
Balance as at 1 July 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
Options lapsed	(320,338)	(63,084)	0.3550
Options issued ref. (a) next page	15,490,000	207,602	0.17
Balance as at 30 June 2019	23,512,929	380,996	0.1708

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13. RESERVES (continued)

(ii) Performance Rights

Movements in performance rights	
Balance as at 1 July 2017	17,111
Rights vesting ref. (b) next page	5,784
Balance as at 30 June 2018	22,895
Rights vesting ref. (b) next page	5,783
Balance as at 30 June 2019	28,678
Total (i) & (ii) Share Based Payments Reserve	**409,674**

(a) On 13 December 2018, the Company issued 2,000,000 options exercisable at $0.17 each on or before 13 December 2020, to a broker as part of fees relating to a placement of shares and options. In the year ended 30 June 2019, no options were exercised.

The fair value of these options is $0.021546 per option (a subscription amount of $0.001 was paid by the broker and this amount has been taken off the valuation) for a total value of $43,092. 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	$0.08
Exercise price	$0.17
Expected volatility	95.85%
Option life	2 years
Risk-free interest rate	1.992%

On 13 December 2018, shareholders approved the issue of 7,600,000 options exercisable at $0.17 each on or before 13 December 2020, to directors and management of the Company.

The fair value of these options is $0.021646 per option for a total value of $164,510. 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	$0.08
Exercise price	$0.17
Expected volatility	95.85%
Option life	2 years
Risk-free interest rate	1.992%

(b) As at the reporting date, 202,500 performance rights remain which have not yet vested. However, the expense relating to the fair value of these 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.

	2019 $	**2018 $**
(B) Convertible Note Reserve		
Balance at beginning of year:	163,926	163,926
Balance at end of year:	-	163,926

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13. RESERVES (continued)

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 of the convertible note.

14. ACCUMULATED LOSSES

	2019 $	2018 $
Accumulated losses at beginning of year	(49,702,722)	(48,457,624)
Net losses attributable to members of the parent entity	(1,296,861)	(1,245,098)
Options lapsed during the year	63,084	
Accumulated losses at the end of the year	(50,936,499)	(49,702,722)

15. SEGMENT INFORMATION

The Group operates predominately in the mineral exploration and evaluation 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. 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 2019	% Equity Interest 2018
Marenica Energy Namibia (Pty) Ltd	Namibia	100%	100%
Marenica Minerals (Pty) Ltd	Namibia	75%	75%
Marenica Ventures (Pty) Ltd	Namibia	100%	100%
Uranium Beneficiation Pty Ltd	Australia	100%	100%
Metals Namibia Pty Ltd	Namibia	100%	100%

(b) Ultimate parent

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

(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.

16. RELATED PARTIES (continued)

(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 2019 was $nil (2018: $7,750).

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.

	2019 $	2018 $
Exploration expenditure		
The Company has been granted tenements in Namibia which have the following exploration commitments		
Within one year	440,492	-
Between 1 and 5 years	993,385	-
	1,433,877	-
Building Lease		
The Company has leased an office in Perth from November 2018 for 2 years at $40,320 per annum. The Company has leased a secure storage shed in Namibia from August 2018 for 1 year at ~ $9,516 per annum		
Within one year	40,386	6,630
Between 1 and 5 years	13,440	-
	53,826	6,630

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	487,862	847,923
Balance per statement of cash flows	487,862	847,923

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	2019 $	2018 $
19. RECONCILIATION OF LOSS AFTER INCOME TAX TO CASH FLOWS USED IN OPERATING ACTIVITIES		
Operating Profit (Loss)	(1,296,861)	(1,245,098)
Add (less) non-cash items		
Depreciation	4,317	3,964
Share-based payments	132,330	256,690
Amortisation of convertible note	23,541	62,718
Unrealised foreign exchange loss / (gain)	4,952	(251)
Decrease/increase in operating assets and liabilities:		
Receivables	(28,917)	25,718
Trade and other payables	(132,707)	15,740
Provisions	58,697	13,399
Accrued interest	82,488	-
Net cash (outflow) from operating activities	(1,152,160)	(867,120)
20. EARNINGS PER SHARE		
(a) Basic earnings per share – cents per share		
Loss attributable to the ordinary equity holders of the Company	(1.89)	(2.62)
(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	68,554,455	47,573,840
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	16,200	23,500
Audit and review of financial reports of Namibian subsidiaries	4,524	6,479
(b) **Other services**		
Income tax return preparation	-	-
Total remuneration of auditors	20,724	29,979

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	530,664	532,038
Post-employment benefits	47,041	39,080
Share-based payments	170,293	158,510
Total compensation	747,998	729,628

23. SHARE BASED PAYMENTS

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

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Expired/ forfeited/ other	Balance at the end of the year
13/12/2018	13/12/2020	$0.17	-	7,890,000	-	7,890,000
13/12/2018	13/12/2020	$0.17	-	7,600,000	-	7,600,000

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	-	7,309,998	-	7,309,998

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

Grant date	Expiry date	2019 Number	2018 Number
3/11/2014	26/11/2018	-	320,338
30/11/2015	1/12/2019	290,698	290,698
22/11/2017	30/11/2021	422,233	422,233
25/05/2018	25/05/2020	7,309,998	7,309,998
13/12/2018	13/12/2020	7,890,000	-
13/12/2018	13/12/2020	7,600,000	-
		23,512,929	8,343,267

The weighted average exercise price during the financial year was $0.1708 (2018: $0.1795).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.29 years (2018: 1.91 years).

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24. PARENT ENTITY FINANCIAL INFORMATION

(a) Information relating to Marenica Energy Limited

	2019 $	2018 $
Current Assets	748,855	854,350
Non-Current Assets	20,886	45,560
Total Assets	769,741	899,910
Current Liabilities	(257,572)	(441,239)
Non-Current Liabilities	(33,985)	(1,627,131)
Total Liabilities	(291,557)	(2,068,369)
NET ASSETS	478,184	(1,168,459)
EQUITY		
Issued capital	51,030,575	48,072,158
Reserves	409,674	423,299
Accumulated losses	(50,962,065)	(49,663,917)
TOTAL EQUITY	478,184	(1,168,459)
Loss for the year	(1,328,335)	(1,213,361)
Total comprehensive income	(1,328,335)	(1,213,361)

(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

Mallee Minerals Pty Limited

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 2019 (2018: nil). In total $2,026,000 has been paid under this agreement.

Metals Australia Limited

In May 2018, the Company signed binding agreement to purchase the Mile 72 Uranium Project (EPL 3308) from Metals Australia Limited. The agreement includes a provision to pay a gross production preferential dividend of 1% on any production from EPL 3308.

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26. EVENTS AFTER THE REPORTING PERIOD

On 4 July 2019, the Company announced that it executed a binding term sheet with Optimal Mining Limited ("Optimal") for the acquisition of Optimal's Australian uranium tenements ("Acquisition Assets"). The Company will acquire the Acquisition Assets from Optimal by paying cash of $250,000 and issuing 27,500,000 convertible preference shares ("CPS"), which Optimal will then in-specie distribute to its shareholders, at which time the CPS will automatically convert into ordinary shares in Marenica. Completion of the purchase is subject to a number of conditions, including that the CPS in the Company will be in-specie distributed to Optimal's shareholders. On completion, the company will acquire the interests in three Australian subsidiaries of Optimal which collectively hold 16 mining tenements and joint venture interests in 28 mining tenements in Western Australia and the Northern Territory that are prospective for uranium.

On 26 July 2019, the Company announced that it completed a capital raising for a total of $1,601,242, before costs ("Placement"). The Company issued 16,012,417 fully paid ordinary shares at an issue price of 10 cents per share ("Share") plus, subject to shareholder approval, 16,012,417 free attaching options, which will be granted on the basis of one Option for every Share subscribed. The unlisted options will have an exercise price of $0.17 per share, exercisable within two years of grant ("Placement Option"). The Company will pay a cash fee of 6% on the funds raised, before costs and grant two options for every one dollar of cash raised for a total of 3,202,483 Options ("Broker Options") to the participating brokers.

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 2019, 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	2019 $	2018 $
Trade and other receivables	7	290,316	11,967
Cash and cash equivalents	18	487,862	847,923

Impairment Losses
None of the Group's receivables are past due (2018: $ 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 2019

	Note	Carrying amount	Contractual cash flow	6 months or less	>12 months
Trade and other payables	9	72,776	72,776	72,776	-
Directors Fees	9	97,500	97,500	52,500	45,000
Borrowings	10	-	-	-	-

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	-

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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 2019 on financial assets denominated in Namibian dollars was nil (2018: 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	
	2019 $	**2018 $**
Fixed rate instruments		
Financial assets – cash and cash equivalents	300,000	-
Financial liabilities – convertible notes	-	1,709,619
Variable rate instruments		
Financial assets – cash and cash equivalents	187,862	847,923

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 (2018: 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 2019.

	Profit or loss		Equity	
	50bp increase	**50bp decrease**	**50bp increase**	**50bp decrease**
30 June 2019				
Variable rate instruments	939	(939)	939	(939)
	50bp increase	**50bp decrease**	**50bp increase**	**50bp decrease**
30 June 2018				
Variable rate instruments	4,240	(4,240)	4,240	(4,240)

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

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.

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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 2019 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 2019.

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

On behalf of the board.



Andrew Bantock
Chairman
Perth
26 September 2019

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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 2019, 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 2019 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

Cash and cash equivalents

The Company's cash and cash equivalents make up 61% of total assets by value and are considered to be the key driver of the Company's operations and exploration activities. We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject



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to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, they are considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures over the existence of the Company's cash and cash equivalents included but were not limited to:

- Documenting and assessing the processes and controls in place to record cash transactions;
- Testing a sample of cash payments including payments to employees to determine they were bona fide payments, in accordance with contracts where applicable and were properly authorised and recorded in the general ledger; and
- Agreeing 100% of cash holdings to independent third party confirmations.

We have also assessed the appropriateness of the disclosures included in notes 2 and 18 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 2019, 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.

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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 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 2019.

In our opinion the remuneration report of Marenica Energy Limited for the year ended 30 June 2019 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 26TH September 2019

Graham Swan FCA
Partner

The following additional information is required by the Australian Securities Exchange and is current as at 10 September 2019.

(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)	1,207	181	84	172	133	**1,777**
Unlisted Options – $0.1806 1/12/2019	-	-	-	-	1	**1**
Unlisted Options – $0.17 25/5/2020	-	-	-	14	21	**35**
Unlisted Options – $0.21 30/11/2021	-	-	-	1	2	**3**
Unlisted Options – $0.17 13/12/2020 (A)	-	-	-	29	21	**50**
Unlisted Options – $0.17 13/12/2020 (B)	-	-	-	-	4	**4**
Performance Rights	-	-	-	-	1	**1**

The number of holders holding less than a marketable parcel of fully paid ordinary shares 1,367.

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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 Resources Limited	11,635,072	13.04
2	Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	5,400,000	6.05
3	Citicorp Nominees Pty Limited	4,213,738	4.72
4	BNP Paribas Nominees Pty Ltd	3,256,760	3.65
5	J P Morgan Nominees Australia Pty Limited	3,089,521	3.46
6	UBS Nominees Pty Ltd	3,000,000	3.36
7	Enerview Pty Ltd	2,000,000	2.24
8	Mrs Carol Ann Hill	1,842,858	2.07
9	Mr Richard Thomas Hayward Daly + Mrs Sarah Kay Daly <Daly Family S/F A/C>	1,540,866	1.73
10	Westpark Operations Pty Ltd <Westpark Operations Unit A/C>	1,500,000	1.68
11	T E & J Pasias Pty Ltd	1,500,000	1.68
12	Josephine Kathleen Patoir	1,500,000	1.68
13	Gray Foam Super Fund Pty Ltd <Reliance Carpet STF S/F A/C>	1,300,005	1.46
14	Buerger Investments Pty Ltd <D & F Super Fund A/C>	1,245,242	1.40
15	Mr John Ivan Sestan	1,164,740	1.31
16	Unisoft Pty Ltd <John Sestan Super Fund A/C>	1,100,000	1.23
17	Lormic Pty Ltd <The LK A/C>	1,000,000	1.12
18	Micdor Pty Ltd <The MN A/C>	1,000,000	1.12
19	Bonos Pty Ltd	810,000	0.91
20	Sam Goulopoulos Pty Ltd <S Goulopoulos F/Super A/C>	750,000	0.84
	TOTAL	48,848,802	54.75

Stock Exchange Listing – there are 89,224,710 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 Resources Limited	11,635,072
Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	5,503,847

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(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 $0.17 each on or before 13 December 2020.	7,890,000
Unlisted options, exercisable at $0.17 each on or before 13 December 2020.	9,600,000
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
Unlisted options, exercisable at $0.17 each on or before 13 December 2020.	Argonaut Investments Pty Limited <Argonaut Invest No 3 A/C>	2,000,000

(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 Office C1, 1139 Hay Street, West Perth, WA 6005.

(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:

Number	Name	Percentage Holding
Licences -Namibia		
MDRL 3287	Marenica	75%
EPL 3308	Mile 72	100%
EPL 6987	Koppies	100%
EPL 7278	Hirabeb	100%
EPL 7279	Ganab	100%
EPL 7368	Trekkopje East	100%
EPL 7436	Amichab	100%

See over for additional tenement holdings.

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Australian Tenements and Tenement Interests to be acquired on completion of the acquisition of tenements from Optimal Mining Limited.

Tenement Number	Project Name	Percentage Holding
100% Interest		
R38/1	Thatcher Soak	100%
E04/2297	Oobagooma	100%
EL25758	Angela	100%
EL25759	Pamela	100%
ELR 22	Minerva	100%
ELR 23	Minerva	100%
ELR 24	Minerva	100%
ELR 25	Minerva	100%
ELR 26	Minerva	100%
ELR 27	Minerva	100%
ELR 28	Minerva	100%
ELR 29	Minerva	100%
ELR 30	Minerva	100%
ELR 31	Minerva	100%
ELR 32	Minerva	100%
ELR 33	Minerva	100%
Joint Venture Interests:		
ELR 41	Malawiri	23.97%
ELR 45	Walbiri	22.88%
ELR 46	Bigrlyi	20.82%
ELR 47	Bigrlyi	20.82%
ELR 48	Bigrlyi	20.82%
ELR 49	Bigrlyi	20.82%
ELR 50	Bigrlyi	20.82%
ELR 51	Bigrlyi	20.82%
ELR 52	Bigrlyi	20.82%
ELR 53	Bigrlyi	20.82%
ELR 54	Bigrlyi	20.82%
ELR 55	Bigrlyi	20.82%
EL 30144	Dingos Rest South	20.82%
ELR 31319	Sundberg	20.82%
MCS 318	Karins	20.82%
MCS 319	Karins	20.82%
MCS 320	Karins	20.82%
MCS 321	Karins	20.82%
MCS 322	Karins	20.82%
MCS 323	Karins	20.82%
MCS 324	Karins	20.82%
MCS 325	Karins	20.82%
MCS 326	Karins	20.82%
MCS 327	Karins	20.82%
MCS 328	Karins	20.82%
EL 1466	Mount Gilruth	33.33%
EL 3114	Beatrice South	33.33%