



2020 ANNUAL REPORT



**MARENICA
ENERGY** LIMITED

| | |
|---|----|
| Corporate Information | 3 |
| Chairman's Letter | 4 |
| Review of Operations | 5 |
| Directors' Report | 18 |
| Auditor's Independence Declaration | 22 |
| Remuneration Report - Audited | 23 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 29 |
| Consolidated Statement of Financial Position | 30 |
| Consolidated Statement of Changes in Equity | 31 |
| Consolidated Statement of Cash Flows | 32 |
| Consolidated Notes to the Financial Statements | 33 |
| Directors' Declaration | 57 |
| Audit Report | 58 |
| Additional ASX Information | 62 |
| Schedule of Interests in Minerals Tenements | 66 |

DIRECTORS

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

COMPANY SECRETARY

S McBride

REGISTERED OFFICE

Office C1
1139 Hay Street
West Perth WA 6005
Tel: +61 8 6555 1816

BUSINESS OFFICE

Office C1
1139 Hay Street
West Perth WA 6005
Tel: +61 8 6555 1816

WEB SITE

www.marenicaenergy.com.au

AUDITOR

Rothsay Auditing
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005
Tel: +61 8 9486 7094

STOCK EXCHANGES

Australian Securities Exchange Limited – MEY
Namibia Stock Exchange – MEY

HOME EXCHANGE

Perth

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Tel: +61 8 9389 8033
Fax: +61 8 9262 3723

ASX CODE

MEY

Dear Shareholder,

I am pleased to write to you following a year in which your Company substantially advanced its strategic objectives, including:

- Adding 48 million pounds of high-grade uranium resources to our asset base, through the acquisition of a portfolio of Australian uranium assets;
- Adding further to our strategic Namibian exploration ground position;
- Discovering high-grade mineralisation within the extensive palaeochannels on our Koppies tenement in Namibia; and
- Discovering a new extensive palaeochannel system at our Hirabeb tenement in Namibia, where scout drilling has confirmed exciting mineralised zones.

With these achievements in hand we believe your Company is well positioned for future growth and value appreciation. Our stand-out investment features now include:

- Over 90 million pounds of U_3O_8 resources across multiple uranium projects in Namibia and Australia - two of the world's most stable, valued and reliable uranium producing jurisdictions;
- A geological strategy which has seen your Company become the largest holder of nuclear fuels exploration ground rights, by area, in Namibia;
- An active and successful Namibian exploration program, that over the past year has discovered two extensive mineralised palaeochannel systems; the first at Koppies covering over 6.4 square kilometres and the second at Hirabeb, confirmed to extend over 36 kilometres;
- A corporate capacity for growth by acquisition, as demonstrated by our Australian uranium portfolio acquisition; and
- Our patented **U-pgrade™** beneficiation technology, which we believe is likely to transform the economics of processing surficial uranium ores. We will continue to look to apply **U-pgrade™** to accelerate the development of Marenica's owned or controlled uranium resources.

We continue to see market dynamics as supportive of a significant future increase in the uranium price, despite recent reported spot pricing remaining stubbornly low. Frustrating as that is, we recognise the reported firming of underlying market fundamentals, including the reduction of intermediate refined uranium product stockpiles, as potential catalysts to future market re-pricing.

We know that past uranium price increases delivered substantial market capitalisation growth for listed companies with Namibian and Australian uranium projects. We therefore believe your Company, with its vast tenement holdings, recent exploration success and substantial uranium resources; is well placed to benefit from a significant equity price re-rating, should the uranium price finally take-off.

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.

I look forward to your company realising the opportunity that the past year's efforts have generated over the year ahead, and again thank shareholders for their continued and much valued support.

Yours faithfully



Andrew Bantock

Chairman

OVERVIEW

The 2020 financial year proved to be transformative for the Company, adding two uranium discoveries in Namibia and the acquisition of over 48 million pounds of U_3O_8 resources in Australia, to our existing Marenica Project resources.

The discovery of extensive uranium mineralisation within an expansive palaeochannel system at Hirabeb demonstrates the Company's ability to discover new uranium projects at low cost. There remains extensive untested potential at Hirabeb, Marenica's largest tenement in Namibia, and the Company is excited about continuing exploration of this tenement.

Marenica has continued a highly successful exploration program at Koppies after drilling the first hole in July 2019. A large palaeochannel system has been identified with drilling indicating an approximate grade of 300 to 350 ppm U_3O_8 .

Adding significance to these discoveries is that the application of Marenica's proprietary and patented **U-pgrade™** process could potentially halve the capital and operating cost of development for these styles of deposits, hence potentially lowering the threshold uranium price for their development and significantly increasing their value.

Marenica finalised the acquisition of uranium projects in the Northern Territory and Western Australia containing JORC resources of 48.4 Mlb of U_3O_8 at an average grade of 859 ppm U_3O_8 during the year. The company believes that they can add value to these assets through further geological work and application of the **U-pgrade™** process or part thereof to these ore sources.

Marenica is delivering on its business strategy to acquire and explore tenements with uranium mineralisation styles suitable for value adding through application of its breakthrough proprietary **U-pgrade™** beneficiation process.

Impact of COVID

For Marenica, like most of the mining industry in Namibia and Australia, the COVID-19 pandemic has had some impact on operations, although thankfully to date these have been relatively minor. The pandemic restricted exploration activities in Namibia for a short period of time and although the Erongo region of Namibia entered a second lockdown period in June 2020, mining and exploration were exempt and Marenica's exploration program continued. In Australia the impact has been greater, with restrictions on travel to projects in the Northern Territory and in the north of Western Australia due to biosecurity risks. Ground based exploration in Australia has been suspended and the Company is currently undertaking desktop exploration by analysing historical data.

Due to restricted vehicle movements and reduced industry activity during this pandemic the airborne pollution in many countries has been reduced, and countries can now see the benefit of reduced pollution levels. This is likely to reinforce the value and benefits of reliable base load low carbon emission energy that is generated by nuclear.

Namibian Exploration Process

In Namibia, Marenica is targeting uranium mineralisation contained within historical river systems, known as palaeochannels, where calcrete hosted uranium mineralisation can occur, the same style of mineralisation used to develop Marenica's **U-pgrade™** uranium beneficiation process. The Company is therefore confident that **U-pgrade™** could be successfully applied if mining and processing operations were developed at Koppies or any of the Namibian tenements, for a consequent significant reduction in development costs compared to Marenica's peers with similar grade ores in Namibia.

These palaeochannel deposits are referred to as surficial deposits due to their close proximity to the surface and in general the palaeochannels are no deeper than 30 metres. The style of uranium mineralisation is also known as secondary uranium mineralisation as the uranium in the deposit has been relocated from a primary source and reprecipitated.

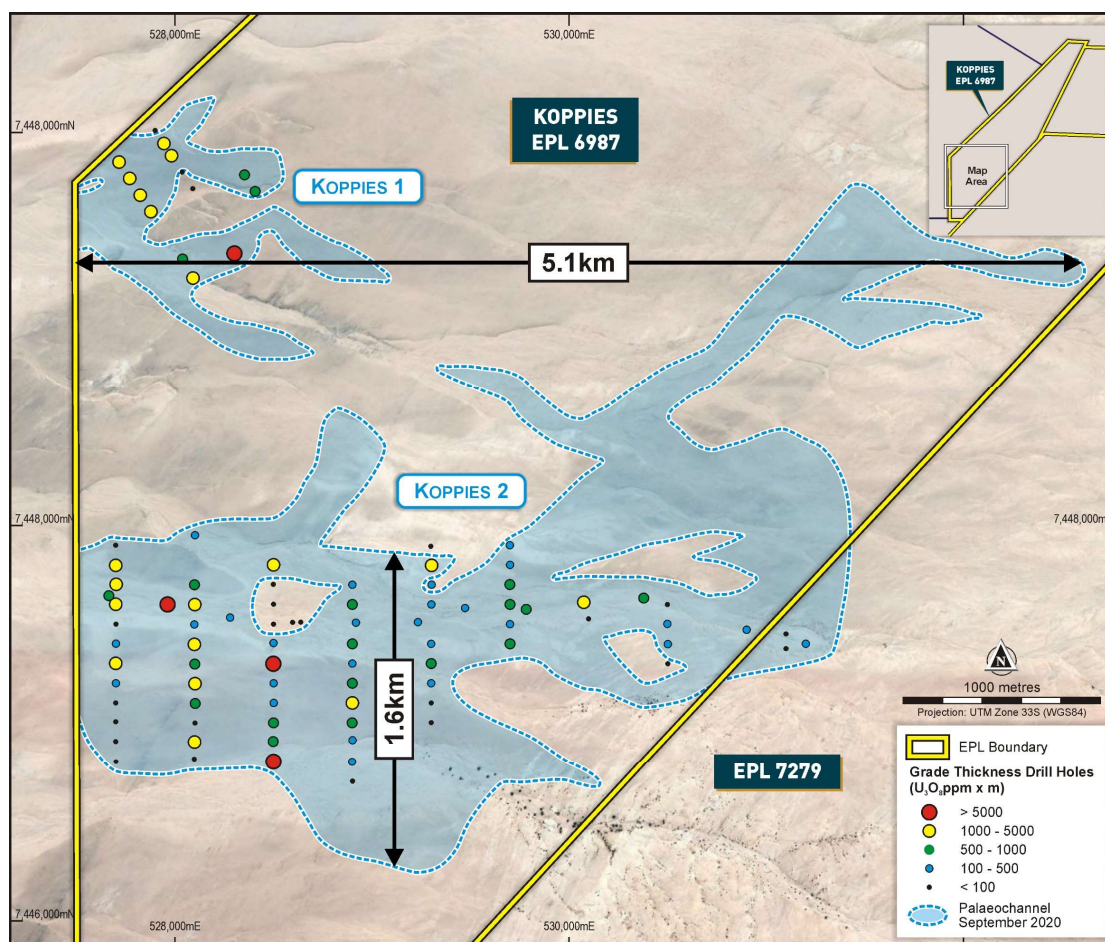
These palaeochannels have no obvious surface expression nor do they emit sufficient radiation that could be detected at surface and therefore used to locate the palaeochannels. Marenica are using a ground based geophysical measuring system known as Horizontal Loop Electromagnetics ("HLEM") to identify the outlines of the

palaeochannels, with drilling used to validate the accuracy of the HLEM. Both Rotary Air Blast (“RAB”) and Reverse Circulation (“RC”) drilling techniques have been used in the exploration program to date.

Koppies Uranium Project (EPL 6987) – Namibia

The exploration program at Koppies commenced with drilling programs targeting areas which were extrapolated from mineralisation identified by Deep Yellow Limited (“Deep Yellow”) across the tenement boundary in the west. Subsequent exploration was conducted iteratively and alternated between HLEM and drilling to arrive at the current outcome (refer Figure 1), which resulted in the delineation of a 6.4 km² palaeochannel system outline and significant mineralisation identified in drill intervals within the area drilled to date.

Figure 1 – Koppies (EPL 6987)



The best intersections from drilling at Koppies include:

- KP004 6 m at 432 ppm U₃O₈ from 7 m
- KP045 10 m at 687 ppm U₃O₈ from 2 m
 - Including 2 m at 1,974 ppm U₃O₈
- KP055 13 m at 905 ppm U₃O₈ from 3 m
 - Including 2 m at 4,504 ppm U₃O₈
- KOR2 6 m at 354 ppm U₃O₈ from 1 m
- KOR21 11 m at 502 ppm U₃O₈ from 6 m
- KOR62 3 m at 3,087 ppm U₃O₈ from 1 m
 - Including 1 m at 7,060 ppm U₃O₈

The average depth of the 90 holes drilled in the Koppies palaeochannel system is 12 metres, with the deepest hole drilled to a depth of 22 metres. This indicates the shallow nature of the mineralisation in this system and the low cost for drilling due to the shallow depth of holes. For full details of the Koppies drill intersections refer to the following ASX announcements – 27/08/19 'Marenica Identifies Significant Grade Mineralisation at Koppies', 07/11/19 'Drill Results Deliver Exceptional Uranium Mineralisation at Koppies', 10/02/20 'Koppies Drilling Intersects 1m at 7,060ppm U₃O₈'.

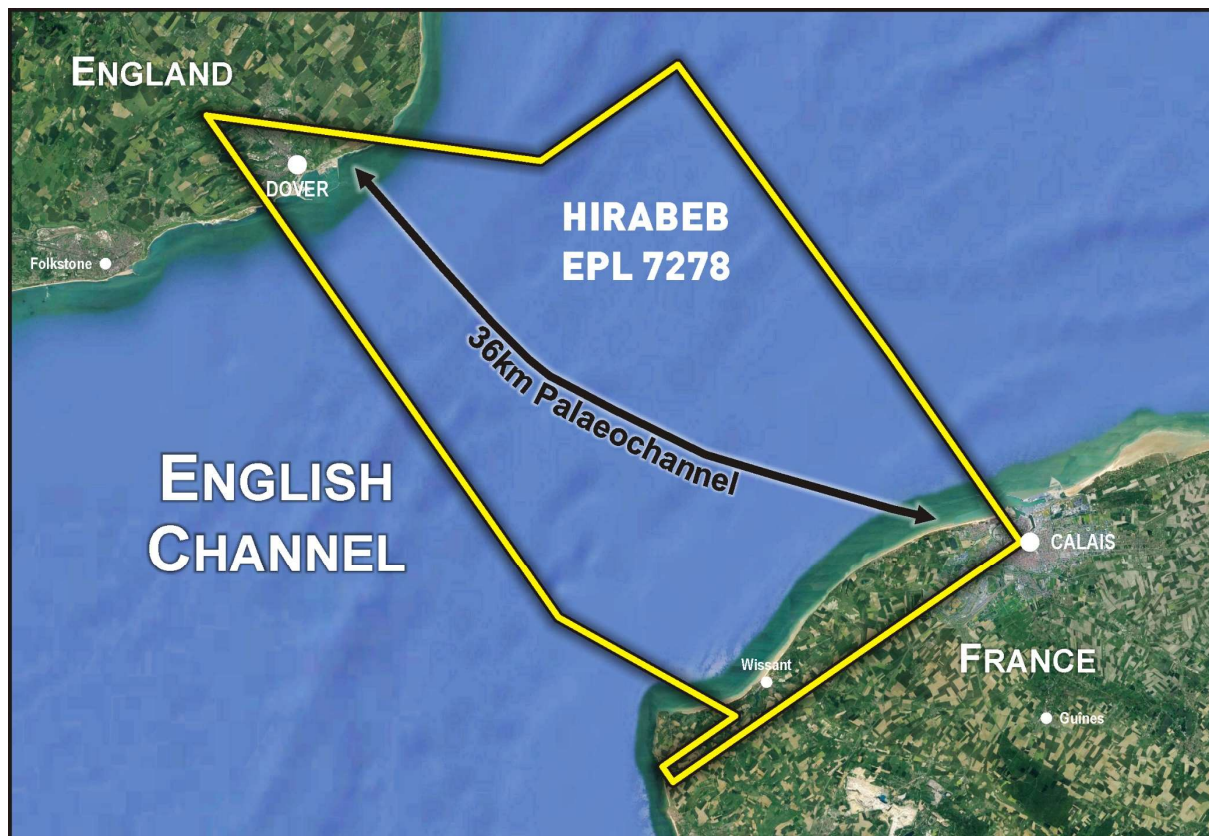
New Discovery at Hirabeb

On 21 July 2020 Marenica announced a new uranium discovery from its maiden scout RC drilling program at Hirabeb (EPL 7278). Hirabeb is the second of Marenica's tenements in the Namib Project Area to be explored. With an area of 730 km², Hirabeb is Marenica's largest tenement in Namibia, 15 times the area of the Koppies tenement. The exploration program identified a massive palaeochannel system, with the major palaeochannel extending from the northeast corner to the southwest corner of the tenement, a distance of over 36 kilometres. To put this into perspective the palaeochannel is longer than the width of the English Channel, as shown in Figure 2.

The main palaeochannel is mineralised for the majority of its length, providing Marenica with a multitude of follow up exploration targets with the potential to host a significant uranium deposit. The drill lines completed in this scouting program are on average 5.5 kilometres apart, greater than the width of the Koppies mineralised area. Consequently, there is significant upside potential for large scale uranium deposits along the identified palaeochannel as well as in other areas of the tenement.

This is an exciting new uranium discovery in an area not previously explored using modern exploration techniques. Marenica consider this to potentially be the most significant new uranium discovery in Namibia since Extract Resources discovered Husab in 2008.

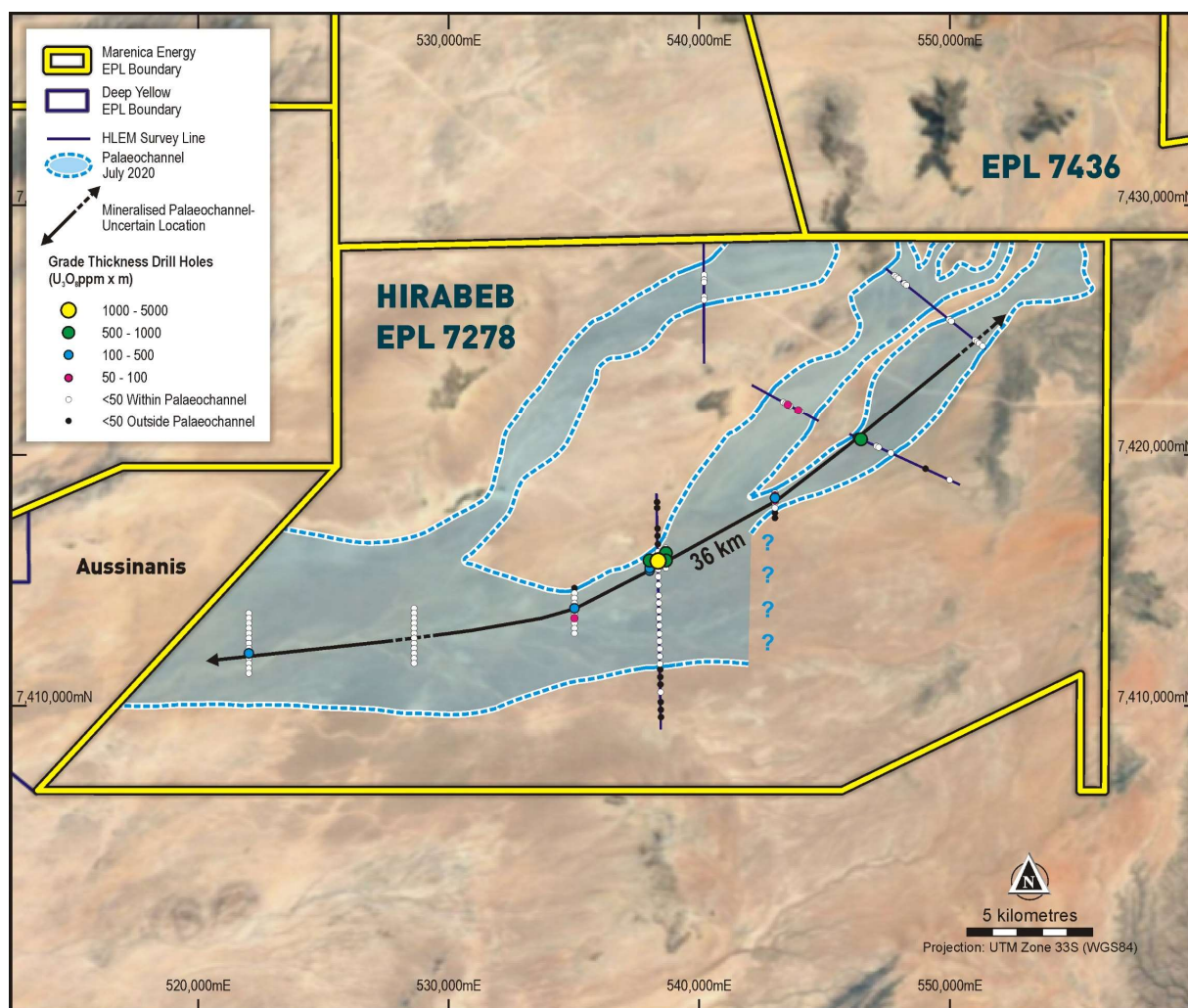
Figure 2 – Comparison of the Hirabeb Palaeochannel with the English Channel



The maiden scout exploration program included HLEM surveys and an RC drilling program of 120 holes. The location of the drill holes and HLEM survey lines and the potential extent of the palaeochannels is shown in Figure 3. Note there are large areas of the tenement yet to be explored, including in the northwest and southeast.

Detailed follow-up work will include the identification of geological characteristics along the palaeochannels that would be suited to increased deposition of mobile uranium that has precipitated to form these calcrete hosted uranium deposits.

Figure 3 – Location of Hirabeb HLEM Survey Lines, Drill Holes and Potential Extent of Palaeochannels



The best intersections from drilling at Hirabeb include:

- HIR050 10 m at 242 ppm eU₃O₈ from 16 m
 - Including 2 m at 787 ppm eU₃O₈
- HIR070 4 m at 193 ppm eU₃O₈ from 4 m
 - Including 1 m at 462 ppm eU₃O₈
- HIR075 6 m at 153 ppm eU₃O₈ from surface
 - Including 1 m at 334 ppm eU₃O₈

Largest Land Package for Nuclear Fuel (Uranium) Minerals in Namibia

The Erongo region of Namibia contains the fourth highest aggregate of uranium mineral resources of any region in the world and has a long history of uranium discovery and production. The region’s world scale Rossing Uranium Mine commenced operation in 1976 and has been operating continuously for 44 years.

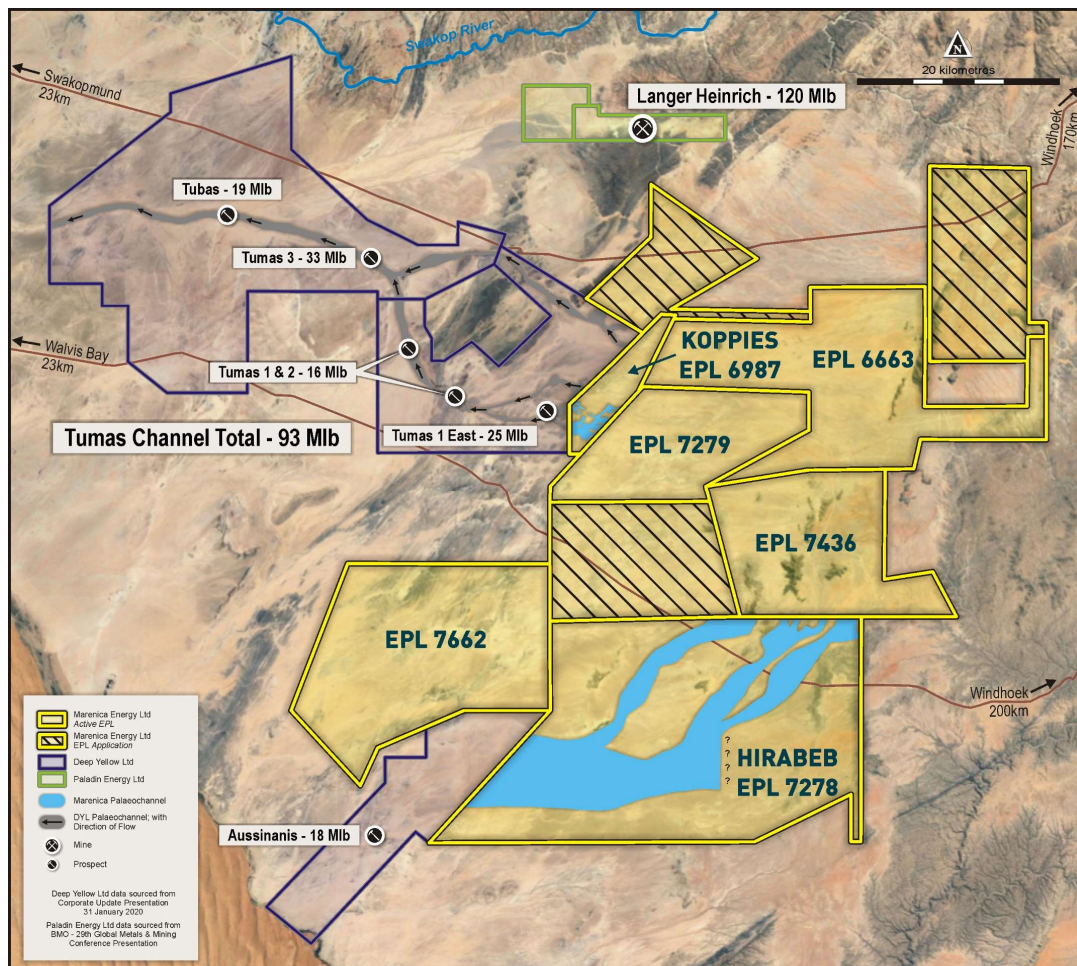
Marenica has three uranium project areas in the Erongo Region:

- Namib Project,
- Marenica Project, and
- Mile 72 Project.

The Koppies and Hirabeb projects are located in the Namib Project Area (Figure 4) where Marenica has a contiguous land package of 1,988 km² across six active tenements. The strategy to acquire land in the Namib Area was initiated following development of a geological model built on the theory of deposition of soluble uranium within historical palaeochannels. Marenica also sourced historical General Mining Union Corporation Limited (“Gencor”) maps and reports from exploration activities in the 1970’s in which extensive fieldwork identified exploration targets. The vast majority of these exploration targets are located east of the known deposits of Langer Heinrich, Tumas and Aussinanis, and inside the Marenica tenements. The identification of exploration targets led Marenica to apply for tenements between the known deposits and the foot of the Khomas Highlands in the east (dark brown area in Figure 4).

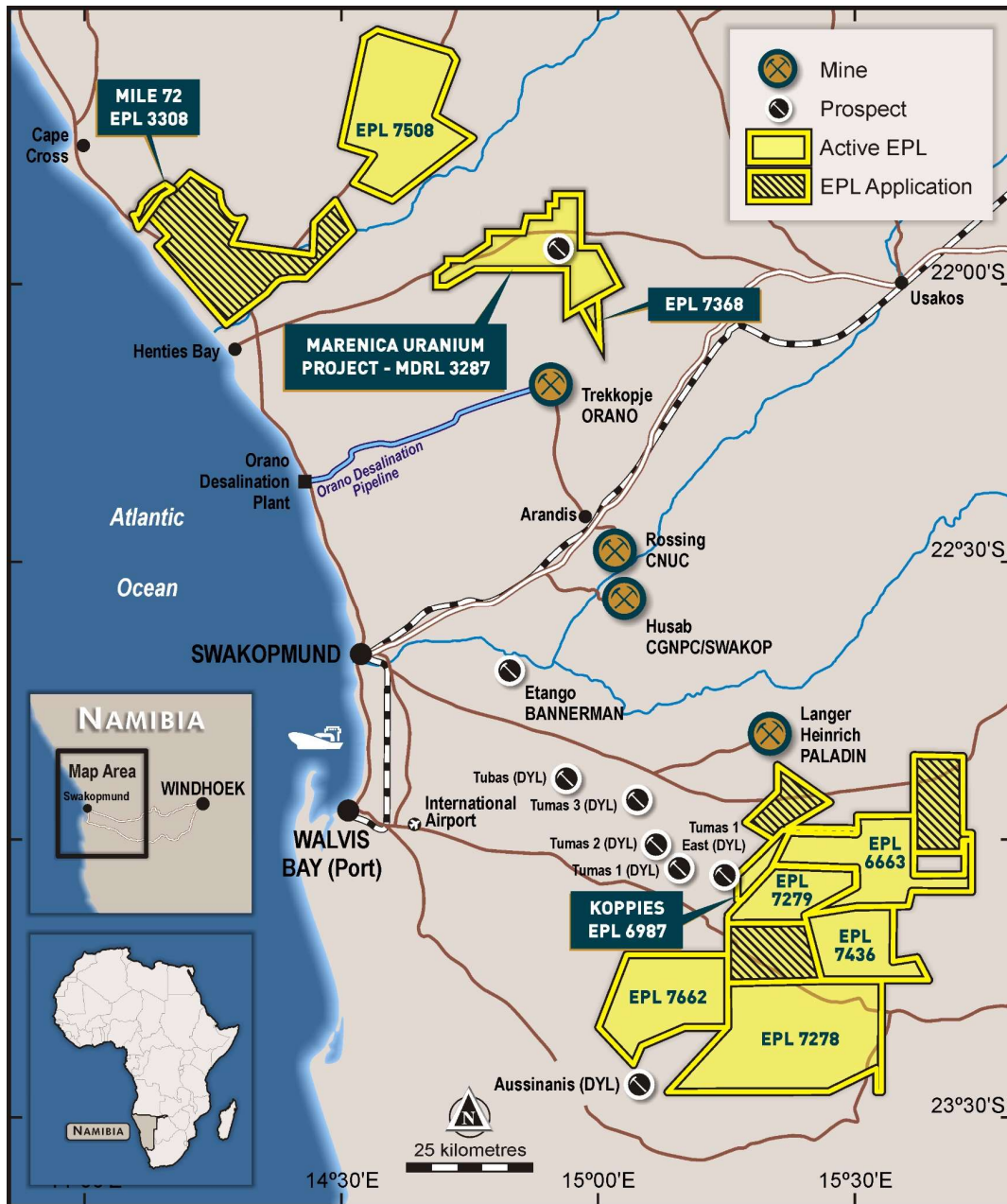
The Namib area is highly prospective for uranium with over 275 Mlb of JORC resources downstream of Marenica’s tenements, 230 Mlb of which are calcrete hosted uranium deposits, greatly improving the potential for continued exploration success.

Figure 4 – Namib Project Area



At year end, Marenica held ten active tenements in the Erongo Region of Namibia covering 2,899 km², with a further four tenements under application (Figure 5).

Figure 5 – Marenica's tenements in the Erongo Region of Namibia



Marenica's tenements in the north of the Erongo region are also highly prospective for calcrete hosted uranium mineralisation, the Marenica Uranium Project has a JORC resource of 61 Mlb of U₃O₈.

Marenica Uranium Project Resource

The Marenica Uranium Project includes the Marenica deposit and the smaller MA7 deposit, 5 km to the southeast of the main resource. Both are calcrete hosted 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 Mineral Resource of 61 Mlb at 93 ppm U₃O₈ at a 50 ppm cut-off grade, Marenica owns 75% of this Mineral Resource.

Table 1 – Marenica Project Resource Estimate

| Deposit | Category | Cut-off (ppm U ₃ O ₈) | Total Resource | | | Marenica's Share | | | |
|-------------------------------|--------------|--|----------------|--|--|------------------|---------------|--|--|
| | | | Tonnes (M) | U ₃ O ₈ (ppm) | U ₃ O ₈ (Mlb) | Holding | Tonnes (M) | U ₃ O ₈ (ppm) | U ₃ O ₈ (Mlb) |
| Marenica | | | | | | | | | |
| Marenica | Indicated | 50 | 26.5 | 110 | 6.4 | | | | |
| | Inferred | 50 | 249.6 | 92 | 50.9 | | | | |
| Marenica | Total | 50 | 276.1 | 94 | 57.3 | 75% | 207.1 | 94 | 43.0 |
| MA7 | | | | | | | | | |
| MA7 | Inferred | 50 | 22.8 | 81 | 4.0 | | | | |
| MA7 | Total | 50 | 22.8 | 81 | 4.0 | 75% | 17.1 | 81 | 3.0 |
| Namibia Resource Total | | | 298.9 | 93 | 61.3 | | 224.2 | 93 | 46.0 |

The Marenica and MA7 Mineral Resources were prepared and first disclosed under the JORC Code 2004. These estimates have not been updated since to comply with JORC Code 2012 on the basis that the information that the estimates are derived from has not materially changed since it was last reported.

Namibian Uranium Association

Marenica is a long standing and proud member of the Namibian Uranium Association (“NUA”). The NUA are the leading point of contact for government, media, stakeholders, general public and anybody interested in the position and policies of the Namibian uranium industry. Membership of the NUA signifies adherence to a strong sustainable development ethos, product stewardship and compliance with the Namibian legislative framework.

Australian Uranium Projects

During December 2019, approval was obtained from Marenica's and Optimal Mining Limited's (“Optimal”) shareholders to acquire subsidiaries of Optimal (“Acquisition Entities”) that owned tenements and Mineral Resources in Australia (“Acquisition Assets”).

Marenica acquired 100% of the share capital of the Acquisition Entities for a consideration of A\$250,000 cash and 27.5 million fully paid ordinary shares in Marenica. The purchase price is equivalent to A\$0.06 (US\$0.04) per pound of JORC resources.

The Acquisition Assets own the Angela, Thatcher Soak, Oobagooma and Minerva project areas and joint venture holdings in the Bigryli, Malawiri, Walbiri and Areva joint ventures and added 48.4 Mlb U₃O₈ of high-grade mineral resources to Marenica's asset base. The mineral resources are significant in their own right but their value 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 the remainder are joint venture interests.

All but Thatcher Soak were formerly held by Paladin Energy Limited (“Paladin”), however, it is Marenica's view that Paladin had other priorities and did not thoroughly explore these assets. Thus, it is Marenica's view these assets are underdeveloped, presenting an opportunity for Marenica to add value.

The project locations of the Acquisition Assets are shown in Figure 6 and the JORC resources listed in Table 2.

Figure 6 – Location of Tenements

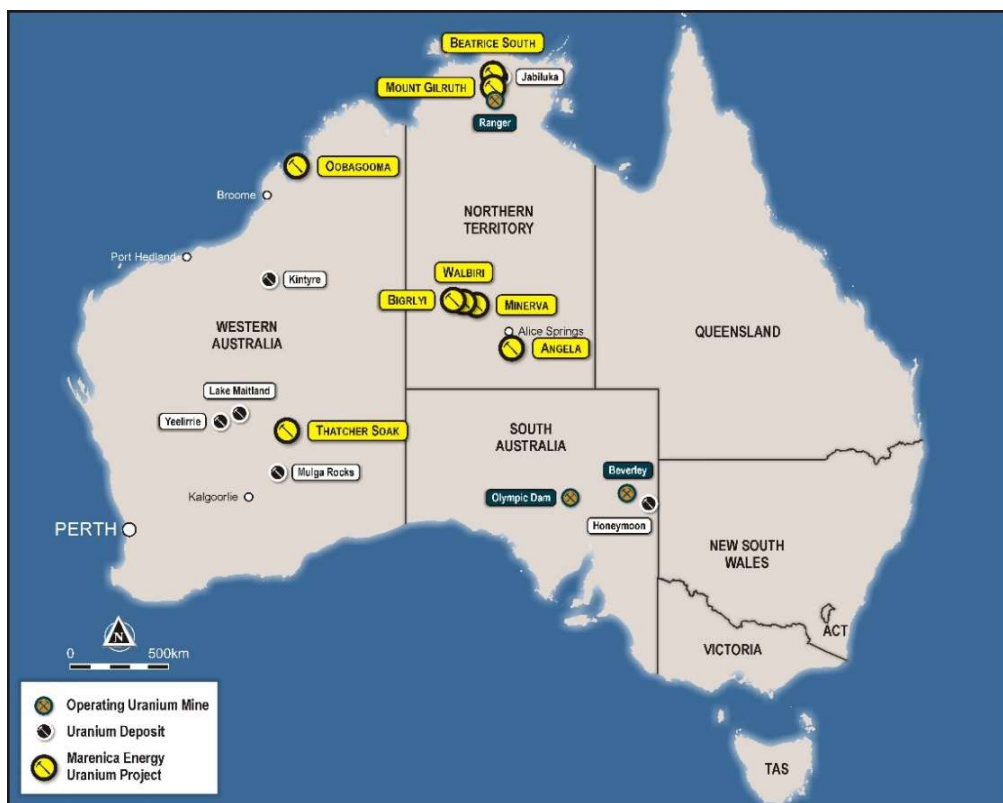


Table 2 – Uranium Mineral Resources in Australia

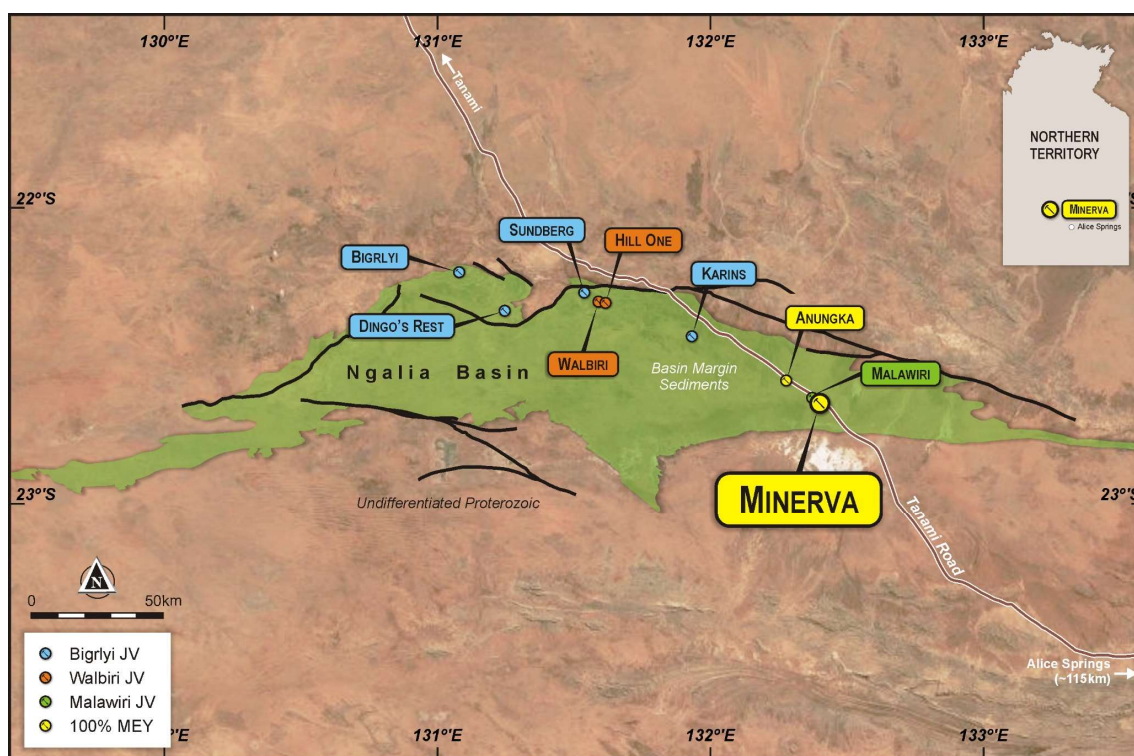
| Deposit | Category | Cut-off (ppm U ₃ O ₈) | Total Resource | | | Holding | Marenica's Share | | |
|-------------------------------------|-----------|--|----------------|--|--|---------------|------------------|--|--|
| | | | Tonnes (M) | U ₃ O ₈ (ppm) | U ₃ O ₈ (Mlb) | | Tonnes (M) | U ₃ O ₈ (ppm) | U ₃ O ₈ (Mlb) |
| 100% Holding | | | | | | | | | |
| Angela * | Inferred | 300 | 10.7 | 1,310 | 30.8 | 100% | 10.7 | 1,310 | 30.8 |
| Thatcher Soak | Inferred | 150 | 11.6 | 425 | 10.9 | 100% | 11.6 | 425 | 10.9 |
| 100% Held Resource Total | | | 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 | 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 Total | | | 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 | | | 200 | 11.0 | 641 | | | | |
| 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 |
| Australia Resource Total | | | 43.9 | 848 | 81.9 | | 25.6 | 859 | 48.4 |

Angela and Bigrlyi Mineral Resources were prepared and first disclosed under the JORC Code 2004. These estimates have not been updated since to comply with JORC Code 2012 on the basis that the information that the estimates are derived from has not materially changed since it was last reported.

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 7). The Ngalia Basin is an intercontinental trough filled with Late Proterozoic to Carboniferous age sediments and surrounded by the Proterozoic Arunta Block, its dimensions are 300 km in east-west length and up to 70 km wide. The Ngalia Basin is a uranium rich area, it is host to a number of Marenica's uranium projects as well as other uranium projects.

Figure 7 – Minerva deposit geological setting



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.

Marenica completed a detailed review of extensive historical drill data from the Minerva Uranium Project. The data review identified 49 mineralised drill holes with sample uranium grades greater than 250 ppm U_3O_8 , including 29 drill intervals with sample grades in excess of 10,000 ppm or 1.0% U_3O_8 . The exploration results have identified uranium mineralisation over a 2,400 metre strike length (Figure 8).

Significant uranium intercepts from drilling include:

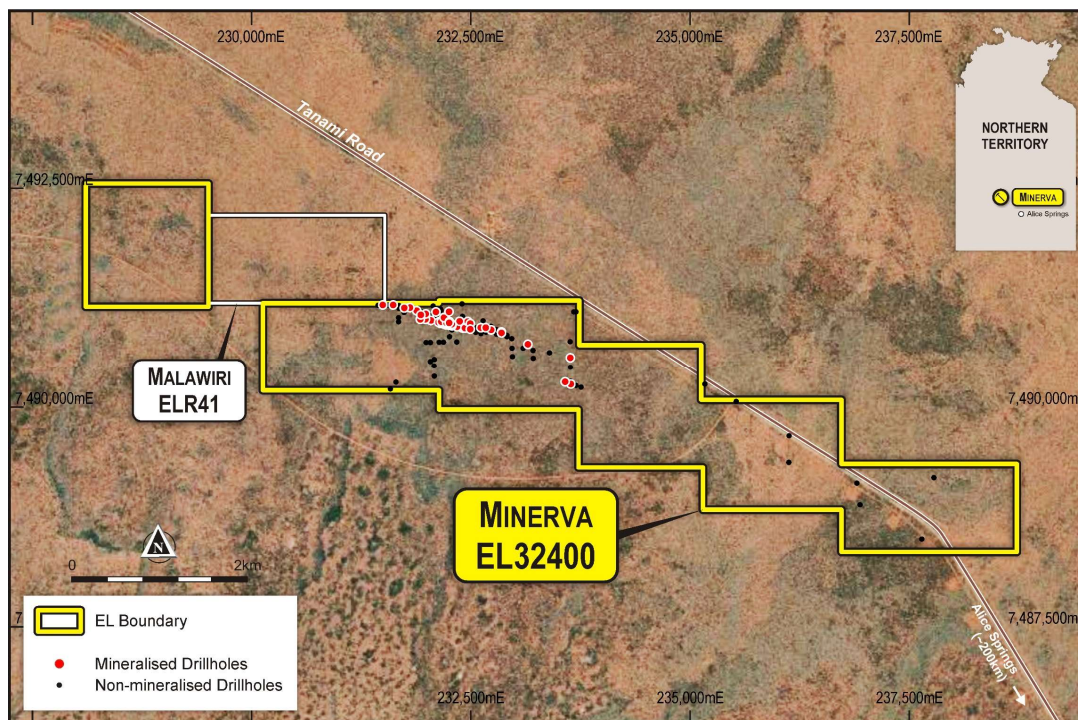
- Y116RD – 11 m at **4,218 ppm** U_3O_8 from 129.5 m incl. 0.5 m at **41,200 ppm** U_3O_8 from 138.0 m
- Y134RD – 4 m at **4,334 ppm** U_3O_8 from 145.0 m incl. 0.5 m at **25,000 ppm** U_3O_8 from 146.5 m
And 15.5 m at **2,313 ppm** U_3O_8 from 166.0 m incl. 1.0 m at **18,300 ppm** U_3O_8 from 179.0 m
- Y153RD – 9 m at **2,667 ppm** U_3O_8 from 229.0 m incl. 0.5 m at **26,400 ppm** U_3O_8 from 237.0 m
- Y158RD - 5.5 m at **11,131 ppm** U_3O_8 from 117.5 m incl. 2.0 m at **20,725 ppm** U_3O_8 from 118.0 m
- Y166RD - 3.5 m at **17,843 ppm** U_3O_8 from 277.5 m

In addition to the high-grade uranium mineralisation, high-grade gold was present in one of the two drill holes on which detailed gold assays are available. Hole Y153RD included 0.5 m at 19.2 g/t Au from 143.5 m, and 0.5 m at

2.3 g/t Au from 141.5 m, with the gold intervals contained within a broader uranium mineralised zone of 8.5 m at 653 ppm U₃O₈. A second drill hole assayed for gold (Y160RD) did not contain either uranium or gold mineralisation.

The presence of significant gold values in hole Y153RD suggests that there is potential for additional gold mineralisation to be associated with the existing uranium mineralisation within the deposit. Refer to the ASX announcement dated 05/05/20 'High Grade Uranium and Gold at Minerva Uranium Project, NT.' for full details.

Figure 8 – Drill hole layout, note the proximity of the Tanami road



Marenica Team

To enable Marenica to support the expansion of exploration activities on its large uranium tenement position in Namibia and on its extensive Australian uranium tenements and deposits, the exploration team was expanded with several key additions. The new team members have been engaged via flexible part-time employment and consulting arrangements which provides access to critical skills for Marenica, on a cost effective basis.

Jessica Bezuidenhout was appointed "General Manager - Namibia". Ms Bezuidenhout is an environmental scientist with 13 years exploration and mining experience in Australia and Namibia. Ms Bezuidenhout is responsible for overseeing the smooth running of the Namibian operations, she will ensure that exploration activities are completed under the most efficient and optimal conditions.

Berti Roesener was appointed "Consulting Exploration Manager - Namibia". Mr Roesener is a geologist with over 33 years geological experience in Namibia, in particular, on the mineralisation type targeted by Marenica, being calcrete hosted uranium mineralisation. Mr Roesener is author of the uranium chapter of the book on "Mineral Resources of Namibia".

Dave Princep was appointed "Consulting Geologist" and will oversee, from a technical point of view, all planning, execution and analysis of exploration activities in Namibia and Australia. Mr Princep has extensive experience on exploration for calcrete hosted uranium mineralisation and mining in Namibia, having worked for Paladin and Deep Yellow on their projects in Namibia, over the last 16 years. Whilst working at Paladin, Mr Princep also prepared or oversaw the mineral resource estimates on the majority of the Australian assets (as they were previously owned by Paladin) and therefore, he has invaluable knowledge of these assets.

The addition of these highly experienced personnel to the Marenica exploration team, has supported the acceleration of exploration activities.

***U-pgrade™* Beneficiation Process**

U-pgrade™ is a potential industry leading and economically transformational beneficiation process for upgrading surficial uranium ores.

This breakthrough process was developed on ore from Marenica's namesake Marenica Uranium Project in Namibia and subsequently, testwork has been undertaken on ore samples from a number of other sources.

In summary, Marenica has demonstrated, in bench scale testwork on the Marenica Uranium Project ore, that the ***U-pgrade™*** beneficiation process;

- Concentrates the uranium by a factor of 50
- Increases Marenica Uranium Project ore grade from 93 ppm to ~5,000 ppm U₃O₈
- Rejects ~98% of the mass prior to leaching
- Produces a high-grade concentrate in a low mass of ~2% (leach feed)
- Rejects acid consumers
- Potentially reduces operating costs by ~50% and capital costs by ~50% as compared to conventional processing.
- Similar results in fresh and sea water, which is particularly beneficial in a dry environment such as Namibia.

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

Mineral Resources

All of the Company's Mineral Resources are internally peer reviewed at the time of estimation and are subject to ongoing review, as and when required. The Australian Mineral Resources were first reported by Marenica on 4 July 2019 ("Uranium Resource Base Increased by 48 Mlbs to 110 Mlbs"), when the Company announced the acquisition of the Mineral Resources from Optimal Mining Limited, which was at the time subject to shareholder and regulatory approval. The Australian Mineral Resource estimates included in this report have not changed since 4 July 2019, Marenica's share of these resources remain at 25.6 Mt at 859 ppm U₃O₈ for 48.4 Mlb U₃O₈ (see Table 3).

The Namibian Mineral Resources have not changed since last reported in the 2019 Annual Report and remain at 224.2 Mt at 93 ppm U₃O₈ for 46 Mlb U₃O₈ (see Table 3).

Governance and Internal Controls

The Company maintains thorough QAQC protocols for conducting exploration, site practice, sampling, safety, monitoring and rehabilitation.

Drilling methods vary according to the nature of the prospect under evaluation. These can include rotary air blast or reverse circulation drilling for unconsolidated formations. Typically, resource estimations are based on a mix of downhole radiometric sampling and chemical assaying. Assay samples are collected over one metre intervals. Radiometric data is acquired at 10 cm intervals and composited to one metre intervals. Where statistical validation confirms radiometric and chemical assay equivalence, the resource estimate is primarily based on the radiometric data.

Drill hole collars are DGPS-surveyed by in-house operators, after an initial pick-up by hand-held GPS. Downhole radiometric surveys are outsourced to independent contractors.

Drill hole sample logging captures a suite of lithologic, alteration, mineralogic and hand-held radiometric data, at one metre intervals. This data is captured as permanent hard copy prior to digital input onto an in-house database.

Drill plans and sections generated from drilling and surface mapping are used to constrain wireframe mineralisation models; upon which resource estimations are made.

Table 3 – Uranium Mineral Resources

| Deposit | Category | Cut-off (ppm U ₃ O ₈) | Total Resource | | | Marenica's Share | | | |
|-------------------------------------|-----------|--|----------------|--|--|------------------|---------------|--|--|
| | | | Tonnes (M) | U ₃ O ₈ (ppm) | U ₃ O ₈ (Mlb) | Holding | Tonnes (M) | U ₃ O ₈ (ppm) | U ₃ O ₈ (Mlb) |
| AUSTRALIA | | | | | | | | | |
| 100% Holding | | | | | | | | | |
| Angela | Inferred | 300 | 10.7 | 1,310 | 30.8 | 100% | 10.7 | 1,310 | 30.8 |
| Thatcher Soak | Inferred | 150 | 11.6 | 425 | 10.9 | 100% | 11.6 | 425 | 10.9 |
| 100% Held Resource Total | | | 22.3 | 850 | 41.7 | 100% | 22.3 | 850 | 41.7 |
| Bigryli Joint Venture | | | | | | | | | |
| Bigryli Deposit | | | | | | | | | |
| | Indicated | 500 | 4.7 | 1,366 | 14.0 | | | | |
| | Inferred | 500 | 2.8 | 1,144 | 7.1 | | | | |
| Bigryli Deposit Total | | | 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 |
| Bigryli Joint Venture Total | | | 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 | | | 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 |
| Australia Resource Total | | | 43.9 | 848 | 81.9 | | 25.6 | 859 | 48.4 |
| NAMIBIA | | | | | | | | | |
| Marenica | | | | | | | | | |
| Marenica | Indicated | 50 | 26.5 | 110 | 6.4 | | | | |
| | Inferred | 50 | 249.6 | 92 | 50.9 | | | | |
| Marenica Total | | | 276.1 | 94 | 57.3 | 75% | 207.1 | 94 | 43.0 |
| MA7 | | | | | | | | | |
| MA7 | Inferred | 50 | 22.8 | 81 | 4.0 | | | | |
| MA7 Total | | | 22.8 | 81 | 4.0 | 75% | 17.1 | 81 | 3.0 |
| Namibia Resource Total | | | 298.9 | 93 | 61.3 | | 224.2 | 93 | 46.0 |

The Mineral Resource Estimate for the Angela, Bigryli, Marenica and MA7 resources in the table above were prepared and first disclosed under the 2004 Edition of the Australian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves (JORC Code 2004). It has not been updated since to comply with the 2012 Edition of the Australian Code for the Reporting of Exploration Results, Minerals Resources and Ore Reserves (JORC Code 2012) on the basis that the information has not materially changed since it was last reported. A Competent Person has not undertaken sufficient work to classify the estimate of the Mineral Resource in accordance with the JORC Code 2012; it is possible that following evaluation and/or further exploration work the currently reported estimate may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012.

The Competent Person that completed the most recent Mineral Resource estimate for each project is listed as follows.

| Accountability | Competent Person | Employer |
|-----------------------|---|----------------------------|
| Angela | Mr David Princep | Paladin Energy Limited |
| Thatcher Soak | Mr Peter Gleeson | SRK Consulting |
| Bigryli | Mr Arnold van der Heyden | Helman & Schofield Pty Ltd |
| Sundberg / Hill One | Mr Dimitry Pertel and Dr Maxim Seredkin | CSA Global Ltd |
| Karins | Mr Dimitry Pertel and Dr Maxim Seredkin | CSA Global Ltd |
| Walbiri | Mr Dimitry Pertel and Dr Maxim Seredkin | CSA Global Ltd |
| Malawiri | Dr Maxim Seredkin | CSA Global Ltd |
| Marenica | Mr Ian Glacken | Optiro Pty Ltd |
| MA7 | Mr Ian Glacken | Optiro Pty Ltd |

The information in this Annual Mineral Resource Statement relating to exploration activities and Mineral Resources is based on information compiled by David Princep B.Sc P.Geo FAusIMM (CP) who is an independent consultant and who is a member of the AusIMM. Mr Princep has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Princep consents to the inclusion of this information in the form and context in which it appears.

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 2020 ("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 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 1 May 2012

Managing Director - Appointed 2 May 2016

Mr. Hill has 36 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. His experience was broadened by management of a metallurgical testwork laboratory and his role as a process engineer in an engineering group, and he 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

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

Directors' interests

The interests of Directors in securities of the Company are:

| Director | Fully Paid Ordinary Shares | | Options | Performance Rights |
|-----------|----------------------------|-----------------|-----------|--------------------|
| | At 30 June 2020 | At 30 June 2019 | | |
| M Hill | 3,963,911 | 2,542,858 | 7,200,000 | 202,500 |
| N Chen | 2,647,496 | 1,331,707 | 2,142,857 | - |
| A Bantock | 857,895 | 200,000 | 2,000,000 | - |

Shane McBride B.Bus (Acct), FCPA, FGIA, FCG (CS, CGP), MAICD

Chief Financial Officer - *Appointed 1 May 2017*

Company Secretary - *Appointed 8 June 2017*

Shane McBride has 38 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 and company secretarial functions. He has a BBus (Acct) degree, is a Fellow of CPA Australia, Fellow of Governance Institute of Australia and The Chartered Governance Institute; and is a Member of the Australian Institute of Directors.

Mr McBride has been intimately involved with exploration, development, scoping and pre-feasibility studies, and financing 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 2020 (30 June 2019: Nil).

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 \$1,658,605 (2019: \$1,296,861).

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 \$3,924,259 from a net assets position of \$503,750 at 30 June 2019. This is as a result of the Company acquiring the interests in three Australian subsidiaries ("Acquisition Entities") of Optimal Mining Limited ("Optimal") which collectively hold sixteen mining tenements and joint venture interests in twenty-eight mining tenements in Western Australia and the Northern Territory that are prospective for uranium ("Acquisition Assets").

Cash on hand at 30 June 2020 was \$1,062,967 (2019: \$487,862).

On 4 July 2019, the Company announced that it executed a binding term sheet with Optimal Mining Limited ("Optimal") for the acquisition of tenements and minerals resources in Australia ("Acquisition Assets"). Following shareholder approval from both Marenica and Optimal shareholders, on 13 December 2019, the Company acquired subsidiary companies of Optimal, which owned the Acquisition Assets, by paying cash of \$250,000 and issuing 27,500,000 convertible preference shares ("CPS"). On 16 December 2019, Optimal in-specie distributed the CPS to its shareholders, at which time the CPS automatically converted into ordinary shares in Marenica. The total cost of Acquisition Assets at the reporting date was \$3,145,885.

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 3 July 2020, the Company announced that it issued 26,349,989 Placement Options to those who participated in the Placement which raised \$1,001,300. The Placement consisted of two tranches:

- (a) The issue on 17 April 2020 of 13,157,894 Shares at an issue price of \$0.038 per Share; and
- (b) The issue on 15 June 2020 of 13,192,095 Shares at an issue price of \$0.038 per Share

The Placement Options were granted on the basis of one Option for every Share subscribed. The company also announced that it issued 1,000,000 Broker Options to the participating brokers. The Placement Options and Broker Options are exercisable at \$0.10 within three years of grant.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and therefore, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 the development of those mineral tenements.

ENVIRONMENTAL REGULATIONS

The Company's environmental obligations are regulated by the laws of the Commonwealth of Australia and 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 |
|------------------|----------------|---------------------|
| 13 December 2020 | \$0.17 | 5,890,000 |
| 13 December 2020 | \$0.17 | 2,000,000 |
| 13 December 2020 | \$0.17 | 7,600,000 |
| 30 November 2021 | \$0.21 | 422,233 |

| | | |
|------------------|--------|------------|
| 11 December 2021 | \$0.17 | 19,214,900 |
| 30 June 2023 | \$0.10 | 26,349,989 |
| 30 June 2023 | \$0.10 | 1,000,000 |
| 1 December 2023 | \$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 30 November 2021, the Company is required to fund the exercise price in the event of exercise.

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 terms of the insurance policies prevent the Company from disclosing the premium amount.

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:

| Director | Directors | |
|-----------|---|-----------------------------|
| | Number of meetings held while in office | Number of meetings attended |
| M Hill | 5 | 5 |
| A Bantock | 5 | 5 |
| N Chen | 5 | 5 |

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration for the year ended 30 June 2020 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.



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

As lead auditor of the audit of Marenica Energy Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in relation to Marenica Energy Limited and the entities it controlled during the year.

Rothsay Auditing

Daniel Dalla
Partner
30 September 2020

This remuneration report for the year ended 30 June 2020 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 |

(ii) Executives

| | |
|-----------|---|
| S McBride | Chief Financial Officer and Company Secretary |
|-----------|---|

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.

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 March 2020, Mr McBride’s remuneration is based on a fixed monthly retainer of \$15,000 for 3 days per week, with a 2-month notice period for either party.

D. Remuneration of Key Management Personnel (“KMP”)

| 30-Jun-2020 | 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 | - | - | 80,695 | 365,395 | 22.08% |
| A Bantock * | 41,096 | 3,904 | - | - | 20,804 | 65,804 | 31.62% |
| N Chen * | 30,822 | 2,928 | - | - | 20,804 | 54,554 | 38.13% |
| Total Directors | 331,918 | 31,532 | - | - | 122,303 | 485,753 | 25.18% |
| Other KMP | | | | | | | |
| S McBride | 247,877 | 22,123 | - | - | 41,608 | 311,608 | 13.35% |
| Total executive KMP | 247,877 | 22,123 | - | - | 41,608 | 311,608 | 13.35% |
| Totals | 579,795 | 53,655 | - | - | 163,911 | 797,361 | 20.56% |

* Note: Messrs Bantock and Chen agreed to forego their entitlement to director fees for three months from 1 April 2020 to 30 June 2020, as a result of the uncertain impact on the Company’s operations and capital markets, as a consequence of government imposed restrictions to combat COVID-19 .

| 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.

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 2020

During the 2020 financial year, the following options lapsed:

| Expiry Date | Exercise Price | Number under Option |
|--------------------|-----------------------|----------------------------|
| - | - | - |

The following options were exercised during the year:

| Expiry Date | Exercise Price | Number under Option |
|--------------------|-----------------------|----------------------------|
| 1 December 2019 | \$0.1806 | 290,698 |

The following options were issued during the year:

| Expiry Date | Exercise Price | Number under Option |
|--------------------|-----------------------|----------------------------|
| 28 November 2023 | \$0.17 | 7,600,000 |

These options were fair valued at \$0.036867 using the Black Scholes option pricing model.

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.

F. Shareholdings for Key Management Personnel

| <u>30 June 2020</u> | Balance at 1 July 2019 | Purchased/ (Sold) during the year | Granted as remuneration | Balance at 30 June 2020 |
|---------------------|---------------------------|---|----------------------------|-------------------------------|
| Directors | | | | |
| M Hill | 2,542,858 | 1,421,053 | - | 3,963,911 |
| N Chen | 1,331,707 | 1,315,789 | - | 2,647,496 |
| A Bantock | 200,000 | 657,895 | - | 857,895 |
| Other KMP: | | | | |
| S McBride | 70,000 | 782,895 | - | 852,895 |
| | <u>4,144,565</u> | <u>4,177,632</u> | <u>-</u> | <u>8,322,197</u> |

| <u>30 June 2019</u> | 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 |
| | <u>5,262,396</u> | <u>127,411</u> | <u>-</u> | <u>5,389,807</u> |

¹ Retired 31 July 2018

G. Option holdings for Key Management Personnel

| <u>30 June 2020</u> | Balance at 1 July 2019 | Exercised | Lapsed | Issued | Balance at 30 June 2020 | Vested at 30 June 2020 | | |
|---------------------|---------------------------|-----------|------------------|------------------|----------------------------|------------------------|------------------|--------------------|
| | | | | | | Total | Exercisable | Not exercisable |
| Directors | | | | | | | | |
| M Hill | 3,600,000 | - | - | 3,600,000 | 7,200,000 | 7,200,000 | 3,600,000 | 3,600,000 |
| N Chen | 1,292,857 | - | (150,000) | 1,000,000 | 2,142,657 | 2,142,657 | 1,142,657 | 1,000,000 |
| A Bantock | 1,100,000 | - | (100,000) | 1,000,000 | 2,000,000 | 2,000,000 | 1,000,000 | 1,000,000 |
| Other KMP | | | | | | | | |
| S McBride | 2,207,948 | - | - | 2,000,000 | 4,207,948 | 4,207,948 | 2,207,948 | 2,000,000 |
| | <u>8,200,805</u> | <u>-</u> | <u>(250,000)</u> | <u>7,600,000</u> | <u>15,550,605</u> | <u>15,550,605</u> | <u>7,950,605</u> | <u>7,600,000</u> |

In regard to 142,857 of the Directors options above, the Company will fund the exercise price in the event of exercise.

| 30 June 2019 | Balance at 1 July 2018 | Exercised | Issued | Balance at 30 June 2019 | Vested at 30 June 2019 | | |
|------------------|---------------------------|-----------|-----------|----------------------------|------------------------|-------------|--------------------|
| | | | | | Total | Exercisable | Not exercisable |
| Directors | | | | | | | |
| M Hill | - | - | 3,600,000 | 3,600,000 | 3,600,000 | 3,600,000 | - |
| 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 | - |

In regard to 142,857 of the Directors options above, the Company will fund the exercise price in the event of exercise.

H. Performance Rights for Key Management Personnel

| 30 June 2020 | Balance at 1 July 2019 | Issued | Vested | Balance at 30 June 2020 | Total | Unvested |
|------------------|---------------------------|--------|--------|----------------------------|---------|----------|
| Directors | | | | | | |
| M Hill | 202,500 | - | - | 202,500 | 202,500 | 202,500 |
| A Bantock | - | - | - | - | - | - |
| N Chen | - | - | - | - | - | - |
| Other KMP | | | | | | |
| S McBride | - | - | - | - | - | - |
| | 202,500 | - | - | 202,500 | 202,500 | 202,500 |

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.
- 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™** 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.

A handwritten signature in blue ink, appearing to read "A Bantock".

Andrew Bantock
Chairman

30 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020



| | Note | 2020 \$ | 2019 \$ |
|---|------|-------------|-------------|
| Continuing operations | | | |
| Revenue | | | |
| Interest received | 4 | 5,740 | 14,703 |
| Research and development tax refund | 4 | 106,362 | 101,654 |
| Government cash flow boosts | 4 | 100,000 | - |
| Other income | 4 | 22,208 | 18,336 |
| | | 234,310 | 134,693 |
| Expenses | | | |
| Exploration and evaluation expenses | | (503,541) | (220,574) |
| Share based employee benefits | | (163,911) | (170,293) |
| Employee benefit expense | | (691,501) | (562,543) |
| Foreign exchange loss | 5 | (21,355) | (10,419) |
| Administration expenses | | (463,751) | (390,302) |
| Depreciation expense | 5 | (46,003) | (4,317) |
| Finance expense | 5 | (2,853) | (73,106) |
| Total expenses | | (1,892,915) | (1,431,554) |
| Loss before income tax expense | | (1,658,605) | (1,296,861) |
| Income tax (expense)/benefit | 6 | - | - |
| Net loss for the year | | (1,658,605) | (1,296,861) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | (1,658,605) | (1,296,861) |
| Loss for the year is attributable to: | | | |
| Owners of Marenica Energy Limited | | (1,658,605) | (1,296,861) |
| Non-controlling interests | | - | - |
| | | (1,658,605) | (1,296,861) |
| Total comprehensive loss for the year is attributable to: | | | |
| Owners of Marenica Energy Limited | | (1,658,605) | (1,296,861) |
| Non-controlling interests | | - | - |
| | | (1,658,605) | (1,296,861) |
| Earnings per share | | | |
| Basic loss per share (cents per share) | 21 | (1.61) | (1.89) |

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.

Consolidated Statement of Financial Position
As at 30 June 2020



| | Note | 2020 \$ | 2019 \$ |
|---|------|------------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 19 | 1,062,967 | 487,862 |
| Trade and other receivables | 7 | 65,910 | 286,956 |
| Total Current Assets | | 1,128,877 | 774,818 |
| Non-Current Assets | | | |
| Plant & equipment | 8 | 20,248 | 20,886 |
| Trade and other receivables | 7 | - | 3,360 |
| Right-of-use asset | 9 | 64,247 | - |
| Tenement acquisition cost | 10 | 3,145,885 | - |
| Total Non-Current Assets | | 3,230,380 | 24,246 |
| TOTAL ASSETS | | 4,359,257 | 799,064 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 227,768 | 170,276 |
| Lease liability | | 22,718 | - |
| Employee benefits | 12 | 103,318 | 91,053 |
| Total Current Liabilities | | 353,804 | 261,329 |
| Non-Current Liabilities | | | |
| Lease liability | | 42,520 | - |
| Employee benefits | 12 | 38,674 | 33,985 |
| Total Non-Current Liabilities | | 81,194 | 33,985 |
| TOTAL LIABILITIES | | 434,998 | 295,314 |
| NET ASSETS | | 3,924,259 | 503,750 |
| EQUITY | | | |
| Contributed equity | 13 | 55,929,259 | 51,030,575 |
| Reserves | 14 | 485,191 | 409,674 |
| Accumulated losses | 15 | (52,490,191) | (50,936,499) |
| TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF MARENICA ENERGY LIMITED | | 3,924,259 | 503,750 |
| Non-controlling interests | | - | - |
| TOTAL EQUITY | | 3,924,259 | 503,750 |

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020



| 30 June 2020 | Notes | Issued Capital | Accumulated Losses | Reserves | Total | Non-Controlling Interests | Total Equity |
|--|--------------|-----------------------|---------------------------|-----------------|------------------|----------------------------------|---------------------|
| Balance at beginning of year | | 51,030,575 | (50,936,499) | 409,674 | 503,750 | - | 503,750 |
| Adjustment for change in accounting policy | 2 | - | (827) | - | (827) | - | (827) |
| Balance at beginning of year – restated | | 51,030,575 | (50,937,326) | - | 502,923 | - | 502,923 |
| Loss for the year | 15 | - | (1,658,605) | - | (1,658,605) | - | (1,658,605) |
| Other comprehensive income | | - | - | - | - | - | - |
| Total comprehensive loss for the year | | - | (1,658,605) | - | (1,658,605) | - | (1,658,605) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | | |
| Issue of shares | | 5,157,542 | - | - | 5,157,542 | - | 5,157,542 |
| Share issue costs | | (290,283) | - | - | (290,283) | - | (290,283) |
| Transfer on exercise or expiry of equity | 13, 14 | 31,105 | - | (31,105) | - | - | - |
| Options issued during year | 14 | 320 | - | 206,563 | 206,883 | - | 206,883 |
| Options lapsed during year | 14 | - | 105,740 | (105,740) | - | - | - |
| Performance Rights vesting | 14 | - | - | 5,799 | 5,799 | - | 5,799 |
| Balance at end of year | | 55,929,259 | (52,490,191) | 485,191 | 3,924,259 | - | 3,924,259 |
| 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) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | | |
| 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 |

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2020



| | Note | 2020 \$ | 2019 \$ |
|--|------|-------------|-------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (1,614,187) | (1,255,312) |
| Research and development refund received | | 106,362 | 101,654 |
| Government cash flow boosts received | | 50,000 | - |
| Interest received | | 5,741 | 14,703 |
| Interest paid | | - | (13,205) |
| Net cash outflow from operating activities | 20 | (1,452,084) | (1,152,160) |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | | (4,103) | (11,869) |
| Payments for tenement acquisition cost | | (298,151) | - |
| Investments in subsidiaries | | - | (672) |
| Loans to other entities | | - | (250,000) |
| Cash generated / (used) in investing activities | | (302,254) | (262,541) |
| Cash flows from financing activities | | | |
| Proceeds from issue of equity securities | | 2,602,872 | 1,178,200 |
| Expenses from issue of equity securities | | (229,688) | (123,564) |
| Repayment of lease liabilities | | (44,278) | - |
| Cash generated / (used) in financing activities | | 2,328,906 | 1,054,636 |
| Net increase/(decrease) in cash and cash equivalents | | 574,568 | (360,065) |
| Cash and cash equivalents at the beginning of the financial year | | 487,862 | 847,922 |
| Effects of foreign exchange changes on cash and cash equivalents | | 537 | 5 |
| Cash at the end of the financial year | 19 | 1,062,967 | 487,862 |

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

1. CORPORATE INFORMATION

The financial statements of Marenica Energy Limited (the “Company”) for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 30 September 2020.

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 \$1,658,605 (2019: \$1,296,861) and net operating cash outflows of \$1,452,084 (2019: \$1,152,160). These were offset by net cash inflows from financing activities of \$2,328,906 (2019:\$1,054,636).

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
- the ability of the Group to sell assets as required.

The financial report has been prepared on a going concern basis. In arriving at this position, the Directors have had regard to the fact that the Company has, or in the Directors’ opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

Should the Company not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

2 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 2020 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.

2 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) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(j) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

(k) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(l) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)*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.

(m) Share based payments

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

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

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

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

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

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

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

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.

(n) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(t) 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.

Grants

Grant revenue is recognised in profit or loss when the Group satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Other revenue

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

(u) 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.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period.

(v) 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.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(w) 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.

(x) 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.

(y) 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. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

| | 1 July 2019 |
|---|---------------------|
| | \$ |
| Operating lease commitments as at 1 July 2019 (AASB 117) | 78,889 |
| Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16) | (2,149) |
| Short-term leases not recognised as a right-of-use asset (AASB 16) | (66) |
| Accumulated depreciation as at 1 July 2019 (AASB 16) | <u>(25,558)</u> |
| Right-of-use assets (AASB 16) | 51,116 |
| Lease liabilities - current (AASB 16) | (38,639) |
| Lease liabilities - non-current (AASB 16) | (13,304) |
| Tax effect on the above adjustments | <u>-</u> |
| Reduction in opening retained profits as at 1 July 2019 | <u><u>(827)</u></u> |

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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 14. 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)*Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| 4. REVENUE FROM CONTINUING OPERATIONS | | |
| <i>U-pgrade</i> [™] -based income | 22,208 | 18,336 |
| Research and development tax refund | 106,362 | 101,654 |
| Government cash flow boosts | 100,000 | - |
| Interest received | 5,740 | 14,703 |
| | <hr/> | <hr/> |
| 5. EXPENSES | | |
| Loss before income tax includes the following specific expenses: | | |
| Depreciation | | |
| Plant and equipment | 4,588 | 4,317 |
| Right-of-use asset | 41,415 | - |
| | <hr/> | <hr/> |
| | 46,003 | 4,317 |
| Finance costs | | |
| Convertible notes | - | 73,106 |
| Lease liability | 2,853 | - |
| Net foreign exchange loss | 21,355 | 10,419 |
| Rental expense relating to operating lease | | |
| Minimum lease payments | 9,707 | 41,472 |
| Superannuation expense | | |
| Defined contribution superannuation expense | 51,791 | 56,818 |
| Share-based payments expense | | |
| Equity-settled share based payments | 163,911 | 170,293 |

6. INCOME TAX

| | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| Loss for year | (1,658,605) | (1,296,861) |
| Tax expense/(benefit) at tax rate of 27.5% (2019: 27.5%) | (456,116) | (356,637) |
| Tax effect of amounts that are not deductible/taxable in calculating taxable income | (4,325) | 28,122 |
| Impact of reduction in future corporate tax rate | 754,025 | (38,521) |
| Deferred tax assets not brought to account | (784,286) | (38,521) |
| Revenue losses not brought to account | 490,702 | 367,036 |
| Income tax expense/(benefit) | - | - |

DEFERRED TAX**Deferred Tax Assets****at 25% (2019: 27.5%) unless stated otherwise**

| | | |
|---|------------------|------------------|
| Provisions and accruals | 41,466 | 36,671 |
| Capital raising costs | 72,351 | 70,955 |
| Overseas tax losses (at 32% corporate tax rate) | 706,874 | 574,395 |
| Australian capital losses carried forward | 910,848 | 1,001,933 |
| Australian carried forward revenue losses | 6,804,657 | 7,185,800 |
| Other | 264 | - |
| | <u>8,536,460</u> | <u>8,869,754</u> |

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

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

Deferred Tax Liabilities**at 25% (2019: 27.5%)**

| | | |
|------------------|------------|--------------|
| Prepayments | 983 | 1,081 |
| Convertible note | - | - |
| | <u>983</u> | <u>1,081</u> |

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 | 20,029 | 33,026 |
| Other receivables | 5,021 | 3,930 |
| Government Cash Flow Boosts | 37,500 | - |
| Loans to entities | - | 250,000 |
| Rental & Security Bonds | 3,360 | - |
| | <u>65,910</u> | <u>286,956</u> |

The Company provided Optimal Mining Limited a bridge loan of \$250,000 to provide funding for Optimal while it was completing the sale of its Australian Uranium Assets to Marenica. On 13 December 2019, this amount became the cash portion of the purchase price of \$250,000 of the Australian Uranium Assets and is recognised as part of the tenement acquisition costs capitalised as a non-current asset during the period (refer to note 10).

7 TRADE AND OTHER RECEIVABLES (continued)

Non-Current Assets

| | 2020 | 2019 |
|--|-------------|--------------|
| | \$ | \$ |
| 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) |
| Rental & Security Bonds | - | 3,360 |
| | <u>-</u> | <u>3,360</u> |

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.

8. PLANT AND EQUIPMENT

| | | |
|--------------------------------|---------------|---------------|
| Cost | 116,093 | 112,143 |
| Less: Accumulated Depreciation | (95,845) | (91,257) |
| Net book value | <u>20,248</u> | <u>20,886</u> |

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 | 20,886 | 13,360 |
| Additions | 3,950 | 11,870 |
| Disposals | - | (27) |
| Profit on sale | - | - |
| Depreciation charge | (4,588) | (4,317) |
| Closing net book amount | <u>20,248</u> | <u>20,886</u> |

9. RIGHT-OF-USE ASSET

| | | |
|-----------------------------------|---------------|----------|
| Land and buildings – right-of-use | 105,293 | - |
| Less: Accumulated depreciation | (41,046) | - |
| | <u>64,247</u> | <u>-</u> |

The Company leases land and buildings for its office in Australia under a two-year agreement and for its warehouse in Namibia under a five-year agreement. On renewal, the terms of the leases are renegotiated. The Company also leases land and buildings under a separate agreement of less than two years and is either short-term or low-value, so has been expensed as incurred and not capitalised as a right-of-use assets.

10. CAPITALISED TENEMENT ACQUISITION COSTS

| | 2020 | 2019 |
|---|------------------|-------------|
| | \$ | \$ |
| Balance at beginning of period/year | - | - |
| Cash component of purchase price | 250,000 | - |
| Share-based consideration of purchase price | 2,502,500 | - |
| Acquisition costs | 393,385 | - |
| | <u>3,145,885</u> | <u>-</u> |

On 11 December 2019, the Company acquired 100% of the interests in the Acquisition Entities of Optimal Mining Limit which collectively hold tenements and minerals resources ("the Acquisition Assets") in Western Australia and the Northern Territory that are prospective for uranium. Refer to Note 17 for the names and countries of incorporation of the Acquisition Entities. Details of the purchase of assets are as follows:

| | 2020 |
|---|------------------|
| | \$ |
| Amount settled in cash | 250,000 |
| Fair value of equity shares issued | 2,502,500 |
| Acquisition costs | 393,385 |
| Total | <u>3,145,885</u> |
| Recognised amount of identifiable net assets: | |
| Capitalised exploration expenditure | <u>3,145,885</u> |
| Net identifiable assets and liabilities | <u>3,145,885</u> |
| Goodwill | <u>-</u> |

Capitalised tenement acquisition costs represent the accumulated cost of acquiring the Acquisition Assets. Ultimate recoupment of these costs is dependent on the successful development and commercial exploitation or alternatively, sale of the respective areas of interest.

11. PAYABLES

| | 2020 | 2019 |
|-----------------|----------------|----------------|
| | \$ | \$ |
| Trade payables | 47,317 | 69,019 |
| Accrued charges | 180,451 | 101,257 |
| | <u>227,768</u> | <u>170,276</u> |

Included in Accrued charges is the sum of \$45,000 (2019: \$97,500) relating to unpaid non-executive Directors fees (inclusive of superannuation) at year end. The sum of \$45,000 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. Also included in Accrued charges is the sum of \$15,820 (2019: \$nil) relating to the share-based payment valuation of 1,000,000 options issued to the Company's on 3 July 2020, which was part consideration of the selling fees for shares issued during the year. Refer to Note 27 for further information on the shares and options issued.

12. PROVISIONS**Current Liabilities**

| | | |
|----------------------------|----------------|---------------|
| Provision for annual leave | 103,318 | 91,053 |
| | <u>103,318</u> | <u>91,053</u> |

Non-Current Liabilities

| | | |
|----------------------------------|---------------|---------------|
| Provision for long service leave | 38,674 | 33,985 |
| | <u>38,674</u> | <u>33,985</u> |

13. CONTRIBUTED EQUITY**(a) Ordinary Shares**

| | 2020 | 2019 |
|-----------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Paid up capital – ordinary shares | 57,497,810 | 52,308,844 |
| Capital raising costs capitalised | (1,568,552) | (1,278,269) |
| | <u>55,929,259</u> | <u>51,030,575</u> |

Movement during the year

| | Number of Shares | \$ |
|--|-----------------------------|-------------------|
| 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 | <u>73,212,293</u> | <u>51,030,575</u> |
| Balance at 1 July 2019 | 73,212,293 | 51,030,575 |
| Share placement on 1 August 2019 | 16,012,417 | 1,601,242 |
| Exercise of options on 29 November 2019 | 290,698 | 52,500 |
| In lieu of options exercised on 29 November 2019 | - | 31,105 |
| Share options issued on 12 December 2019 | - | 320 |
| Convertible preference shares issued to Optimal Mining Limited on 17 December 2019 | 27,500,000 | 2,502,500 |
| Share placement on 17 April 2020 | 13,157,894 | 500,000 |
| Share placement on 15 June 2020 | 13,192,095 | 501,300 |
| Less: Share issue costs | - | (290,283) |
| Balance at 30 June 2020 | <u>143,365,397</u> | <u>55,929,259</u> |

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.

(b) Share Options

| Movements in share options: | Unlisted, \$0.17 Options 28/11/23 | Unlisted, \$0.17 Options 10/12/21 | Unlisted, \$0.21 Options 30/11/21 | Unlisted, \$0.17 Options 13/12/20 | Unlisted, \$0.17 Options 13/12/20 | Unlisted, \$0.17 Options 25/05/20 | Unlisted, \$0.1806 Options 01/12/19 | Unlisted, \$0.355 Options 26/11/18 |
|------------------------------------|--|--|--|--|--|--|--|---|
| Balance at 1 July 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 | <u>-</u> | <u>-</u> | <u>422,233</u> | <u>7,890,000</u> | <u>7,600,000</u> | <u>7,309,998</u> | <u>290,698</u> | <u>-</u> |
| Issued during the year | 7,600,000 | 19,214,900 | - | - | - | - | - | - |
| Exercised during the year | - | - | - | - | - | - | (290,698) | - |
| Lapsed during the year | - | - | - | - | - | (7,309,998) | - | - |
| Balance at 30 June 2020 | <u>7,600,000</u> | <u>19,214,900</u> | <u>422,233</u> | <u>7,890,000</u> | <u>7,600,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |

14. RESERVES

| | 2020 \$ | 2019 \$ |
|--|----------------|----------------|
| Share-based payments reserve | 485,191 | 409,674 |
| Convertible note reserve | - | - |
| | <u>485,191</u> | <u>409,674</u> |
| (A) Share-Based Payments Reserve | | |
| Balance at beginning of year: | 409,674 | 259,373 |
| Options issued during the year | | |
| - In lieu of placement fees | 48,450 | 43,092 |
| - Directors' options | 158,112 | 164,510 |
| Options lapsed/exercised during the year | (136,844) | (63,084) |
| Performance rights vesting (b) | 5,799 | 5,783 |
| Balance at end of year: | <u>485,191</u> | <u>409,674</u> |

(i) Share Options

| | Number of options | \$ | Weighted average exercise price \$ |
|--|----------------------|----------------|--|
| <i><u>Movements in share options</u></i> | | | |
| Balance as at 1 July 2018 | 8,343,267 | 236,478 | 0.1795 |
| Options lapsed | (320,338) | (63,084) | 0.3550 |
| Options issued to placement lead manager | 2,000,000 | 43,092 | 0.17 |
| Options issued to specific officers | 7,600,000 | 164,510 | 0.17 |
| Options issued | 5,890,000 | - | 0.17 |
| Balance as at 30 June 2019 | <u>23,512,929</u> | <u>380,996</u> | <u>0.1708</u> |
| Options exercised | (290,698) | (31,105) | 0.1806 |
| Options lapsed | (7,309,998) | (105,740) | 0.17 |
| Options issued ref. (a) next page | 26,814,900 | 206,562 | 0.17 |
| Balance as at 30 June 2020 | <u>42,727,133</u> | <u>450,713</u> | <u>0,1704</u> |

(ii) Performance Rights

Movements in performance rights

| | |
|--|-----------------------|
| Balance as at 1 July 2018 | 22,896 |
| Rights vesting ref. (b) next page | 5,783 |
| Balance as at 30 June 2019 | <u>28,679</u> |
| Rights vesting ref. (b) next page | 5,799 |
| Balance as at 30 June 2020 | <u>34,478</u> |
| Total (i) & (ii) Share Based Payments Reserve | <u>485,191</u> |

- (a) On 28 November 2019, 7,600,000 options were granted and exercisable at \$0.17 each on or before 28 November 2023, to directors and management of the Company. The fair value of these options is \$0.036867 per option for a total value of \$280,189. The vesting condition attached to these options is continuous employment of directors and management of the Company to 13 December 2020. At the reporting period date, the amount vested was \$158,112. In valuing these options the Company used the following inputs in the Black Scholes option valuation model.

14 RESERVES (continued)**Inputs into the Model**

| | |
|-------------------------|---------|
| Grant date share price | \$0.086 |
| Exercise price | \$0.170 |
| Expected volatility | 79.29% |
| Option life | 4 years |
| Risk-free interest rate | 0.640% |

On 10 December 2019, 3,202,483 options were granted and exercisable at \$0.17 each on or before 10 December 2021, to a broker as part of the fees relating to a placement of shares and options. The fair value of these options is \$0.015129 per option (a subscription amount of \$0.0001 was paid by the broker and this amount has been taken off the valuation) for a total value of \$48,450. 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 | \$0.073 |
| Exercise price | \$0.170 |
| Expected volatility | 79.29% |
| Option life | 2 years |
| Risk-free interest rate | 0.730% |

- (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.

| | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| (B) Convertible Note Reserve | | |
| Balance at beginning of year: | - | 163,926 |
| Conversion of convertible note and interest in lieu of shares | - | (163,926) |
| Balance at end of year: | - | - |

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 represented the fair value of the option portion of the convertible note.

15. ACCUMULATED LOSSES

| | 2020 | 2019 |
|---|--------------|--------------|
| | \$ | \$ |
| Accumulated losses at beginning of year | (50,936,499) | (49,702,722) |
| Adjustment for change in accounting policy (note 2) | (827) | (163,926) |
| Net losses attributable to members of the parent entity | (1,658,605) | (1,296,861) |
| Options lapsed during the year | 105,740 | 63,084 |
| Accumulated losses at the end of the year | (52,490,191) | (50,936,499) |

16. 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.

17. 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 2020 | % Equity Interest 2019 |
|--|---------------------------------|-------------------------------|-------------------------------|
| 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% |
| Africa Uranium Ltd (note 10) | Australia | 100% | - |
| Jackson Cage Pty Ltd (note 10) | Australia | 100% | - |
| Northern Territory Uranium Pty Ltd (note 10) | Australia | 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 23 and the audited remuneration report section of the Directors' report.

18. COMMITMENTS FOR EXPENDITURE**Mineral Tenement Lease**

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| Exploration expenditure | | |
| The Company has been granted tenements in Namibia which have the following exploration commitments | | |
| Within one year | 638,373 | 440,492 |
| Between 1 and 5 years | 671,123 | 993,385 |
| | <u>1,309,496</u> | <u>1,433,877</u> |
| Lease commitments - operating | | |
| Within one year | 26,535 | 40,386 |
| Between 1 and 5 years | 49,108 | 13,440 |
| | <u>75,643</u> | <u>53,826</u> |

19. 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:

| | 2020 | 2019 |
|-------------------------------------|------------------|----------------|
| | \$ | \$ |
| Cash at bank and on deposit | 1,062,967 | 487,862 |
| Balance per statement of cash flows | <u>1,062,967</u> | <u>487,862</u> |

20. RECONCILIATION OF LOSS AFTER INCOME TAX TO CASH FLOWS USED IN OPERATING ACTIVITIES

| | | |
|---|--------------------|--------------------|
| Operating Profit (Loss) | (1,658,605) | (1,296,861) |
| <u>Add non-cash items</u> | | |
| Depreciation | 45,634 | 4,317 |
| Interest on unwinding of lease liability | 2,713 | - |
| Share-based payments | 163,911 | 132,330 |
| Amortisation of convertible note | - | 23,541 |
| Unrealised foreign exchange loss | 1,614 | 4,952 |
| <u>Decrease/increase in operating assets and liabilities:</u> | | |
| Receivables | (23,243) | (28,917) |
| Trade and other payables | (1,062) | (132,707) |
| Provisions | 16,954 | 58,697 |
| Accrued interest | - | 82,488 |
| Net cash (outflow) from operating activities | <u>(1,452,084)</u> | <u>(1,152,160)</u> |

21. EARNINGS PER SHARE**(a) Basic earnings per share – cents per share**

| | | |
|---|--------|--------|
| Loss attributable to the ordinary equity holders of the Company | (1.61) | (1.89) |
|---|--------|--------|

(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 | 103,291,964 | 68,554,455 |
|--|-------------|------------|

22. 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 | 29,500 | 16,200 |
| Audit and review of financial reports of Namibian subsidiaries | 6,769 | 4,524 |

(b) Other services

| | | |
|--------------------------------|---------------|---------------|
| Income tax return preparation | - | - |
| Total remuneration of auditors | <u>36,269</u> | <u>20,724</u> |

23. 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:

| | 2020 | 2019 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Short term employee benefits | 579,795 | 530,664 |
| Post-employment benefits | 53,655 | 47,041 |
| Share-based payments | 163,911 | 170,293 |
| Total compensation | <u>797,361</u> | <u>747,998</u> |

24. SHARE BASED PAYMENTS

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

2020

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|------------|---------------------------|--------------------------------|
| 3/12/2019 | 1/12/2023 | \$0.17 | - | 7,600,000 | - | 7,600,000 |
| 12/12/2019 | 11/12/2021 | \$0.17 | - | 19,214,900 | - | 19,214,900 |

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 |

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

| Grant date | Expiry date | 2020 Number | 2019 Number |
|------------|-------------|-------------------|-------------------|
| 30/11/2015 | 1/12/2019 | - | 290,698 |
| 22/11/2017 | 30/11/2021 | 422,233 | 422,233 |
| 25/05/2018 | 25/05/2020 | - | 7,309,998 |
| 13/12/2018 | 13/12/2020 | 7,890,000 | 7,890,000 |
| 13/12/2018 | 13/12/2020 | 7,600,000 | 7,600,000 |
| 3/12/2019 | 28/11/2023 | 7,600,000 | - |
| 11/12/2019 | 10/12/2021 | 19,214,900 | - |
| | | <u>42,727,133</u> | <u>23,512,929</u> |

The weighted average exercise price during the financial year was \$0.1704 (2019: \$0.1708).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.44 years (2019: 1.29 years).

25. PARENT ENTITY FINANCIAL INFORMATION**(a) Information relating to Marenica Energy Limited**

| | 2020 | 2019 |
|----------------------------|------------------|------------------|
| | \$ | \$ |
| Current Assets | 1,100,675 | 748,855 |
| Non-Current Assets | 3,290,202 | 20,886 |
| Total Assets | 4,390,877 | 769,741 |
| Current Liabilities | (342,494) | (257,572) |
| Non-Current Liabilities | (38,674) | (33,985) |
| Total Liabilities | (382,168) | (291,557) |
| NET ASSETS | 4,009,709 | 478,184 |
| EQUITY | | |
| Issued capital | 55,929,259 | 51,030,575 |
| Reserves | 485,191 | 409,674 |
| Accumulated losses | (52,404,741) | (50,962,065) |
| TOTAL EQUITY | 4,009,709 | 478,184 |
| Loss for the year | (1,547,589) | (1,328,335) |
| Total comprehensive income | (1,547,589) | (1,328,335) |

(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 18 to the financial statements.

26. 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 2020 (2019: 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.

Jackson Cage Royalties

On 13 December 2019, Marenica acquired Jackson Cage Pty Ltd ("Jackson Cage"), one of the Acquisition Entities acquired from Optimal Mining Limited. Jackson Cage is liable for a 1% gross royalty payable to Paladin Energy Limited and a 1% gross royalty payable to Areva Resources Australia Pty Ltd on any production from the Oobagooma Project in Western Australia (being tenement E04/2297) and a 1.5% gross royalty payable to Paladin NT Pty Ltd on any production from the Pamela/Angela Project in the Northern Territory (being tenement application EL25759 and tenement EL25758).

26 CONTINGENT LIABILITIES (continued)**Marenica Namibia VAT**

Marenica Energy Namibia Pty Ltd ("Marenica Namibia"), a subsidiary of the Group, received an equivalent amount in Australian Dollars of \$26,470 that relate to Namibian VAT debtors from prior reporting periods which were previously not considered to be recoverable. Marenica Namibia will be liable to pay the stated amount back if the Namibian VAT authorities issue a letter demanding the stated amount to be repaid

27. EVENTS AFTER THE REPORTING PERIOD

On 3 July 2020, the Company announced that it issued 26,349,989 Placement Options to those who participated in the Placement which raised \$1,001,300. The Placement consisted of two tranches:

- The issue on 17 April 2020 of 13,157,894 Shares at an issue price of \$0.038 per Share; and
- The issue on 15 June 2020 of 13,192,095 Shares at an issue price of \$0.038 per Share

The Placement Options were granted on the basis of one Option for every Share subscribed. The company also announced that it issued 1,000,000 Broker Options to the participating brokers. The Placement Options and Broker Options are exercisable at \$0.10 within three years of grant.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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.

28. 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 2020, 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.

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.

28 FINANCIAL INSTRUMENTS (continued)*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 | 2020 \$ | 2019 \$ |
|-----------------------------|------|------------|------------|
| Trade and other receivables | 7 | 65,910 | 290,316 |
| Cash and cash equivalents | 19 | 1,062,967 | 487,862 |

Impairment Losses

None of the Group's receivables are past due (2019: \$ 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 2020 | Note | Carrying amount | Contractual cash flow | 6 months or less | >12 months |
|--------------------------|------|-----------------|-----------------------|------------------|------------|
| Trade and other payables | 11 | 182,768 | 182,768 | 182,768 | - |
| Directors Fees | 11 | 45,000 | 45,000 | - | 45,000 |
| 30 June 2019 | Note | Carrying amount | Contractual cash flow | 6 months or less | >12 months |
| Trade and other payables | 11 | 72,776 | 72,776 | 72,776 | - |
| Directors Fees | 11 | 97,500 | 97,500 | 52,500 | 45,000 |

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 2020 on financial assets denominated in Namibian dollars was nil (2019: 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.

28 FINANCIAL INSTRUMENTS (continued)*Profile*

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

| | Carrying Amount | |
|--|-----------------|---------|
| | 2020 | 2019 |
| | \$ | \$ |
| Fixed rate instruments | | |
| Financial assets – cash and cash equivalents | - | 300,000 |
| Variable rate instruments | | |
| Financial assets – cash and cash equivalents | 1,062,967 | 187,862 |

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 (2019: 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 2020.

| | Profit or loss | | Equity | |
|---------------------------|------------------|------------------|------------------|------------------|
| | 50bp increase | 50bp decrease | 50bp increase | 50bp decrease |
| 30 June 2020 | | | | |
| Variable rate instruments | 5,315 | (5,315) | 5,315 | (5,315) |
| 30 June 2019 | | | | |
| Variable rate instruments | 939 | (939) | 939 | (939) |

Fair Value of financial instruments

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

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.

29. 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.

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 2020 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 2020.

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

On behalf of the board.

A handwritten signature in blue ink, appearing to read 'A Bantock'.

Andrew Bantock
Chairman
Perth
30 September 2020



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

**INDEPENDENT AUDITOR'S 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 controlled entities (“the Group”) which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 2020 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 (including Independence Standards)* (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.





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MARENICA ENERGY LIMITED (continued)

| <i>Key Audit Matter - Cash and Cash Equivalents</i> | <i>How our Audit Addressed the Key Audit Matter</i> |
|---|--|
| <p>The Group's cash and cash equivalents make up 94% of current assets by value and are considered to be the key driver of the Group's operations.</p> <p>We do not consider cash and cash equivalents to be at a high risk of significant misstatement or to be subject to a significant level of judgement.</p> <p>However due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.</p> | <p>Our procedures over the existence of the Group's cash and cash equivalents included but were not limited to:</p> <ul style="list-style-type: none">• Documenting and assessing the processes and controls in place to record cash transactions;• Testing a sample of cash payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger; and• Agreeing balances to independent confirmations. <p>We have also assessed the appropriateness of the disclosures included in the financial report.</p> |
| <i>Key Audit Matter - Exploration and evaluation expenditure</i> | <i>How our Audit Addressed the Key Audit Matter</i> |
| <p>During the year the Group has acquired a 100% interest in the Australian Uranium Assets of Optimal Mining Limited which hold tenements and mineral resources.</p> <p>We do not consider the acquisition of the entities and underlying tenements to be at a high risk of significant misstatement, or to be subject to a significant level of judgement.</p> <p>However due to the materiality in the context of the financial statements as a whole, this is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.</p> | <p>Our procedures in assessing exploration and evaluation expenditure included but were not limited to the following:</p> <ul style="list-style-type: none">• We assessed exploration and evaluation expenditure with reference to AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>;• We assessed the treatment of the acquisition with reference to AASB 3 <i>Business Combinations</i>;• We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments; and• We documented and assessed the processes and controls in place to record exploration and evaluation transactions. <p>We have also assessed the appropriateness of the disclosures included in the financial report.</p> |



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MARENICA ENERGY LIMITED (continued)**

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 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MARENICA ENERGY LIMITED (continued)

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 2020.

In our opinion the remuneration report of Marenica Energy Limited for the year ended 30 June 2020 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 Auditing

Dated 30 September 2020

Daniel Dalla
Partner

The following additional information is required by the Australian Securities Exchange and is current as at 6 September 2020.

(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) | 3,815 | 843 | 243 | 405 | 186 | 5,492 |
| 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 |
| Unlisted Options - \$0.17 01/12/2023 | - | - | - | - | 4 | 4 |
| Unlisted Options - \$0.17 11/12/2021 | - | - | - | 16 | 32 | 48 |
| Unlisted Options - \$0.10 30/06/2023 | - | - | - | 3 | 47 | 50 |
| Performance Rights | - | - | - | - | 1 | 1 |

The number of holders holding less than a marketable parcel of fully paid ordinary shares 4,736.

(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 | 8.12 |
| 2 | Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C> | 6,400,000 | 4.46 |
| 3 | Retzos Family Pty Ltd <Retzos Family S/Fund A/C> | 6,100,000 | 4.25 |
| 4 | J P Morgan Nominees Australia Pty Limited | 4,397,659 | 3.07 |
| 5 | Citicorp Nominees Pty Limited | 4,317,621 | 3.01 |
| 6 | BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP> | 4,009,739 | 2.80 |
| 7 | M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C> | 3,273,188 | 2.28 |
| 8 | UBS Nominees Pty Ltd | 2,980,523 | 2.08 |
| 9 | Mrs Carol Ann Hill | 2,763,911 | 1.93 |
| 10 | Pasias Holdings Pty Ltd | 2,500,000 | 1.74 |
| 11 | Sam Gouloupoulos Pty Ltd <S Gouloupoulos F/Super A/C> | 2,500,000 | 1.74 |
| 12 | Amax Holdings Pty Ltd <C&S Family A/C> | 2,183,847 | 1.52 |
| 13 | Magedo Super Pty Ltd <MG Family Super Fund A/C> | 2,000,000 | 1.40 |
| 14 | Atlantis MG Pty Ltd <MG Family A/C> | 2,000,000 | 1.40 |
| 15 | Enerview Pty Ltd | 2,000,000 | 1.40 |
| 16 | Shayden Nominees Pty Ltd | 2,000,000 | 1.40 |
| 17 | Aldaoud Pty Ltd <Aldaoud Family A/C> | 2,000,000 | 1.40 |
| 18 | Mr Richard Thomas Hayward Daly + Mrs Sarah Kay Daly <Daly Family S/F Tom A/C> | 1,544,070 | 1.08 |
| 19 | Westpark Operations Pty Ltd <Westpark Operations Unit A/C> | 1,500,000 | 1.05 |
| 20 | Huayou International Mining (HongKong) Limited | 1,455,898 | 1.02 |
| | TOTAL | 67,561,528 | 47.13 |

Stock Exchange Listing – there are 143,365,397 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 |
| Chris Retzos | 15,000,000 |

(d) Unquoted Securities

The number of unquoted securities on issue:

| Security | Number on issue |
|---|------------------------|
| Unlisted options, exercisable at \$0.21 each on or before 30 November 2021. | 422,233 |
| 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. | 7,600,000 |
| Unlisted options, exercisable at \$0.17 each on or before 01 December 2023. | 7,600,000 |
| Unlisted options, exercisable at \$0.17 each on or before 11 December 2021. | 19,214,900 |
| Unlisted options, exercisable at \$0.10 each on or before 30 June 2023. | 27,349,989 |
| 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 \$0.21 each on or before 30 November 2021. | SJJZT Pty Ltd | 207,948 |
| Unlisted options, exercisable at \$0.21 each on or before 30 November 2021. | Nelson Feng Chen | 142,857 |
| Unlisted options, exercisable at \$0.17 each on or before 13 December 2020. | Argonaut Investments Pty | 2,000,000 |
| Unlisted options, exercisable at \$0.17 each on or before 13 December 2020. | Carol Ann Hill | 3,600,000 |
| Unlisted options, exercisable at \$0.17 each on or before 13 December 2020. | SJJZT Pty Ltd | 2,000,000 |
| Unlisted options, exercisable at \$0.17 each on or before 01 December 2023. | Carol Ann Hill | 3,600,000 |
| Unlisted options, exercisable at \$0.17 each on or before 01 December 2023. | SJJZT Pty Ltd | 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.

Options and employee performance rights 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.

(l) 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.

The Group holds the following mineral tenements.

| Number | Name | Percentage Holding | Number | Name | Percentage Holding |
|--|-------------------|--------------------|---|----------------|--------------------|
| NAMIBIA | | | | | |
| Active Licences | | | Licence Applications | | |
| MDRL 3287 | Marenica | 75% | EPL 6746 | Tumasvlaktes | 95% |
| EPL 3308 | Mile 72 | 100% | EPL 7435 | Skilderkop | 100% |
| EPL 6987 | Koppies | 100% | EPL 7803 | Hotsas | 100% |
| EPL 7278 | Hirabeb | 100% | EPL 8098 | Autseib | 100% |
| EPL 7279 | Ganab | 100% | | | |
| EPL 7368 | Trekkopje East | 100% | | | |
| EPL 7436 | Amichab | 100% | | | |
| EPL 6663 | Arechadamab | 90% | | | |
| EPL 7662 | Namib IV | 100% | | | |
| EPL 7508 | Capri | 100% | | | |
| AUSTRALIA | | | | | |
| Active Licences – 100% Interest | | | Licence Applications – 100% Interest | | |
| R38/1 | Thatcher Soak | 100% | EL25759 | Pamela | 100% |
| E04/2297 | Oobagooma | 100% | ELR 22 | Minerva | 100% |
| EL25758 | Angela | 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% |
| | | | EL 32399 | Minerva | 100% |
| | | | EL 32400 | Minerva | 100% |
| Active Licences – Joint Venture Interests | | | Licence Applications – Joint Venture Interests | | |
| ELR 41 | Malawiri | 23.97% | MCS 318 | Karins | 20.82% |
| ELR 45 | Walbiri | 22.88% | MCS 319 | Karins | 20.82% |
| ELR 46 | Bigryli | 20.82% | MCS 320 | Karins | 20.82% |
| ELR 47 | Bigryli | 20.82% | MCS 321 | Karins | 20.82% |
| ELR 48 | Bigryli | 20.82% | MCS 322 | Karins | 20.82% |
| ELR 49 | Bigryli | 20.82% | MCS 323 | Karins | 20.82% |
| ELR 50 | Bigryli | 20.82% | MCS 324 | Karins | 20.82% |
| ELR 51 | Bigryli | 20.82% | MCS 325 | Karins | 20.82% |
| ELR 52 | Bigryli | 20.82% | MCS 326 | Karins | 20.82% |
| ELR 53 | Bigryli | 20.82% | MCS 327 | Karins | 20.82% |
| ELR 54 | Bigryli | 20.82% | MCS 328 | Karins | 20.82% |
| ELR 55 | Bigryli | 20.82% | EL 1466 | Mount Gilruth | 33.33% |
| EL 30144 | Dingos Rest South | 20.82% | EL 3114 | Beatrice South | 33.33% |
| ELR 31319 | Sundberg | 20.82% | | | |

REGISTERED OFFICE
1139 Hay Street, West Perth,
Western Australia, 6005
Tel: +61 (0) 8 6555 1816
www.marenicaenergy.com.au