

MARENICA ENERGY LIMITED

ACN 001 666 600

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2020**

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Corporate Information

DIRECTORS

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

AUDITOR

Rothsay Auditing
Level 1, Lincoln House
4 Ventnor Ave
West Perth WA 6005

COMPANY SECRETARY

S McBride

STOCK EXCHANGES

Australian Securities Exchange – MEY
Namibian Stock Exchange – MEY

REGISTERED OFFICE

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

SHARE REGISTRY

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
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BUSINESS OFFICE

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WEB SITE

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Directors' Report

Your Directors submit their report together with the consolidated financial report of Marenica Energy Limited ("Marenica" or "the Company") and entities it controlled ("the consolidated entity") at the end of, or during the half-year ended 31 December 2020.

Directors

The Directors of the Company during or since the end of the half-year, unless otherwise stated, are:

Name

Andrew Bantock	Independent Non-Executive Chairman
Murray Hill	Managing Director and CEO
Nelson Chen	Non-Executive Director

Principal activities

The principal activities of the Group during the period were exploration and evaluation of its mineral tenements and potential application of the Company's patented **U-pgrade™** uranium beneficiation process to those mineral tenements.

Operating and Financial Review

Result of Operations

The loss from ordinary activities of the Group for the half-year ended 31 December 2020 attributable to members was \$1,054,847 (31 December 2019 – \$803,847).

Review of Activities

On 21 July 2020, the Company announced that it had discovered an extensive palaeochannel at Hirabeb in Namibia which is mineralised over 30 kilometres. As an indication of its size, the palaeochannel system extends 36 kilometres, a distance wider than the English Channel. The average distance between drill lines is 5.5 kilometres, therefore, further drilling will be required to close the space. The Company will continue exploration on this area in early 2021.

On 29 October 2020, the Company announced that testwork undertaken using its **U-pgrade™** beneficiation process, indicates a significant potential reduction in acid consumption on ore to be processed at its Angela Project in the Northern Territory of Australia. In summary, the testwork indicates that acid consumption on ore from Angela was reduced by ~77% from 104 kg/tonne to 24 kg/tonne and that uranium leach extraction increased to 96% using **U-pgrade™**. These results indicate a significant reduction in operating costs. Another benefit indicated by the testwork was that by removing calcite prior to the leach circuit and then reintroducing it after the leach circuit, would neutralise the acid in the leach tailings and render the tailings inert prior to disposal. This would be a significant environmental benefit for the project. Marenica will continue to assess the benefit of **U-pgrade™** to the Angela Project.

On 10 November 2020, the Company announced that it had upgraded the Angela mineral resource estimate to JORC 2012 standard. The Angela mineral resource estimate is 30.8 Mlb U₃O₈ at 1,310 ppm (see Table 1 on the next page). This is a large high-grade uranium resource.

On 25 November 2020, the Company announced the results of a share purchase plan ("SPP") and top-up placement. Through the SPP, eligible shareholders applied for 31,660,619 fully paid ordinary shares at \$0.088 per share, raising A\$2,786,140, before costs. In addition, the Company undertook a placement at the same price as the SPP, with participants applying for 25,568,175 fully paid ordinary shares at \$0.088 per share, to raise A\$2,250,000, before costs. In addition, subject to shareholder approval, directors and officers of the Company applied for

Directors' Report

3,977,270 fully paid ordinary shares at \$0.088 per share to raise \$350,000, before costs. Shareholder approval for the issue of these shares was granted on 21 January 2021 and the shares were issued on 25 January 2021.

Table 1 Angela Mineral Resource Estimate

Classification	Mt	U₃O₈ Grade (ppm)	U₃O₈ Metal (t)	U₃O₈ Metal (Mlb)
Inferred Mineral Resource	10.7	1,310	13,978	30.8

(Figures in the table above may not add due to rounding)

Competent Persons Statement - Angela:

The Company confirms that the Mineral Resource Estimate for Angela has not changed since the ASX announcement of 10 November 2020 titled "Angela Mineral Resource Updated to JORC 2012". The Company is not aware of any new information, or data, that effects the information in the ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the next page and forms part of the Directors' Report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the directors.



Andrew Bantock
Chairman

Dated at Perth this 11th day of March 2021



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

As lead auditor of the review of Marenica Energy Limited for the half-year ended 31 December 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Marenica Energy Limited and the entities it controlled during the half-year.

Rothsay Auditing

A handwritten signature in black ink, appearing to read 'Dalla', written over a light blue horizontal line.

Daniel Dalla
Partner

11 March 2021

MARENICA ENERGY LIMITED

Directors' Declaration

The Directors of Marenica Energy Limited declare that in their opinion:

- a) the financial statements and notes, set out on pages 7 to 16, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Andrew Bantock
Chairman

Dated at Perth this 11th day of March 2021

MARENICA ENERGY LIMITED**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020**

		31 December 2020	31 December 2019
	Note	\$	\$
Continuing Operations			
Financial income	3	227	4,245
Activity-based income	3	-	22,208
Research and development tax refund	3	-	106,362
		<u>227</u>	<u>132,815</u>
Expenses			
Exploration and evaluation expenses		313,806	238,177
Employee expenses		315,170	379,612
Foreign exchange loss		8,019	-
Employee expenses - Share Based Payments		124,993	27,184
Administration expenses		263,619	269,156
Depreciation expense		26,884	21,457
Finance expense		2,583	1,076
Total expenses		<u>1,055,074</u>	<u>936,662</u>
Loss before income tax expense		(1,054,847)	(803,847)
Income tax expense		-	-
Loss from continuing operations		<u>(1,054,847)</u>	<u>(803,847)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		-	-
Total other comprehensive income		-	-
Total comprehensive loss		<u>(1,054,847)</u>	<u>(803,847)</u>

Earnings per share

Basic and diluted loss per share (cents per share)	(0.70)	(0.90)
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The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

MARENICA ENERGY LIMITED

**Consolidated Statement of Financial Position
As at 31 December 2020**

	Note	31 December 2020 \$	30 June 2020 \$
Current Assets			
Cash and cash equivalents		4,793,209	1,062,967
Trade and other receivables	4	51,497	65,910
Total Current Assets		<u>4,844,706</u>	<u>1,128,877</u>
Non-Current Assets			
Plant & equipment		19,828	20,248
Right-of-use asset	5	119,552	64,247
Tenement acquisition cost	6	3,145,885	3,145,885
Total Non-Current Assets		<u>3,285,265</u>	<u>3,230,380</u>
Total Assets		<u>8,129,971</u>	<u>4,359,257</u>
Current Liabilities			
Trade and other payables	7	235,244	227,768
Lease liability		48,525	22,718
Employee benefits	8	109,242	103,318
Total Current Liabilities		<u>393,011</u>	<u>353,804</u>
Non-Current Liabilities			
Lease liability		72,593	42,520
Employee benefits	8	41,060	38,674
Total Non-Current Liabilities		<u>113,653</u>	<u>81,194</u>
Total Liabilities		<u>506,664</u>	<u>434,998</u>
Net Assets		<u>7,623,307</u>	<u>3,924,259</u>
Equity			
Issued capital	9	60,542,340	55,929,259
Reserves	10	418,402	485,191
Accumulated losses		(53,337,435)	(52,490,191)
Total Equity		<u>7,623,307</u>	<u>3,924,259</u>

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

MARENICA ENERGY LIMITED**Consolidated Statement of Cash Flows
For the half-year ended at 31 December 2020**

	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(895,756)	(901,192)
Research and development tax refund	-	106,362
Interest received	227	4,245
Government cash flow boost	50,000	-
Net cash used in operating activities	<u>(845,529)</u>	<u>(790,585)</u>
Cash flows from investing activities		
Acquisitions of plant and equipment	(1,722)	(1,677)
Payments for tenement acquisition costs	-	(73,120)
Net cash used in investing activities	<u>(1,722)</u>	<u>(74,797)</u>
Cash flows from financing activities		
Proceeds from issue of equity securities	5,036,140	1,601,562
Expenses from issue of equity securities	(433,065)	(108,918)
Repayment of lease liabilities	(26,708)	(20,160)
Net cash provided by financing activities	<u>4,576,367</u>	<u>1,472,484</u>
Net increase/(decrease) in cash and cash equivalents	3,729,116	607,102
Cash and cash equivalents at beginning of half-year	1,062,967	487,862
Effects of exchange rate changes on cash and cash equivalents	1,126	1
Cash and cash equivalents at end of half year	<u><u>4,793,209</u></u>	<u><u>1,094,965</u></u>

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

MARENICA ENERGY LIMITED

Consolidated Statement of Changes in Equity For the half-year ended at 31 December 2020

	Issued Capital	Accumulated Losses	Reserves	Total	Non- controlling Interests	Total Equity
At 1 July 2020	55,929,259	(52,490,191)	485,191	3,924,259	-	3,924,259
Loss for the period	-	(1,054,847)	-	(1,054,847)	-	(1,054,847)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	(1,054,847)	-	(1,054,847)	-	(1,054,847)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of options/performance rights vesting	-	-	140,814	140,814	-	140,814
Lapse of options	-	207,603	(207,603)	-	-	-
Issue of Shares Note 9	5,036,140	-	-	5,036,140	-	5,036,140
Share issue costs Note 9	(423,059)	-	-	(423,059)	-	(423,059)
At 31 December 2020	60,542,340	(53,337,435)	418,402	7,623,307	-	7,623,307
	Issued Capital	Accumulated Losses	Reserves	Total	Non- controlling Interests	Total Equity
At 1 July 2019	51,030,575	(50,936,499)	409,674	503,750	-	503,750
Adjustment for change in accounting policy	-	(827)	-	(827)	-	(827)
At 1 July 2019 – restated	51,030,575	(50,937,326)	409,674	502,923	-	502,923
Loss for the period	-	(803,847)	-	(803,847)	-	(803,847)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	(803,847)	-	(803,847)	-	(803,847)
<i>Transactions with owners in their capacity as owners:</i>						
Options exercised	31,105	-	(31,105)	-	-	-
Issue of options/performance rights vesting	320	-	75,635	75,955	-	75,955
Issue of Shares Note 9	4,156,241	-	-	4,156,241	-	4,156,241
Share issue costs Note 9	(169,467)	-	-	(169,467)	-	(169,467)
At 31 December 2019	55,048,774	(51,741,173)	454,204	3,761,805	-	3,761,805

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

MARENICA ENERGY LIMITED

Condensed Notes to the Financial Statements For the half-year ended at 31 December 2020

1. Corporate Information

The financial statements cover Marenica Energy Limited as a consolidated entity consisting of Marenica Energy Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Marenica Energy Limited's functional and presentation currency.

The financial report of the Company for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 11th March 2021.

The Company is limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange and the Namibian Stock Exchange.

The nature of operations and principal activities of the Group are described in the Directors' Report.

2. Basis of Preparation and Accounting Policies

Basis of Preparation

These general purpose condensed consolidated financial statements for the half-year ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting as issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of the Company as at 30 June 2020.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2020 and to the date of this report in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Adoption of new or revised accounting standards and interpretations

The consolidated entity 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, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

MARENICA ENERGY LIMITED

Condensed Notes to the Financial Statements For the half-year ended at 31 December 2020

3. Loss before income tax expense

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Revenue:

	31 December 2020 \$	31 December 2019 \$
Interest revenue	227	4,245
Research and development tax refund	-	106,362
Activity-based income	-	22,208

Expenses:

Defined contribution superannuation expense	27,343	32,934
Depreciation	26,884	21,457
Rental expense relating to operating leases	445	4,871

4. Trade and other receivables

	31 December 2020 \$	30 June 2020 \$
Current Assets		
GST and VAT refundable	39,126	20,029
Government cash flow boosts	-	37,500
Other receivables	9,011	5,021
Rental & Security Bonds	3,360	3,360
	<u>51,497</u>	<u>65,910</u>

Non-Current Assets

Amount receivable from sale of Marenica Minerals (Proprietary) Limited (incorporated in Namibia)	3,425,275	3,425,275
Provision for impairment	<u>(3,425,275)</u>	<u>(3,425,275)</u>
	<u>-</u>	<u>-</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.

MARENICA ENERGY LIMITED

Condensed Notes to the Financial Statements For the half-year ended at 31 December 2020

5. Right-of-use asset

	31 December 2020 \$	30 June 2020 \$
Land and buildings – right-of-use	134,576	105,293
Less: Accumulated depreciation	(15,024)	(41,046)
	<u>119,552</u>	<u>64,247</u>

The Company leases land and buildings for its office in Australia under a one-year agreement, with an option to extend for one additional year, 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.

6. Capitalised tenement acquisition costs

Balance at beginning of period/year	3,145,885	-
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>3,145,885</u>

On 11 December 2019, the Company acquired 100% of the interests of three companies which collectively hold tenements and minerals resources ("the Acquisition Assets") in Western Australia and the Northern Territory that are prospective for uranium. 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.

7. Payables

Trade payables	72,010	47,317
Accrued charges	163,234	180,451
	<u>235,244</u>	<u>227,768</u>

Included in Accrued charges is the sum of \$45,000 (June 2020: \$45,000) relating to unpaid non-executive Directors fees (inclusive of superannuation) at the reporting date. Of this amount, \$45,000 (June 2020: \$45,000) relates to the Company's obligation to fund the exercise price of options issued to Directors should the Directors exercise the options.

8. Provisions

Current Liabilities

Provision for annual leave	109,242	103,318
	<u>109,242</u>	<u>103,318</u>

Non-Current Liabilities

Provision for long service leave	41,060	38,674
	<u>41,060</u>	<u>38,674</u>

MARENICA ENERGY LIMITED

Condensed Notes to the Financial Statements For the half-year ended at 31 December 2020

9. Contributed Equity

	31 December 2020 \$	30 June 2020 \$
Fully paid ordinary shares	62,533,950	57,497,810
Less: capital issue costs net of tax	<u>(1,991,610)</u>	<u>(1,568,551)</u>
	<u>60,542,340</u>	<u>55,929,259</u>

(i) Share Capital

	Number of shares	Issue price	\$
<i>Movements in share capital</i>			
Balance at the beginning of the period	143,365,397		55,929,259
Shares issued:			
- share placements	57,228,794	\$0.088	5,036,140
Share issue costs			<u>(423,059)</u>
Balance at the end of the period	<u>200,594,191</u>		<u>60,542,340</u>

10. Share-based Payment Reserve

Share-based payments reserve	<u>418,402</u>	<u>485,191</u>
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(i) Share Options

	Number of options	\$	Weighted average exercise price
<i>Movements in share options</i>			
Balance at the beginning of the period	42,727,133	450,713	0.1704
Options attached to share placement	26,349,989	-	-
Options issued (refer (a) following)	-	122,077	0.1700
Options issued (refer (b) following)	1,000,000	15,821	0.1000
Options lapsed	<u>(15,490,000)</u>	<u>(207,603)</u>	<u>0.1700</u>
Balance at the end of the period	<u>54,587,122</u>	<u>381,008</u>	<u>0.1352</u>

(ii) Performance Rights

<i>Movements in performance rights</i>		
Balance at the beginning of the period		34,478
Rights vesting		<u>2,916</u>
Balance at the end of the period		<u>37,394</u>

Total (I)-(II) Share Based Payments Reserve 418,402

**Condensed Notes to the Financial Statements
For the half-year ended at 31 December 2020**

10. Share-based Payment Reserve (continued)

- (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 \$280,189 of which \$158,112 had been recognised in prior periods. 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	\$0.086
Exercise price	\$0.170
Expected volatility	79.29%
Option life	4 years
Risk-free interest rate	0.640%

- (b) On 3 July 2020, 1,000,000 options were granted and exercisable at \$0.10 each on or before 30 June 2023, to a broker as part of the fees relating to a placement of shares during the previous financial year. The fair value of these options is \$0.015820 per option for a total value of \$15,820, which was accrued as a capital issue cost in the previous financial year and recognised in the option reserve during the current period. 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	\$0.065
Exercise price	\$0.100
Expected volatility	55.55%
Option life	3 years
Risk-free interest rate	0.260%

- (c) 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. The performance rights lapse on 13 July 2023, if not vested prior.

11. Segment Reporting

Management has determined that the Company has one reportable segment, being exploration and development. As the Company is so focused, the Board monitors the Company based on actual versus budgeted expenditure. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities, while also taking into consideration the results of work that has been performed to date and capital available to the Company.

MARENICA ENERGY LIMITED

Condensed Notes to the Financial Statements For the half-year ended at 31 December 2020

12. 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 the Marenica Project in Namibia mineral licence MDRL 3287 (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 period ended 31 December 2020. 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"). 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 Angela Project in the Northern Territory (being tenement application EL25759 and tenement EL25758).

Other than the above, the Directors are not aware of any material contingent liability as at the date of these financial statements.

13. Subsequent Events

On 25 January 2021, the Company issued 3,977,270 shares to the Directors of the Company at an issue price of \$0.088 per share (being the same issue price of shares as in the Share Purchase Plan and Top-Up Placement conducted in November 2020). These shares were issued after receiving shareholder approval at a general meeting held on 21 January 2021.

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 changing and is dependent on measures imposed by the Australian Federal and State Governments and the Republic of Namibia, 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 period which significantly affected or may significantly affect:

- (i) the Group's operations in future periods; or
- (ii) the results of those operations in future periods; or
- (iii) the Group's state of affairs in future periods.

14. Fair Value measurement

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



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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
MARENICA ENERGY LIMITED**

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Marenica Energy Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

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 review report.





Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Auditing

Dated 11 March 2021

**Daniel Dalla
Partner**