2013 ANNUAL REPORT

MARENICA ENERGY LIMITED

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DIRECTORS
R Pearce (Non-executive Chairman)
D Sanders (Non-executive director)
G Becker (Non-executive director)
D Buerger (Non-executive director)
N Chen (Non-executive director)
S Yang (Non-executive director)

CHIEF EXECUTIVE OFFICER
M Hill

COMPANY SECRETARY
Ms S Hunter

REGISTERED OFFICE
C/- Bennett + Co
Ground Floor, BGC Centre
28 The Esplanade
Perth WA 6000

BUSINESS OFFICE
Ground Floor, 6 Kings Park Road
West Perth WA 6005
PO Box 761, West Perth WA 6872
Tel: +61 8 6555 1816

WEB SITE
www.marenicaenergy.com.au

AUDITOR
Rothsay Chartered Accountants
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
German Exchanges - Frankfurt, Stuttgart, Munich, Düsseldorf, Berlin and Tradegate

HOME EXCHANGE
Perth

SHARE REGISTRY
Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009
Tel: +61 8 9389 8033
Fax: +61 8 9389 7871

ASX CODE
MEY

Chairman

In last year's Report, we finished by saying "the significant beneficiation of the low grade Marenica Uranium resource due to its unique characteristics is the crux of the Company's future and we are looking forward to achieving the positive metallurgical results in the next few months that will take the Company into the next exciting stage of development".

This year, Murray Hill (CEO) and the Technical Steering Committee (TSC) have certainly over achieved in producing outstanding metallurgical results (including much higher recovery than initially thought) and refining the beneficiation process to the point that it became obvious that this technology was not only relevant to the Marenica low grade resource but also to other carnotite resources as well.

This opens the door to licensing the technology to other uranium producers for the very profitable utilisation of their otherwise waste/low grade ore providing a substantial second revenue stream to the Company.

Chief Executive

Over the past 18 months your Company has made significant progress in the development of its proprietary ***U-pgrade™*** processing technology, having identified the opportunity to substantially concentrate the uranium grade of the ore from the large tonnage but low grade Marenica uranium deposit in Namibia. An intensive metallurgical testwork program, under the guidance of a world-class TSC, has produced results that have met, and in some cases greatly exceeded, expectations.

<u>Outstanding bench scale testwork results have been achieved on the Marenica ore using the ***U-pgrade™*** process with an upgrade of >50 times producing a leach feed grade of >5,000ppm U_3O_8 from an ore grade of 94ppm U_3O_8, recovering 72% of the uranium into the ***U-pgrade™*** concentrate.</u>

The ***U-pgrade™*** process reduces the mass of material from 20,000,000tpa mined to 270,000tpa to be leached. The leach circuit is the highest unit cost operation in a uranium processing plant and rejecting 19.7Mtpa of material prior to leaching has a significant impact on the operating costs.

The reject material contains a very high distribution of the major gangue mineral calcite, meaning that the remaining 1.5% mass can be recovered by acid leach rather than the alkali leach process necessary in high calcite materials. The acid leach process is simpler and cheaper to run than the alkali leach process.

Marenica initially developed ***U-pgrade™*** to process the Marenica ore but it is clear the technology has potential in treating similar calcrete hosted deposits around the world, particularly Namibia. The Company has developed a standard ore characterisation test to assess the suitability of ***U-pgrade™*** to ore sample.

The Company has embarked on a program to test samples from other similar uranium deposits in Namibia and Australia. Some of these are relatively high grade and the successful application of ***U-pgrade™*** to them is expected to result in very low operating costs, which could add significant value even using the current uranium prices.

The Company has reached agreement with Areva Mines to supply ore samples from the Trekkopje deposit (south of Marenica) and Deep Yellow Limited to supply ore samples from Deep Yellow's surficial deposits in Australia and Namibia for proof of concept testwork. The Company is in discussions with a further seven resource companies, from mostly Namibia and Australia, about providing samples for testing.

In developing ***U-pgrade™,*** a process to treat high sulphate containing uranium ore was also discovered. This is significant because until now high sulphate bearing calcrete hosted uranium ores have not been able to be processed. Initial testing of ***U-pgrade™*** on the high sulphur Marenica ore indicates that both sulphate and calcite could be rejected.

A patent application has been lodged over the ***U-pgrade™*** process to protect the Company's Intellectual Property. The ***U-pgrade™*** name has been trademark registered.

Application of ***U-pgrade™*** technology to the Marenica Uranium Project has the potential to greatly reduce the operating cost with current internal Company estimates of ~US$39/lb U_3O_8. The real value will be to demonstrate ***U-grade's***™ ability to upgrade other higher grade calcrete hosted uranium deposits around the world with a much greater return to shareholders.

The Future

The next stage in the evolution of ***U-pgrade™*** towards full commercialisation includes metallurgical ***U-pgrade™*** flowsheet optimisation testwork on the Marenica uranium project and to confirm the applicability of ***U-pgrade™*** to other uranium resources. Successful completion of this bench scale work will lead into design and costing of a transportable Pilot Plant that can be used at various locations around the world.

The Company is confident about the ongoing development and optimisation of ***U-pgrade™***, as well as being able to apply it to develop the large Marenica Uranium Project.

Conclusion

We earnestly thank those shareholders who supported the Company in the recent entitlement issue enabling us to further advance commercialisation of ***U-pgrade™***.

We would like to recognise the support of the staff in Namibia (it has not been an easy year for them), all members of the TSC (an outstanding effort), the Marenica Board members and the strong financial support from Hanlong Energy Ltd.

We look forward to an exciting year of ***U-pgrade™*** development. We are very confident of success.

27 September 2013

Robert Pearce

Chairman

Murray Hill

Chief Executive Officer

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 2013.

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

Robert Pearce – *Non-executive Chairman*

Mr Pearce has been an Australian Chartered Accountant for over 45 years and has ~30 years of experience in the resource sector. Over that time, he has been a director (in some cases chairman) and held senior executive positions in several resource and industrial companies listed on the Australian, Canadian, UK and US stock exchanges.

During the last three years, Mr Pearce has been a director of the following listed company:

- New Talisman Gold Mines Limited – appointed 11 April 2012, retired 31 July 2012

David Sanders

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

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

- Golden West Resources Limited – appointed 27 November 2009, retired 30 January 2012
- Eclipse Metals Limited* – appointed 2 December 2011, retired 6 July 2012, appointed 18 March 2013
- Quickflix Limited* – appointed 30 November 2012

* Denotes current directorship

Gavin Becker

Mr Becker is a metallurgist with over 35 years industry experience and is currently CEO of Metallica Minerals Limited. During his career he has worked in senior operational, R&D, feasibility study and consulting roles on lead/zinc, gold, uranium, copper and nickel mines and/or projects. He holds a Bachelor of Science (Engineering) degree from the University of London and completed his MBA at Bond University. Mr Becker is a fellow of the Australasian Institute of Mining and Metallurgy and is an Associate of the Royal School of Mines (UK).

Directorships in the past 3 years: None

Douglas Buerger

Mr Buerger specialises in exploration, geochemistry and geology. He has extensive industry experience in project management, general management and executive management roles. Most recently he held the position of Managing Director and CEO of Bendigo Mining Limited until his retirement in 2007. He holds a BSc and an M.Phil. degree. He is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors.

During the last three years, Mr Buerger has been a director of the following listed company:

- New Talisman Gold Mines Limited – appointed 26 April 2012, retired 1 August 2012

Nelson Chen

Appointed on 6 October 2011, retired on 30 November 2012 and was re-appointed on 30 November 2012.

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

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

- Moly Mines Limited* – appointed 23 April 2010,
- General Moly Inc. (USA)* – appointed 14 September 2011,

* Denotes current directorship

Bo (Simon) Yang

Mr Yang is the Chief Financial Officer of Hanlong Resources Limited ("Hanlong"). He graduated from Si Chuan University in China with a bachelor's degree in physics and holds master degree of business and administration from the University of Queensland. Mr Yang is a member of the Australian Institute of Company Directors and has 15+ years business experience in Australia across a number of industries including marketing, mining and finance.

Directorships in the past 3 years: None

Directors' interests

The interests of directors in securities of the Company at the date of this report are:

Director	Fully Paid Ordinary Shares	Options
R Pearce	9,364,584	2,000,000
D Sanders	1,916,667	1,500,000
G Becker	2,791,667	1,500,000
D Buerger	2,358,334	1,500,000
N Chen	2,000,000	-
B Yang	-	-

CHIEF EXECUTIVE OFFICER

Murray Hill

Mr Hill has 28 years of experience in the mining industry. He is a very well respected metallurgist with extensive operating and process plant commissioning experience. He has also managed a metallurgical testwork laboratory, has been a Senior Process Engineer in a Perth based engineering group and is well experienced in uranium metallurgy. For the 11 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.

COMPANY SECRETARY

Michael van Uffelen – Retired 31 July 2013

Susan Hunter BCom; ACA; F Fin; GAICD; ACIS; ACSA – Appointed 1 August 2013

Ms Hunter has over 19 years' experience in the corporate finance industry and is founder and Managing Director of consulting firm Hunter Corporate Pty Ltd which specialises in the provision of corporate governance and company secretarial advice to ASX listed companies. Ms Hunter holds a Bachelor of Commerce degree from the University of Western Australia majoring in accounting and finance, is a Member of the Australian Institute of Chartered Accountants, a Fellow of the Financial Services Institute of Australasia, a Member of the Institute of Chartered Secretaries and Administrators and Chartered Secretaries Australia and is a Member of the Australian Institute of Company Directors. Ms Hunter is currently Company Secretary for several ASX listed companies and a Non-Executive Director of Dampier Gold Ltd.

DIVIDENDS

No dividends have been provided for or paid by the Group in respect of the year ended 30 June 2013 (30 June 2012: Nil).

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was the evaluation of the beneficiation potential of the Marenica Project ore. There was minimal exploration or evaluation of the mineral tenements in Namibia for the year. There were no other significant changes in the nature of the Group's principal activities during the year.

OPERATING AND FINANCIAL REVIEW

Review of operations

Marenica Uranium Project

The Marenica Uranium Project is located within Exclusive Prospecting Licence (EPL) 3287 which covers 527km² and lies in the same uranium province as the Rossing, Husab and Langer Heinrich uranium mines and immediately north of the large Trekkopje Mine, Namibia. Resource Area EPL 3287 was initially granted in November 2005 for Base and Rare Metals, Precious Metals and Nuclear Fuel Groups of Minerals and recently renewed until November 2014.

In November 2011, Optiro Pty Ltd (Optiro) completed a Mineral Resource estimate for the Company. The resource totals 276Mt grading 94ppm U_3O_8 comprising an Indicated Mineral Resource of 26.5Mt grading 110ppm U_3O_8 and an Inferred Mineral Resource of 249.6 Mt grading 92ppm U_3O_8, for a combined total of 57Mlbs of contained U_3O_8 (at a 50ppm cut-off grade). In addition, an Inferred Mineral Resource was determined at the adjacent MA7 deposit of 22.8Mt grading 81ppm U_3O_8 for a total of 4.0Mlbs of contained U_3O_8 (at 50ppm cut-off grade). EPL3287 remains highly prospective for additional secondary uranium deposits.

Subsequently, the Company made the decision to suspend all drilling activities on the resources or on exploration targets whilst it progresses the metallurgical process development stage, as the future of the Company and the Project is dependent on metallurgical beneficiation success and not additional resource definition success.

Technical Steering Committee

The TSC is made up of independent industry experts and Marenica personnel (including two technical Directors).

Marenica personnel

- Doug Buerger, Marenica non-executive Director and TSC Chairman – Doug is a Namibian born geologist with extensive experience in exploration and project development
- Gavin Becker, Marenica non-executive Director – Gavin is a metallurgist with extensive experience in operations and project development and a former Mintek and Yeelirrie Uranium Project employee

OPERATING AND FINANCIAL REVIEW (continued)

- Murray Hill, Marenica CEO – Murray is the champion of the ***U-pgrade™*** technology and has extensive experience in operations, design and project development with recent experience on a number of uranium projects around the world, including Namibia
- Gottfried Grobbelaar, Marenica Chief Geologist – Gottfried resides in Namibia and his most recent experience includes working at Trekkopje and Marenica

Independent Consultants

- Gary Johnson, Strategic Metallurgy – Gary developed and commercialised Activox® nickel leach technology and he is a former employee of Rossing Uranium Mine, Namibia
- John Farrow, Commonwealth Scientific and Industrial Research Organisation (CSIRO) – John has extensive industry experience and is a world leader in fines processing
- Grenvil Dunn, Hydromet – Grenvil has extensive worldwide uranium experience and is a consultant to the United Nations and International Atomic Energy Agency
- Peter Austin, CSIRO – Peter has extensive industry experience and is an expert in the field of mineralogy
- Elana Williams, Independent Consultant – Elana has extensive mineral sands experience, which is particularly relevant to the ***U-pgrade™*** process

U-pgrade™

Marenica, in conjunction with the CSIRO, developed a standard ore characterisation test to assess the suitability of ***U-pgrade™*** to the ore. In developing this, which identified that Marenica ore has unique characteristics, Marenica has gained a strong understanding of how to reject specific gangue minerals and adjust the process to characteristics of different ores.

Outstanding bench scale testwork results have been achieved on the Marenica ore using the ***U-pgrade™*** process with an upgrade of >50 times producing a leach feed grade of >5,000ppm U_3O_8 from an ore grade of 94ppm U_3O_8, recovering 72% of the uranium into the ***U-pgrade™*** concentrate.

The ***U-pgrade™*** process very effectively reduces the mass of material from 20,000,000tpa mined to 270,000tpa to be leached. The use of mechanical processes is also expected to result in a relatively benign environmental impact, with 19.7Mtpa rejected prior to the leach circuit. The reject material contains a very high distribution of the major gangue mineral calcite. This means the uranium in the remaining 1.5% mass can be recovered by acid leach rather than the alkali leach process necessary in high calcite materials. The acid leach process is simpler and cheaper to run than the alkali leach process.

Also the leach circuit is the highest unit cost operation in a uranium processing plant, having to treat a small distribution of the ore greatly reduces operating costs.

The ***U-pgrade™*** process uses low cost well established unit operations that are used extensively in the broader minerals industry but to date with limited use in the uranium industry. They are also scalable to the large feed tonnage proposed for the Project.

U-pgrade™ Opportunities

Marenica initially developed ***U-pgrade™*** to process the Marenica ore. However it is clear the technology has potential in treating similar calcrete hosted deposits around the world, particularly Namibia. The TSC unanimously has a very high confidence level in the success of the ***U-pgrade™*** technology and its application to both Marenica and other uranium ore sources.

The Company has embarked on a program to test samples from other similar uranium deposits in Namibia and Australia. Some of these are relatively high grade and the successful application of ***U-pgrade™*** to them is expected to result in very low operating costs, which could add significant value even using the current uranium prices.

In developing ***U-pgrade™,*** a process to treat high sulphate containing uranium ore was also discovered. This is significant because until now high sulphate bearing calcrete hosted uranium ores have not been able to be processed due to:

OPERATING AND FINANCIAL REVIEW (continued)

- The sulphate in an alkali leach (adopted for calcrete ores) consuming large quantities of alkali reagent, resulting in very high operating costs
- The calcite in the calcrete ore consumes large quantities of acid in an acid leach, resulting in very high operating costs

Initial testing of ***U-pgrade™*** on the high sulphur Marenica ore indicates that both sulphate and calcite are rejected in the ***U-pgrade™*** process. This produces a feed suitable for either acid or alkali leaching with reasonable reagent consumption. More detailed testwork is in progress on this ore type.

The Project, along with many other surficial uranium deposits in Africa as well as Australia, contains a high distribution of sulphate minerals nearest the surface. For some resources, such as Marenica, this high sulphate component represents a low distribution of the ore resource (~10%) but, for other resources, the distribution of high sulphate ore can be as high as 100% providing a further commercial opportunity for ***U-pgrade™***.

A patent application has been lodged over the ***U-pgrade™*** process to protect the Company's Intellectual Property and the ***U-pgrade™*** name has been trademark registered.

Effect on Costs

Application of ***U-pgrade™*** technology to the Marenica Uranium Project has the potential to greatly reduce the operating cost with current internal Company estimates of ~US$39/lb U_3O_8 compared to Heap Leaching operating costs of >US$90/lb U_3O_8 (from 2011 Scoping Study).

With the reduction in operating costs, it is expected that the Project should become economically viable in the near future with further development of ***U-pgrade***™ and a moderate rise in the uranium price. The real bonanza will be to demonstrate ***U-pgrade's***™ ability to upgrade other higher grade calcrete hosted uranium deposits around the world with a much greater return to shareholders.

Other Resource Companies

In a quest to test the technology on uranium ore sources other than the Project, the Company has reached agreement with Areva Mines to supply ore samples from the Trekkopje deposit for proof of concept testwork. The Trekkopje project is in the adjacent mining lease to Marenica with a similar resource to Marenica but with a marginally higher grade. The Trekkopje project is a large scale heap leach operation which is currently under care and maintenance due to the current low uranium price and high operating costs. Successful application of the ***U-pgrade™*** technology to the Trekkopje ore will provide a basis for discussion with Areva Mines on application of ***U-pgrade™*** to Trekkopje.

Marenica have also reached agreement with Deep Yellow Limited to supply ore samples from Deep Yellow's surficial deposits in Australia and Namibia. Deep Yellow's surficial deposits are significantly higher grade than Marenica (at least 3 times on average) and successful application of ***U-pgrade™*** has the potential to result in very low operating costs, well below the current spot U_3O_8 price. Successful application of the ***U-pgrade™*** technology to either the Australian or Namibian ore samples will provide a basis for discussion with Deep Yellow on application of ***U-pgrade™*** to their projects.

The Company is in discussions with a further seven resource companies about providing samples for testing.

<u>Badgebup Gold Project – Western Australia</u>

The Company has an entitlement to receive 1.125% of the gross production of gold and other minerals produced from the Badgebup Gold Project located in Western Australia.

<u>Texas & Oklahoma Coal Company Limited (incorporated in the British Virgin Islands) (TOCC)</u>

The Company owns ~5% of TOCC and was an early-stage entry with an opportunity to participate in the development of coal export opportunities from North America. Whilst TOCC has progressed significantly since the Company's investment, it is currently raising additional funds at US$0.15/share (Company's entry price US$0.06/share) with a view to listing in the next 12 months; the directors took the view to write the investment down to a nominal value until the TOCC future is clearer.

OPERATING AND FINANCIAL REVIEW (continued)

Operating results for the year

The total loss of the Group attributable to the owners of Marenica Energy Limited for the financial year was $2,724,595 (2012: $3,537,992).

Financial position and significant changes in state of affairs

The net assets of the Group decreased by $2,724,595 as a result of expenditure on the beneficiation program and maintaining the mineral tenements in Namibia.

Cash on hand at 30 June 2013 totalled $416,187 (2012: $3.0 million).

Since balance date, a total of $846,540 (net of expenses to date) was raised from a 2 for 3 @ $0.004/share non-renounceable entitlement issue and an amount of $599,930 was received for the research and development claim for the 2012/13 year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Apart from the entitlement issue, receipt of the research and development claim mentioned above and the agreement with Hanlong to extend the repayment date of the Convertible Note (CN) from 15 November 2013 to 15 November 2015, 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 EXPECTED RESULTS OF OPERATIONS

The Company intends to continue the beneficiation program, including testwork on non-Marenica resources, and maintain the mineral tenements of the Marenica Uranium project in Namibia.

VALUE OF EPL3287 AND *U-pgrade*™ TECHNOLOGY

Consistent with past years, all costs on EPL3287 has been expensed. The current estimate of the mining and processing costs of the Marenica ore (approx. USD$39/lb U_3O_8) using our patented ***U-pgrade*™** technology are relatively close to the current market spot price of uranium.

As regards the value of the U-pgrade™ technology, the Directors have decided that whilst the bench scale testing to date has been overwhelmingly positive, until the pilot plant and other orebody testing (apart from Marenica) phases have been completed, it is inappropriate to capitalise any expenditure to date or ascribe an arbitrary value to U-pgrade™.

ENVIRONMENTAL REGULATIONS

The Company's environmental obligations are regulated by the Laws 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
15 December 2013	$0.21	12,500,000
31 October 2013	$0.13	6,500,000
30 April 2015	$0.027	18,000,000

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.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company resolved that it would indemnify its current directors and officers. Coverage in respect of this indemnity has been provided via a Directors and Officers insurance policy negotiated at commercial terms. The premium paid during the year was $13,592 (2012: $13,627).

Excluding the matter noted above the Company has not, 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:

- 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	Number of meetings held while in office	Number of meetings attended
R Pearce	9	9
G Becker	9	7
D Sanders	9	9
D Buerger	9	9
N Chen	9	8
B Yang	9	8

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on the next page.

NON-AUDIT SERVICES

No non-audit services have been provided by the Company's auditor, Rothsay Chartered Accountants, during the year.

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

The Directors
Marenica Energy Ltd
6 Kings Park Road
West Perth WA 6005

Dear Sirs

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

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2013 financial statements; and

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

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 27 September 2013

Chartered Accountants

This remuneration report for the year ended 30 June 2013 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. 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 the Chief Executive Officer (CEO), executive directors, senior management and company secretaries of the Parent and the term "director" refers to non-executive directors only.

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

R Pearce	Non-executive chairman
D Sanders	Non-executive director
G Becker	Non-executive director
D Buerger	Non-executive director
N Chen	Non-executive director
S Yang	Non-executive director

(ii) Executives

M Hill	Chief Executive Officer
M van Uffelen	Company Secretary – Retired 31 July 2013
S Hunter	Company Secretary – Commenced 1 August 2013

Apart from the resignation and appointment of a new company secretary, there have not been any changes to KMP after the reporting date and before the financial report was authorised for issue.

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 directors and executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

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

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

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. Variable remuneration may be delivered in the form of share options granted with or without vesting conditions.

C. Executive contractual arrangements

M Hill – *Chief Executive Officer*

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

- Base salary, inclusive of superannuation, effective 1 May 2012 is $283,400 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 six (6) months' salary.

M van Uffelen – *Company Secretary*

Mr van Uffelen did not have a formal written contract.

S Hunter – Company Secretary

Ms Hunter's remuneration is based on a fixed monthly retainer with a 2 month notice period for either party.

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

30-Jun-13	**Salary & Fees**	**Super-annuation**	**Non-monetary benefits**	**Share Based Payments**	**Total**	**Performance Related %**
Directors						
R Pearce	78,246	-	-	-	78,246	-
D Sanders	41,284	3,716	-	-	45,000	-
G Becker	42,784	3,716	-	-	46,500	-
D Buerger	16,500	45,000	-	-	61,500	-
N Chen	45,784	4,481	-	-	50,265	-
B Yang	41,284	3,716	-	-	45,000	-
Total directors	265,882	60,629	-	-	326,511	
Other KMP						
M Hill[(d)]	254,885	19,500	-	-	275,385	-
M van Uffelen[(g)]	95,850	-	-	-	95,850	-
Total executive KMP	350,735	19,500	-	-	371,235	
Totals	616,617	80,129	-	-	697,746	

30-Jun-12	Salary & Fees	Super-annuation	Non-monetary benefits	Share Based Payments	Total	Performance Related %
Directors						
R Pearce	102,004	-	-	-	102,004	-
D Sanders	48,000	4,320	-	-	52,320	-
G Becker	38,500	17,320	-	-	55,820	-
D Buerger	30,300	25,520	-	-	55,820	-
N Chen[(a)]	35,419	3,188	-	-	38,607	-
B Yang[(b)]	4,000	360	-	-	4,360	-
C Zhu[(c)]	5,733	516	-	-	6,249	-
Total directors	263,956	51,224	-	-	315,180	
Other KMP						
M Hill[(d)]	43,333	3,900	-	70,082	117,315	60
J Young[(e)]	129,775	11,680	3,495	-	144,950	-
E van Noort[(f)]	138,888	12,500	5,592	-	156,980	-
M van Uffelen[(g)]	47,250	-	-	-	47,250	-
S Robertson[(h)]	33,665	-	-	-	33,665	-
Total executive KMP	**392,911**	**28,080**	**9,087**	**70,082**	**500,160**	
Totals	656,867	79,304	9,087	70,082	815,340	

(a) Mr Chen was appointed on 6 October 2011, retired on 30 November 2012 and was re-appointed on 30 November 2012
(b) Mr Yang was appointed on 1 June 2012, retired on 30 November 2012 and was re-appointed on 30 November 2012
(c) Mr Zhu retired on 13 September 2011
(d) Mr Hill was appointed CEO on 1 May 2012 and received an award of 18 million options with an expiry date of 30 April 2015 and an exercise price of $0.027 per share, on commencement of employment.
(e) Mr Young resigned as CEO on 30 November 2011
(f) Mr van Noort resigned as Senior Geologist on 2 March 2012
(g) Mr van Uffelen was appointed Company Secretary on 1 December 2011 and resigned on the 31 July 2013.
(h) Mr Robertson resigned as Company Secretary on 30 November 2011.

E. Value of options awarded, exercised and lapsed during the year

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

Year ended 30 June 2013

During the 2013 year, no options were issued or expired.

Year ended 30 June 2012

During the 2012 year, 18,000,000 options with an exercise price of $0.027 and an expiring date of 30 April 2015 were issued to the CEO on the commencement of employment.

Signed in accordance with a resolution of the directors.

Robert Pearce
Perth
27 September 2013

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

MARENICA ENERGY LIMITED

	Note	2013 $	2012 $
Continuing operations			
Other revenues	4	213,465	243,963
Financial income	4	71,825	80,180
		285,290	324,143
Expenses			
Exploration and evaluation expenditure		(1,344,555)	(1,908,164)
Employee benefit expense		(551,017)	(845,293)
Foreign exchange loss/(gain)		(690)	(74,194)
Administration expenses		(777,141)	(539,476)
Investment impairment	8	(21,125)	(160,713)
Depreciation expense		(78,825)	(46,238)
Finance expense		(236,533)	(288,057)
Total expenses		(3,009,885)	(3,862,135)
Loss before income tax expense		(2,724,595)	(3,537,992)
Income tax expense	5	-	-
Net loss for the year		(2,724,595)	(3,537,992)
Total comprehensive income for the year is attributable to:			
Owners of Marenica Energy Limited		(2,724,595)	(3,537,992)
Non-controlling interests		-	-
		(2,724,595)	(3,537,992)
Earnings per share			
Basic loss per share (cents per share)	22	(0.55)	(0.71)

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

The statement of comprehensive income should be read in conjunction with the accompanying notes.

	Note	2013 $	2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	20	416,187	3,000,498
Trade and other receivables	6	68,119	30,981
Other	9	32,043	9,804
Total Current Assets		516,349	3,041,283
Non-Current Assets			
Plant & equipment	7	60,954	117,290
Investment	8	10,000	31,125
Other	9	5,769	21,726
Total Non-Current Assets		76,723	170,141
TOTAL ASSETS		593,072	3,211,424
LIABILITIES			
Current Liabilities			
Trade and other payables	10	153,380	114,089
Borrowings	11	11,504	138,706
Employee benefits	12	5,589	4,750
Total Current Liabilities		170,742	257,545
Non-Current Liabilities			
Borrowings	11	2,060,477	1,867,431
Total Non-Current Liabilities		2,060,477	1,867,431
TOTAL LIABILITIES		2,231,219	2,124,976
NET ASSETS		(1,638,147)	1,086,448
EQUITY			
Contributed equity	13	41,356,405	41,356,405
Reserves	14	1,509,072	1,509,072
Accumulated losses	15	(44,503,624)	(41,779,029)
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO THE OWNERS OF MARENICA ENERGY LIMITED		(1,638,147)	1,086,448
Non-controlling interests		-	-
TOTAL EQUITY		(1,638,147)	1,086,448

The statement of comprehensive income should be read in conjunction with the accompanying notes.

30 June 2013	Notes	Issued Capital	Accumulated Losses	Reserves	Total	Non-controlling Interests	Total Equity
Balance at beginning of year		**41,356,405**	**(41,779,069)**	**1,509,072**	**1,086,407**	**-**	**1,086,407**
Total comprehensive income for the year	15		(2,724,595)		(2,724,595)		(2,724,595)
Other			41		41		41
Balance at end of year		**41,356,405**	**(44,503,624)**	**1,509,072**	**(1,638,147)**	**-**	**(1,638,147)**

30 June 2012	Notes	Issued Capital	Accumulated Losses	Reserves	Total	Non-controlling Interests	Total Equity
Balance at beginning of year		**38,147,944**	**(39,105,848)**	**2,470,544**	**1,512,640**	**(166,785)**	**1,345,855**
Total comprehensive income for the year		-	(3,537,992)	-	(3,537,992)	-	(3,537,992)
Issue of shares	13	3,241,093	-	-	3,241,093	-	3,241,093
Share issue costs	13	(32,632)	-	-	(32,632)	-	(32,632)
Value of options granted	25	-	-	70,083	70,083	-	70,083
Transfer on exercise or expiry of options	14, 15	-	369,651	(369,651)	-	-	-
Other	14, 15	-	495,119	(661,904)	(166,785)	166,785	-
Balance at end of year		**41,356,405**	**(41,779,069)**	**1,509,072**	**1,086,407**	**-**	**1,086,407**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

	Note	2013 $	2012 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,687,111)	(3,338,279)
Government grant received - net		213,465	244,333
Interest received		71,825	80,180
Interest paid		(160,000)	(160,000)
Net cash outflow from operating activities	21	(2,561,821)	(3,173,766)
Cash flows from investing activities			
Purchase of plant and equipment		(22,489)	-
Acquisition of available for sale financial assets		-	(191,838)
Cash (used in) / generated from investing activities		(22,489)	(191,838)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,150,093
Share issue costs		-	(32,632)
Net cash inflow from financing activities		-	3,117,461
Net increase/(decrease) in cash and cash equivalents		(2,584,310)	(248,143)
Cash and cash equivalents at the beginning of the financial year		3,000,498	3,248,641
Cash at the end of the financial year	20	416,188	3,000,498

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

1. CORPORATE INFORMATION

The financial statements of Marenica Energy Limited (the "Company") for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 27 September 2013.

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

The nature of operations and principal activities of the Group, comprising Marenica Energy Limited and its subsidiaries, (the "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 equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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 $2,724,595 (2012: $3,537,992) and net operating cash outflows of $2,561,821 (2012: $3,173,766). These were offset by net cash inflows from financing activities of $ NIL. (2012: $3,117,461).
The Group's ability to continue as a going concern and pay its debts as and when they fall due is dependent on the following:

- Repayment of the current Convertible Note has been extended until 15 November 2015;
- Active management of the current level of discretionary expenditure in line with the funds available to the Group; and
- The ability to raise additional funding through either debt facilities or capital raising, if required.

Should the Group not be able to raise additional funding it may be necessary to sell some of its assets, farm out exploration projects, and reduce exploration expenditure by various methods including surrendering less prospective tenements.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Going Concern (continued)

Although the Directors believe they will be successful in these measures, if they are not, there is a material uncertainty that the Group may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Report

(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 2013 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 the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another 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.

(d) Exploration expenses

Exploration and evaluation costs represent intangible assets. Exploration and evaluation costs (including costs incurred as a result of the introduction agreement referred to in note 26 but excluding other acquisition 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.

Accumulated acquisition costs in relation to an abandoned area are written off in full against profit and loss account in the year in which the decision to abandon the area is made.

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.

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.

(e) Cash and cash equivalents

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

(f) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. 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.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not shown in the accounts at a value in excess of the recoverable amount from assets.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets

Classification
The company classifies its investments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after year end which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Available-for-sale financial assets
Available-for-sale financial assets, principally comprising marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless management intends to dispose of the investment within 12 months of year end.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities are classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of income from continuing operations when the company's right to receive payment is established.

Fair value
The fair values of quoted investments are based on last trade prices. If the market for financial assets is not active and for unlisted securities, the Company establishes fair value by using valuation techniques.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments and other financial assets (continued)

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

(h) Provisions and employee benefits

Provisions

Provisions are recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at 30 June 2013 using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

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

(i) 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 determined by an external valuer using a Black-Scholes model.

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, together 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.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(j) 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.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as shares in listed companies) is based on quoted market prices at year end.

The nominal value, less any estimated credit adjustments, of trade receivables and payables are assumed to approximate their fair value.

(l) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(m) 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.

(n) Revenue recognition

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

(o) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at 30 June 2013 are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(p) 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)

(q) 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.

(r) New accounting standards and interpretations

(i) New and amended standards adopted by the Company

None of the new standards and amendments to standards that were mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the Statement of Profit and Loss and Other Comprehensive Income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

(ii) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

(iii) New accounting standard sand interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Company.

AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2012–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2011–7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2011–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Company.

AASB 1054: Australian Additional Disclosures (applies to periods beginning on or after 1 January 2013)

This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This Standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

- compliance with Australian Accounting Standards;
- the statutory basis or reporting framework for financial statements;
- whether the financial statements are general purpose or special purpose;
- audit fees; and
- imputation credits.

This Standard is not expected to impact the Company.

AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101 & AASB 1054] (applies to periods beginning on or after 1 July 2013)

This Standard makes amendments to the application of the revised disclosures to Tier 2 entities that are applying AASB 1053.

This Standard is not expected to impact the Company.

AASB 10: Consolidated Financial Statements (applies to periods beginning on or after 1 January 2013)

This Standard establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and Interpretation 112 *Consolidation – Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This Standard is not expected to impact the Company.

AASB 11: Joint Arrangements (applies to periods beginning on or after 1 January 2013)

This Standard replaces AASB 131 *Interests in Joint Ventures* and Interpretation 113 *Jointly-Controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the Company.

AASB 12: Disclosures of Interests in Other Entities (applies to periods beginning on or after 1 January 2013)

This Standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Company has not yet determined any potential impact on the financial statements.

AASB 13: Fair Value Measurement (applies to periods beginning on or after 1 January 2013)

This Standard establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Company has not yet determined any potential impact on the financial statements.

AASB 119: Employee Benefits (applicable for annual reporting periods commencing on or after 1 January 2013)

The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The definition of short-term benefits has been revised, meaning some annual leave entitlements may become long-term in nature with a revised measurement. Similarly the timing for recognising a provision for termination benefits has been revised, such that provisions can only be recognised when the offer cannot be withdrawn.

Consequential amendments were also made to other standards via AASB 2012-10.

Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine (applicable for annual reporting periods commencing on or after 1 January 2013)

This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the “stripping activity asset”.

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

Significant accounting judgements

Determination of mineral resources

The determination of mineral resources impacts the accounting for asset carrying values. The Group estimates its mineral resources in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004* (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Significant accounting estimates and assumptions

Share based payment transactions

The Group measures the cost of equity-settled share based payment transactions with employees by reference to the fair value of the equity instruments at the grant date. The fair value is determined by using a recognised option valuation model, with the assumptions detailed in note 25. 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.

	2013 **$**	2012 $
4. REVENUE FROM CONTINUING OPERATIONS		
Other revenues		
Net gain on disposal of plant and equipment	-	(370)
Research and development grant - net	213,465	244,333
	213,465	243,963
Financial income		
Interest received	71,825	80,180

5. INCOME TAX		
Income tax expense	-	-
Loss for year	(2,724,595)	(3,537,992)
Non-deductible items	-	-
Unused tax losses for which no deferred tax asset has been recognised	(2,724,595)	(3,537,992)
Tax losses utilised	2,724,595	3,537,992
Potential tax benefit at 30% The directors estimate that the potential future income tax benefit, at the prevailing rate of 30% (2012: 30%), in respect of tax losses not brought to account is (note (i))	6,220,621	5,403,242

(i) tax losses from a subsidiary which will not be able to be utilised have been excluded in 2013.

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

5. INCOME TAX (continued)

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

	2013 $	2012 $
6. TRADE AND OTHER RECEIVABLES		
Current Assets		
GST and VAT refundable	66,714	29,483
Other receivables	1,405	1,498
	68,119	30,981

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

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

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

7. PLANT AND EQUIPMENT		
Cost	268,568	352,063
Less: Accumulated Depreciation	(207,614)	(234,773)
Net book value	60,954	117,290
Movement in carrying value		
Opening net book amount	117,290	221,166
Additions	22,489	-
Disposals	-	(57,658)
Depreciation charge	(78,825)	(46,238)
Closing net book amount	60,954	117,290

8. INVESTMENT

The Company holds a 4.7% (2012: 6.4%) interest in Texas and Oklahoma Coal Company Limited. Details are noted below:

(a) Investment details

Unlisted		
Texas and Oklahoma Coal Company Limited (incorporated in the British Virgin Islands)	10,000	31,125
	10,000	31,125

		2013 $	2012 $
(b)	**Movements in the carrying amount of the Company's investment**		
	At beginning of year	31,125	-
	New investment	-	191,838
	Impairment	(21,125)	(160,713)
		10,000	31,125

9. OTHER ASSETS

	2013 $	2012 $
Current Assets		
Prepaid Interest	32,043	-
Accrued income	-	9,804
	32,043	9,804
Non-Current Assets		
Rental and security bonds	5,769	21,726

10. PAYABLES

	2013 $	2012 $
Trade payables	63,939	114,089
Accrued charges	89,440	-
	153,380	114,089

11. BORROWINGS

	2013 $	2012 $
Current Liabilities		
Insurance funding loan	11,504	22,194
Convertible note	-	116,512
	11,504	114,653
Non-Current Liabilities		
Convertible note	2,060,477	1,867,431

The Convertible Note (CN) is held by Hanlong Energy Limited ("Hanlong"), has a value of $2,000,000, bears interest at 8% per payable annually and can be converted into ordinary shares at $0.02674/share on or before 15 November 2013. The original CN, which was issued on 15 November 2010, had a conversion price of $0.07/share and was replaced with the current CN on 2 April 2012. Repayment of the current CN has been extended until 15 November 2015. Since balance date, Hanlong subscribed for their full entitlement of shares by paying $250,000 in cash and reducing the amount repayable on the CN to $1,650,671. The pro rata entitlement issue triggered a recalculation of the conversion price of the CN from $0.02674/share to $0.02626/share.

12. PROVISIONS

	2013 $	2012 $
Provision for annual leave	5,859	4,791

13. CONTRIBUTED EQUITY

(a) Ordinary Shares

	2013 $	2012 $
Paid up capital – ordinary shares	41,893,163	41,893,163
Capital raising costs capitalised	(536,758)	(536,758)
	41,356,405	41,356,405

Movement during the year:	**Number of shares**	**$**
Balance at 1 July 2012	748,097,369	41,356,405
Balance at 30 June 2013	748,097,369	41,356,405

13. CONTRIBUTED EQUITY (continued)

Ordinary shares participate in dividends and the proceeds on winding up of Marenica Energy Limited in proportion to the number of shares held.

Subsequent to balance date, the Company has issued a further 218,856,723 shares at $0.004 raising $877,518 before costs.

	2013 $	2012 $

(a) Ordinary Shares

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) Shares Options

Movements in share options:	Unlisted, 2.7c Options 30/04/15	Unlisted, 21c Options 15/12/13	Unlisted, 13c Options 31/10/13
Balance at 1 July 2012	18,000,000	12,500,000	6,500,000
Balance at 30 June 2013	18,000,000	12,500,000	6,500,000

14. RESERVES

		2013 $	2012 $
	Share option reserve	1,221,621	1,221,621
	Convertible note reserve	287,451	287,451
		1,509,072	1,509,072
(a)	**Share Option Reserve**		
	Balance at beginning of year:	1,221,621	1,521,189
	Options expired during year	-	(369,650)
	Options issued during year	-	70,083
	Balance at end of year:	1,221,621	1,221,621
(b)	**Convertible Note Reserve**		
	Balance at beginning of year:	287,451	287,451
	Balance at end of year:	287,451	287,451
(c)	**Foreign Exchange Translation Reserve**		
	Balance at beginning of year:	-	661,905
	Movement for year	-	(661,905)
	Balance at end of year:	-	-

Nature and purpose of reserves

(i) Share option reserve
The share option reserve represents the fair value of the actual or estimated number of unexercised share options 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.

14. RESERVES (continued)

(ii) Convertible note reserve
The convertible note reserve represents the fair value of the option portion on the convertible note.

15. ACCUMULATED LOSSES

	2013 $	2012 $
Accumulated losses at beginning of year	(41,779,070)	(39,105,848)
Net losses attributable to members of the parent entity	(2,724,595)	(3,537,992)
Transfer from foreign currency translation reserve (i)	-	661,904
Transfer from minority interest (ii)	-	(166,785)
Transfer from share option reserve	-	369,651
Other	41	-
Accumulated losses at the end of the year	(44,503,624)	(41,779,070)

(i) The balance of the foreign currency translation reserve was transferred to accumulated losses as the Group expenses all exploration expenditure and assets denominated in a foreign currency are negligible.

(ii) The minority interest was transferred to accumulated losses during the year as the holder of the 20% interest in Marenica Minerals (Proprietary) Limited is payable only out of revenue from or sale of the Marenica Project and there is a balance due from the holder of the 5% interest in Marenica Minerals (Proprietary) Limited which is fully provisioned (see note 6).

16. SEGMENT INFORMATION

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

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 2013**	**% Equity Interest 2012**
Bronzewing Gold Pty Ltd (i)	Australia	0%	100%
Marenica Energy Namibia (Pty) Ltd	Namibia	100%	100%
Marenica Minerals (Pty) Ltd	Namibia	75%	75%
Uranium Beneficiation Pty Ltd (ii)	Australia	100%	-

(i) Bronzewing Gold Pty Ltd was deregistered after balance date.

(ii) Uranium Beneficiation Pty Ltd was incorporated on 14 May 2013

17. RELATED PARTIES (continued)

(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 24 and the audited remuneration report section of the directors' report.

(d) Transaction with other related parties

A director, Mr D Sanders, was a shareholder, director and employee of the legal firm Bennett + Co. This firm provided legal services to the Company on normal commercial terms and conditions. Total fees paid in the financial year ended 30 June 2013 was $43,144 (2011: $28,237).

18. INTEREST IN JOINT VENTURE

The Company has a 1.125% gross production income interest in Badgebup, a joint venture with Great Southern Resources Pty Limited.

19. COMMITMENTS FOR EXPENDITURE

Mineral Tenement Leases

In respect of the Namibia tenements, there is no minimum annual outlay required to maintain current rights of tenure which expire in November 2014. Future expenditure is dependent on the success of pre-feasibility work that is currently being undertaken.

	2013 $	2012 $
Building Lease		
The Company leases offices under a non-cancellable operating lease expiring within 12 months.		
Commitments for minimum lease payments are:		
Within one year	43,144	57,475

20. CASH AND CASH EQUIVALENTS

Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on deposit	416,187	3,000,489
Balance per statement of cash flows	416,187	3,000,489

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

	2013 $	2012 $
Operating Profit (Loss)	(2,724,595)	(3,537,992)
Add (less) non-cash items		
Depreciation	78,825	46,238
Impairment of investment	21,125	160,713
Amortisation of convertible note	76,533	103,749
Fair value of options granted as employee remuneration	-	70,083
Decrease/increase in operating assets and liabilities:		
Receivables	(37,136)	131,963
Other assets	(6,282)	5,834
Trade and other payables	40,399	(154,354)
Insurance Funding	(10,690)	-
Net cash (outflow) from operating activities	**(2,561,821)**	**(3,173,766)**

22. EARNINGS PER SHARE

(a)	**Basic earnings per share – cents per share** Loss attributable to the ordinary equity holders of the Company	(0.55)	(0.71)
(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	747,944,532	498,629,688

23. 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	38,000	41,500
	Audit and review of financial reports of Namibian subsidiaries	9,766	34,070
(b)	**Other services**		
	Income tax return preparation	-	-
	Total remuneration of auditors	47,766	75,570

24. KEY MANAGEMENT PERSONNEL

(a) Compensation for Key Management Personnel

Short term employee benefits	609,102	665,954
Post-employment benefits	39,027	79,304
Share based payments (see note 25)	-	70,082
Total compensation	648,129	815,340

24. KEY MANAGEMENT PERSONNEL (continued)

(b) Option holdings of Key Management Personnel ("KMP")

30 June 2013	Balance at beginning of period	Granted as remuneration	Options exercised	Net Change other	Balance at end of period	Vested at 30 June 2013 Total	Exercis-able	Not exercis-able
Directors								
R Pearce	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
D Sanders	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
G Becker	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
D Buerger	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
Other KMP								
M Hill	18,000,000	-	-	-	18,000,000	18,000,000	18,000,000	-
	24,500,000	-	-	-	24,500,000	24,500,000	24,500,000	-

30 June 2012	Balance at beginning of period	Granted as remuneration	Options exercised	Net Change other	Balance at end of period	Vested at 30 June 2012 Total	Exercis-able	Not exercis-able
Directors								
R Pearce	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
D Sanders	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
G Becker	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
D Buerger	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
Other KMP								
M Hill	-	18,000,000[(2)]	-	-	18,000,000	-	-	-
J Young	6,000,000	-	-	(6,000,000)[(1)]	-	-	-	-
E Van Noort	3,500,000	-	-	(3,500,000)[(1)]	-	-	-	-
S Robertson	2,500,000	-	-	(2,500,000)[(1)]	-	-	-	-
	18,500,000	18,000,000	-	(12,000,000)	24,500,000	6,500,000	6,500,000	-

(1) Represents number of options held at date of retirement/resignation.

(2) 18 million options with an exercise price of 2.7 cents and an expiry date of 30 April 2015 were issued to Mr Hill upon appointment as CEO and have vested. Refer to note 25 for further details.

24. KEY MANAGEMENT PERSONNEL (continued)

(c) Shareholdings of key management personnel

30 June 2013	Balance at start of the period	Granted as remuneration	On exercise of options	Net change other	Balance at the end of period
Directors					
R Pearce	5,106,250	-	-	-	5,106,250
D Sanders	1,050,000	-	-	-	1,050,000
G Becker	1,650,000	-	-	-	1,650,000
D Buerger	1,305,000	-	-	-	1,305,000
N Chen	1,000,000	-	-	-	1,000,000
	10,111,250	-	-	-	10,111,250

Mrs C Hill (spouse of Marenica CEO) purchased 1,015,000 shares in the Company prior to year end.

25. SHARE BASED PAYMENTS

	2013 $	2012 $
(a) Recognised share based payment expenses		
The expense recognised for employee services received during the year is show in the table below:		
Expense arising from equity-settled share based payment transactions with Key Management Personnel	-	70,082

(b) Option pricing model

The fair value of the equity-settled share options granted to Key Management Personnel was estimated as at the date of grant using a Black and Scholes Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model:

Dividend yield (%)	0%
Expected volatility (%)	53%
Risk free interest rate (%)	3.75%
Expected life of the option (years)	3.00
Option exercise price ($)	$0.028
Share price at grant date ($)	$0.017

26. PARENT ENTITY FINANCIAL INFORMATION

(a) Information relating to Marenica Energy Limited

	2013 $	2012 $
Current Assets	467,596	3,013,893
Total Assets	1,375,093	3,372,673
Current Liabilities	161,180	251,449
Total Liabilities	2,189,613	2,118,880
NET ASSETS	(814,520)	1,253,793
EQUITY		
Issued capital	41,356,405	41,356,405
Reserves	1,509,072	1,509,072
Accumulated losses	(41,611,684)	(41,611,684)
TOTAL EQUITY	(814,520)	1,253,793
Loss for the year	(1,900,969)	(2,807,383)
Total comprehensive income	(1,900,969)	(2,807,383)

(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 19 to the financial statements.

27. CONTINGENT LIABILITIES

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 2013 (2012: nil). In total $2,026,000 has been paid under this agreement.

28. EVENTS AFTER THE REPORTING PERIOD

Apart from the recent entitlement issue and extension of the repayment of the CN to 15 November 2015, there have been no other 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.

29. 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 2013 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 trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

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

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

	Note	**2013** **$**	**2012** **$**
Receivables	6	68,119	30,981
Other current assets	9	32,043	9,804
Cash and cash equivalents	20	416,187	3,000,489

Impairment Losses
None of the Group's other receivables are past due (2012: $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 CN the Group does not have any external borrowings.

29. FINANCIAL INSTRUMENTS (continued)

The Group will need to raise additional capital in the next 12 months to meet forecast operational and exploration 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 2013

	Note	Carrying amount	Contractual cash flow	6 months or less	>12 months
Trade and other payables	10	153,380	153,380	153,380	-
Borrowings	11	2,060,477	2,385,460	-	2,385,460

30 June 2012

	Note	Carrying amount	Contractual cash flow	6 months or less	>12 months
Trade and other payables	10	114,089	114,089	114,089	-
Borrowings	11	2,006,137	2,342,194	182,194	2,160,000

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 2013 on financial assets denominated in Namibian dollars was nil (2012: nil) which amounts are not hedged. The effect of future movements in the exchange rate for Namibian dollars on the Group's financial position and results of fully expensed exploration and evaluation activities is likely to be negligible.

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

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

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

	Carrying Amount	
	2013	2012
	$	$
Fixed rate instruments		
Financial assets – cash and cash equivalents	-	-
Variable rate instruments		
Financial assets – cash and cash equivalents	416,187	3,000,489

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.

29. FINANCIAL INSTRUMENTS (continued)

Cash flow sensitivity analysis for variable rate instruments
A change of 100 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 2012.

	Profit or loss		**Equity**	
	100bp increase	**100bp decrease**	**100bp increase**	**100bp Decrease**
30 June 2013				
Variable rate instruments	-	-	-	-
30 June 2012				
Variable rate instruments	300,069	(300,069)	300,069	(300,069)

Fair Values
Fair Values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	30 June 2013		30 June 2012	
	Carrying Amount	**Fair value**	Carrying amount	Fair value
Receivables	68,119	68,119	30,981	30,981
Other current assets	32,403	32,403	9,804	9,804
Cash and cash equivalents	416,187	416,187	3,000,489	3,000,489
Trade and other payables	(153,380)	(153,380)	(114,081)	(114,081)
Borrowings	(2,060,477)	(2,060,477)	(2,006,137)	(2,006,137)
	(1,697,148)	(1,697,148)	921,057	921,057

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.

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 2013 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 2013.

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

On behalf of the board.

Robert Pearce
Perth
27 September 2013

ROTHSAY

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

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MARENICA ENERGY LTD

Report on the financial report

We have audited the accompanying financial report of Marenica Energy Ltd (the Company") which comprises the balance sheet as at 30 June 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used in and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

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

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Chartered Accountants

Audit opinion

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

a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 paragraph (b) in the financial report which indicates the basis for preparing the accounts on a going concern basis. We note the consolidated entity incurred a net loss of $2,724,595 and net cash outflows from operating activities of $2,561,821 for the year ending 30 June 2013. In the event the consolidated entity is unable to meet the terms of the convertible note, is unable to raise additional funding by way of debt or capital raisings, and reduce operational, administrative and exploration expenditure there is material uncertainty as to whether the consolidated entity could continue as a going concern and therefore it may be unable to realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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.

Audit opinion

In our opinion the remuneration report of Marenica Energy Ltd for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rothsay

Graham R Swan
Partner

Dated 27 September 2013

Chartered Accountants

The Board of Directors of Marenica Energy Limited is responsible for the corporate governance of the Group. The Board guides and monitors the business affairs of the Company on the behalf of the shareholders by whom they are elected and to whom they are accountable. The Board of the Company will review the corporate governance policies and procedures at least annually. A summary of the Company's corporate governance policies and procedures is included in this Statement.

The Corporate Governance Statement of Marenica Energy Limited is structured with reference to the Australian Securities Exchange ("ASX") Corporate Governance Council's "Corporate Governance Principles and Recommendations (2nd Edition)" ("ASX Principles") the Principles of which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principal 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

Explanation for Departures from Best Practice Recommendations

As required by ASX Listing Rules, the following information discloses the extent to which the Company has not followed the best practice recommendations set by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition).

Principle 2

Nomination committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2013, the Company did not have a separate nomination committee. The duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board. The Board believes no efficiencies or other benefits could be gained by establishing a separate Nomination Committee.

Principle 4

Audit committee

Recommendation 4.1 requires listed entities to establish an audit committee. Recommendation 4.2 requires the audit committee to be structured so that it consists only of non-executive directors with a majority of independent directors, chaired by an independent chairperson who is not chairperson of the Board and to have at least three members. During the year ended 30 June 2013, the Company did not have a separate audit committee. The duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board. The Board believes that given the Company's size and stage of development, no efficiencies or other benefits could be gained by establishing a separate audit committee.

Principle 8

Remuneration Committee

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2013, the Company did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board. The Board believes no efficiencies or other benefits could be gained by establishing a separate remuneration committee. All matters of remuneration are determined by the Board in accordance with Corporations Act 2001 and ASX Listing Rule requirements, particularly in respect of related party transactions. No Director participates in any discussion or decision regarding his own remuneration or related issues.

Board Function

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the Chief Executive Officer and the executive management team. The Chief Executive Officer is responsible for running the affairs of the Company. In carrying out his responsibilities the Chief Executive Officer must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct and legal and regulatory compliance;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Other functions reserved to the Board include:

- the appointment of the Company's Managing Director/Chief Executive Officer, Chief Financial Officer, Company Secretary and other senior executives;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- approval of the annual and half-yearly financial reports;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

Structure of the Board

The Company will ensure that the Board will be of a size and composition that is conducive to making appropriate decisions and be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' Report. The term in office held by each Director is also included in the Directors' Report.

The Company will regularly review whether each non-executive director is independent and each non-executive director should provide to the Board all information that may be relevant to this assessment. The Company will endeavour to ensure that it has a majority of independent directors at all times, subject to the right of shareholders in general meeting to elect and remove directors.

Directors of Marenica Energy Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Marenica Energy Limited are considered to be independent:

Name	**Position**
R Pearce	Chairman – non-executive
G Becker	Director – non-executive
D Sanders	Director – non-executive
D Buerger	Director – non-executive

The majority of the Board are independent Directors including the Chair and the role of Chair and Chief Executive Officer are not undertaken by the same person.

With the consent of the Chairperson, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Procedure for selection of new directors

The Company believes it is not of a size to justify having a separate nomination committee. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when the Board has an appropriate mix of skills and experience.

In support of their candidature for directorship or re-election, non-executive directors should provide the Board with details of other commitments and an indication of time available for the Company. Prior to appointment or being submitted for re-election non-executive directors should specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them. Re-appointment of directors is not automatic.

The Board will implement an induction program to enable new directors to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives; and
- the role of any Board committees in operation.

Directors will have reasonable access to continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and in the mining and resources industry.

Performance

An annual review of the role of the Board is proposed to be conducted in future to assess the performance of the Board over the previous twelve (12) months and examine ways of assisting the Board in performing its duties more effectively. The review may include:

- comparing the performance of the Board with the requirements of its Charter;
- examination of the Board's interaction with management;
- the nature of information provided to the Board by management; and
- management's performance in assisting the Board to meet its objectives.

A similar review may be conducted for each Committee, if relevant, by the Board with the aim of assessing the performance of each Committee and identifying areas where improvements can be made.

In future the Company will consider conducting performance evaluations of the Board, its Committees, if relevant, and its individual Directors. No formal performance evaluation of the Board has been undertaken this financial year. The Board will consider undertaking a formal Board performance review in the coming financial year.

The Board oversee the performance evaluation of the executive team. This evaluation will be based on specific criteria, including the performance of the Company, whether strategic objectives are being achieved and the development of management and personnel. Performance and remuneration reviews of executives are conducted at least annually.

Trading policy

The Policy for Trading in Company Securities adopted by the Board prohibits trading in shares by a Director, officer, senior employee or consultant during certain blackout periods (in particular, prior to release of half yearly or annual results) except in exceptional circumstances and subject to procedures set out in the Policy.

Under the Company's securities trading policy, the Company's directors, senior executives, employees and consultants an executive or director must not trade in any securities of the Company:

- five days preceding release of each of the half-yearly financial report and the annual financial report of the Company;
- where it is known, or ought reasonable be known by the person intending to trade, that information exists that has not been released to the ASX and where that information is of the type that reasonably could be expected to encourage buying or selling should that information be known by others; or
- unless prior notification is given to the Company's Chairperson.

Directors, officers, senior employees and consultants must observe their obligations under the Corporations Act 2001 not to buy or sell shares if in possession of price sensitive non-public information and that they do not communicate price sensitive non-public information to any person who is likely to buy or sell shares or communicate such information to another party.

The Policy for Trading in Company Securities is available on the Company's website.

Risk

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board.

To this end, comprehensive practices are in place, which are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

The Board has delegated to the Chief Executive Officer responsibility for implementing the risk management system. The Chief Executive Officer refers particular matters to the Board for its approval or review.

Following the end of the financial year, the Board has initiated the development of a Risk Register which will be monitored and updated by management regularly. The Chief Executive Officer is required to report on the management of risk as a standing agenda item at each Board meeting. This will involve the tabling of the Risk Register.

Integrity of Financial Reporting

The Chief Executive Officer and the Chairman have provided a declaration in accordance with section 295A of the Corporations Act 2001 in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for the year ended 30 June 2013 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board has set remuneration by benchmarking to industry peers.

The Chairperson and/or the Chief Executive Officer are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract. The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves and the Chief Executive Officer at least once a year.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the Directors' Report.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

Executives are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Shareholder communication policy

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all times.

The Company is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the annual report and notices of general meetings;
- through shareholder meetings and investor relations presentations;
- through letters and other forms of communications directly to shareholders; and
- by posting relevant information on the Company's website: www.marenicaenergy.com.au.

The Company's website publishes all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Continuous Disclosure

The Company has obligations under the Corporations Act 2001 and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material mistake or misinformation in the market. The Company discharges these obligations by releasing information to the ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report).

The Company recognises that the maintenance of confidentiality is also of paramount importance to the Company both to protect its trade secrets and to prevent any false market for the Company's shares from developing.

All relevant information provided to ASX in compliance with the continuous disclosure requirements of legislation and the Listing Rules is promptly posted on the Company's web site.

Code of Conduct

The Company has adopted a Code of Conduct that outlines how the Company expects its Directors, management and employees of the Company to behave and conduct business in the workplace on a range of issues. The Company is committed to the highest level of integrity and ethical standards in all business practices.

The purpose of the Code of Conduct is to provide a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

It sets out the Company's expectations of its Directors and employees with respect to a range of issues including responsibility to the community, obligations relative to fair trading and dealing and conflicts of interest. A breach of the Code is to be reported directly to the Chair and may be subject to disciplinary action including punishment under legislation and/or termination of employment.

The Code of Conduct is available on the Company's website.

Diversity policy

The Board has adopted a Diversity Policy. The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Principles.

The Board has delegated the responsibility of monitoring and ensuring workplace diversity to the Chief Executive Officer. Given the size of the Company, no measurable objectives or strategies have been set.

The proportion of women employees in the Company, in senior executive positions and on the Board is included below.

	Male	**Female**
Board	6	-
Senior Management	1	1
Staff	-	1

The Company's Diversity Policy is available on the Company's website.

The following additional information is required by the Australian Securities Exchange. The information is current as at 23 September 2013.

(a) Distribution schedule and number of holders of equity securities as at 23 September 2013

	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)	159	178	239	918	404	1,898
Unlisted Options – 21c 15/12/13	-	-	-	-	8	8
Unlisted Options – 13c 31/10/13	-	-	-	-	4	4
Unlisted Options –2.7c 30/4/15	-	-	-	-	2	2
Convertible Notes	-	-	-	-	1	1

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 23 September 2013 is 1,608.

(b) 20 Largest holders of quoted equity securities as at 23 September 2013
The names of the twenty largest holders of fully paid ordinary shares (ASX code: MEY) as at 23 September 2013 are:

Rank	Name	Shares	% of Total Shares
1	Hanlong Energy Limited	374,580,497	38.74
2	JP Morgan Nominees Australia Limited	129,499,549	13.93
3	Areva Mines	47,560,000	4.92
4	HSBC Custody Nominees (Australia) Limited	42,605,541	4.41
5	Nefco Nominees Pty Ltd	29,773,438	3.08
6	Goldfire Enterprises Pty Ltd	17,692,752	1.83
7	Malacca Capital Limited	15,937,500	1.65
8	Mallee Minerals Pty Ltd	9,562,500	0.99
9	Chelaise Pty Ltd <The Honeybunch A/C>	9,364,584	0.97
10	Citicorp Nominees Pty Limited	8,981,426	0.93
11	Carol Ann Hill	8,600,000	0.89
12	Eurobond Trading Limited	8,181,250	0.85
13	Vargas Holdings Pty Ltd <Tuscan Super Fund A/C>	7,255,495	0.75
14	Bonos Pty Ltd	6,900,000	0.71
15	John Joseph Martin & Anne Lorraine Martin <John Martin Family S/F A/C>	6,885,000	0.71
16	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	5,509,743	0.57
17	Goldbondsuper Pty Ltd <Goldbond Superfund A/C>	4,600,000	0.48
18	Theodore Tindaro Marchese & Yvonne Margaret Marchese <TYM Superfund>	4,416,965	0.46
19	Andrew Maluish Super Pty Ltd <Andrew Maluish S/Fund A/C>	4,248,616	0.44
20	David Roy Griffiths & Susan Griffiths <Griffs Super Fund A/C>	3,800,000	0.39
	TOTAL	**745,954,856**	**77.70**

Stock Exchange Listing – Listing has been granted for 966,954,092 ordinary fully paid shares of the Company on issue on the Australian Securities Exchange.

The unquoted securities on issue as at 23 September 2013 are detailed below in part (d).

(c) Substantial shareholders
Substantial shareholders in Marenica Energy Limited as at 23 September 2013 and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

Name	Shares
Hanlong Energy Limited	374,580,497

(d) Unquoted Securities
The number of unquoted securities on issue as at 23 September 2013:

Security	Number on issue
Convertible notes - convertible at $0.02626 per share on or before 14 November 2015.	1,650,671
Unlisted options, exercisable at $0.21 each on or before 15 December 2013.	12,500,000
Unlisted options, exercisable at $0.13 each on or before 31 October 2013.	6,500,000
Unlisted options, exercisable at $0.027 each on or before 30 April 2015.	18,000,000

(e) Names of persons holding more than 20% of a given class of unquoted securities (other than employee options) as at 23 September 2013

Security	Name	Number of Securities
Unlisted Options – 13c 31/10/13	David Grant Sanders	1,500,000
Unlisted Options – 13c 31/10/13	Alan Douglas Buerger	1,500,000
Unlisted Options – 13c 31/10/13	Gavin Sidney Milroy Becker	1,500,000
Unlisted Options – 13c 31/10/13	Robash Pty Ltd <Robash A/C>	2,000,000
Unlisted Options – 21c 15/12/13	Advides Global Invest Ltd	3,000,000
Unlisted Options – 21c 15/12/13	John Alexander Young <The Forever Young S/F A/C>	4,000,000
Convertible Notes	Hanlong Energy Limited	1,650,671

(f) Restricted Securities as at 23 September 2013
There were no restricted securities on issue as at 23 September 2013.

(g) Voting Rights
All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options and the convertible notes have no voting rights.

(h) Company Secretary
The Company Secretary is Ms Susan Hunter.

(i) Registered Office
The Company's Registered Office is c/- Bennett + Co, Ground Floor, BGC Centre, 28 The Esplanade, Perth WA 6000.

(j) Share Registry
The Company's Share Registry is Advanced Share Registry Services, 150 Stirling Highway, Nedlands WA 6009. Telephone: +61 8 9389 8033. Facsimile: +61 8 9389 7871.

(k) On-Market Buy-back
The Company is not currently performing an on-market buy-back.

(l) Schedule of interests in mineral tenements
The Group holds the following mineral tenements:

Tenement Number	Registered Title Holder	Registered Interest	Project Name
Namibia			
EPL 3287	Marenica Minerals (Pty) Ltd	A right to a 75% registered interest	Marenica Uranium
Australia			
Vic Loc 118	Marenica Energy Ltd	100%	Northampton Base Metals
Vic Loc 119	Marenica Energy Ltd	100%	Northampton Base Metals
Vic Loc 833	Marenica Energy Ltd	100%	Northampton Base Metals
M70/210	Ausgold Exploration Pty Ltd	1.125% royalty	Badgebup Gold
M70/211	Ausgold Exploration Pty Ltd	1.125% royalty	Badgebup Gold
M70/488	Ausgold Exploration Pty Ltd	1.125% royalty	Badgebup Gold

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PERTH HEAD OFFICE
Ground Floor, 6 Kings Park Road
West Perth
Western Australia 6005
PO Box 761, West Perth
Western Australia 6872
TEL +61 (0)8 6555 1816

NAMIBIA OPERATIONS OFFICE
35 Daniel Tjongarero Avenue
Commercial Unit 3, Second Floor
Swakopmund, Namibia
PO Box 8485
Swakopmund, Namibia
TEL +264 (0)64 40 2221
FAX +264 (0)64 40 6363

www.marenicaenergy.com.au